

FRANCHISE DISCLOSURE DOCUMENT



Cereset, LLC
An Arizona limited liability company
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Cereset, LLC offers franchises for the operation of a business that utilizes neuro-technology to support the brain to relax itself for wellbeing, self-improvement and restful sleep.

The total investment necessary to begin operation of a Cereset franchise ranges from \$104,400 to \$226,600. This includes \$72,000 to \$108,500 that must be paid to us or our affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 15150 N. Hayden Road, Scottsdale, Arizona 85260 or by phone at (480) 265-8800.

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 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.

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How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or EXHIBIT "E".
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or EXHIBIT "F" includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Cereset business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Cereset franchisee?	Item 20 or EXHIBIT "E" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us” and “the Company” mean Cereset, LLC - the franchisor. “You” means the person who buys a Cereset franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information

Cereset, LLC is an Arizona limited liability company that was organized on April 9, 2018. Our principal business address is located at 15150 N. Hayden Road, Scottsdale, Arizona 85260 and our telephone number is (480) 265-8800. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than “Cereset, LLC” and “Cereset.”

Business History

We began offering franchises in April 2018. We are not engaged in any business other than the offering of Cereset franchises. We do not offer franchises in any other line of business.

We have not operated a business similar to the Cereset business being offered under this franchise. However, our affiliate Brain State Technologies LLC (“BST”) has operated a business similar to the business being offered under this franchise since 2006. From its inception until 2017, BST utilized older legacy technology known as Brainwave Optimization® (BWO®). BWO® is significantly different than the technology utilized within the Cereset system. From 2018 until the present, BST has utilized newer technology that is now used within the Cereset system. Until May 25, 2018, this business was operated under the name Brain State Technologies.

Parents, Affiliates and Predecessors

Our parent company is Brain State Holding Company Inc. and its principal business address is 15150 N. Hayden Road, Scottsdale, Arizona 85260. We do not have any predecessors.

Our affiliate, Braintellect, LLC, sells equipment, inventory, Cereset chairs and other items to our franchisees. Braintellect, LLC has never operated a Cereset business. Braintellect, LLC’s principal business address is 15150 N. Hayden Road, Scottsdale, Arizona 85260. Except for Braintellect, LLC, we do not have any affiliates that provide any goods or services to our franchisees.

We do not have any affiliates that have offered franchises in this or any other line of business. However, our affiliate operating company, BST, offered licenses to existing businesses allowing those businesses to utilize an earlier version of Brainwave Optimization technology (the licensees do not utilize the new technology currently available within the Cereset system). The licensed businesses operate under their pre-existing company name and do not operate under the name Cereset or any other name licensed by BST. BST no longer offers Brainwave Optimization technology licenses within the United States. However, BST may, on occasion, offer licenses to use our current technology in special purpose situations but without the right to use our Marks. For example, it may license the technology to independent providers that operate under their own business names. It may also license the technology to organizations exclusively for charitable usage as part of our Cereset GIVES program.

Description of Franchised Business

Under your Cereset franchise (referred to in this Disclosure Document as your “Business”), you will establish and operate a business that utilizes neuro-technology to support the brain to relax itself for wellbeing, self-improvement, restful sleep and improved memory.

Cereset franchisees provide “brain-mirroring” to relax the brain and help it regain balance. Cereset brain-mirroring

helps your brain let go of stuck patterns that may be impacting the person's physical and emotional well-being.

The brain relaxation neuro-technology utilized by Cereset franchisees is non-invasive and is not a medical procedure. Cereset makes no medical claims and is not subject to regulation by the FDA.

We will grant you a license to use certain logos, service marks and trademarks, including the service mark "Cereset" (collectively, the "Marks") in the operation of your Business. The "Marks" also include any distinctive trade dress used to identify a Cereset franchised business, whether now in existence or created in the future. You must sign a franchise agreement (the "Franchise Agreement") and operate your Business in accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this Disclosure Document as EXHIBIT "C".

We have developed a system (the "System") for the operation of a business that utilizes neuro-technology to support the brain to relax itself for wellbeing, self-improvement and restful sleep. Distinctive characteristics of the System include proprietary technology and patented software, logo, trade secrets, concept, confidential Brand Standards manual and operating system. The operational aspects of a Cereset franchise are contained within our confidential Brand Standards Manual (the "Manual"). You will operate your Cereset franchise as an independent business using the Marks, the System, the Cereset name, as well as the support, guidance and other methods and materials provided or developed by us.

Market and Competition

The target market for Cereset clients includes people suffering from an imbalanced brain which hinders the lack of restful sleep, relaxed execution of tasks and learning, and attainment of overall wellbeing. A Cereset franchisee may compete primarily with consciousness raising or meditation providers, other providers of neurofeedback, rehabilitation and/or behavioral health services which seek to support relaxation. Some of these businesses are independently owned and operated while others may be part of a regional or national chain.

Cereset services are part of the emerging wellness industry for brain health. The overall wellness market is highly fragmented with no distinct leader. The Cereset service is unique, non-invasive, and offers health-minded consumers support toward many aspects of wellness which depend upon brain balances. A key benefit of Cereset is its ability to support restful sleep by relaxing the brain. Consequently, a very large portion of the general population are potential customers.

Laws and Regulations

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. Some jurisdictions have passed laws that require businesses to pay employees a higher minimum wage than is required under federal law. As noted above, Cereset is non-invasive and is not subject to FDA requirements. 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

Lee Gerdes – Chief Executive Officer

Lee Gerdes has served as our Chief Executive Officer since April of 2018. From 2003 to present, Mr. Gerdes has also served as Founder and Chief Executive Officer of Brain State Technologies LLC in Scottsdale, Arizona.

Russell Scholl – President and Chief Financial Officer

Russell Scholl has served as our President Chief Financial Officer since April of 2018. From June 2015 to present,

Mr. Scholl has also served as Chief Financial Officer of Brain State Technologies LLC in Scottsdale, Arizona.

ITEM 3 LITIGATION

Except for the 1 action listed below, no litigation is required to be disclosed in this Item.

Polly Nelson vs. Brain State Technologies, LLC, Braintellect, LLC and Lee Gerdes (Case No: 3:15-cv-00985); Polly Nelson v. Brain State Technologies, LLC, Braintellect, LLC and Lee Gerdes (Case No: 2:16-cv-01457-SPL)

On September 14, 2015, Polly Nelson filed a lawsuit against our affiliates, Brain State Technologies, LLC (BST) and Braintellect, and our Chief Executive Office, Lee Gerdes (in his capacity as Chief Executive Officer of BST) in the United States District Court for the Middle District of Tennessee, Nashville Division. The Complaint alleged the plaintiff purchased two licenses from BST (one on December 8, 2008 and another on April 13, 2009) allowing her to use BST's brain harmonization technology for purposes of operating a business in Tennessee. With respect to BST, the Complaint alleged that the "licenses" were "franchises" and the sale of the licenses was an unfair and deceptive trade practice in violation the Tennessee Consumer Protection Act because the defendants failed to provide her with a Franchise Disclosure Document in compliance with the federal franchise disclosure law and failed to provide her with information material to her investment decision. With respect to Mr. Gerdes, the Complaint alleged that he engaged in an unfair and deceptive trade practice in violation the Tennessee Consumer Protection Act by making disparaging statements that interfered with her business relationships. The Complaint also alleged that the defendants entered into a civil conspiracy with each other to interfere with her prospective business relationships. The Complaint sought actual damages of \$182,107 for amounts paid to BST and \$28,449 for amounts paid to Braintellect, treble damages and recovery of attorneys' fees and costs. In the alternative, plaintiff sought rescission of her contracts with the defendants and judgment against the defendants for incidental damages. She also sought punitive damages. On May 11, 2016, the Court granted the defendants' motion to transfer the case the Arizona.

On May 11, 2016, the Court in Tennessee transferred the case to Arizona. On August 9, 2016, the plaintiff filed an Amended Complaint on behalf of herself and all others similarly situated, in the United States District Court for the District of Arizona. The Amended Complaint alleged that: (i) if the sale of the licenses were not "franchises" then, in the alternative, the sale of the licenses violated Arizona's business opportunities law; (ii) Mr. Gerdes violated the Racketeer Influenced and Corrupt Practices Act by operating his businesses through a pattern of racketeering designed to defraud the purchasers of the licenses; and (iii) the sale of the licenses violated the Arizona Consumer Fraud Act due to failure to disclose material information. The Complaint sought to certify a class and requested that the court award the class members rescission, unspecified damages, treble damages, restitution, attorneys' fees and costs.

The parties participated in a Settlement Conference on January 5, 2017. Following the Settlement Conference, the parties agreed to resolve all claims in the actions listed above pursuant to a Confidential Settlement Agreement dated January 25, 2017.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

You will pay a \$35,000 franchise fee for your franchise. The entire initial franchise fee is payable in full at the time you sign the Franchise Agreement. We will refund \$30,000 of the initial franchise fee if: (i) we terminate

your franchise prior to opening due to your default or failure to successfully complete training; and (ii) you and your owners sign a general release of claims in our favor. The initial franchise fee is not refundable under any other circumstances. The initial franchise fee is uniform and fully earned.

Initial Training Fee

You must pay us a training fee of \$2,500 for each person who attends our initial training program. We expect most franchisees will include between 1 and 4 people in this training, resulting in a typical range of initial training fees between \$2,500 and \$10,000. The training fee is uniformly imposed and non-refundable.

Initial Startup Package

At the time you sign the Franchise Agreement, you must purchase your initial startup package from our affiliate Braintellect, LLC. The package includes the following:

- *Main Office* - plant wall, interior signage, server, monitor and consultation for router/wiring.
- *Cereset Room* – 1 desktop computer, 1 monitor, Cereset chair and Cereset electronics and supplies.
- *Consult Room* – reporting license installed on computer.
- *CTC Workstation* – reporting license installed on computer.

The total cost of the startup package described above is \$34,500.

The above package pricing is for 1 Cereset room with 1 Cereset chair. If your facility includes more than 1 Cereset room, you must pay our affiliate an additional \$14,500 per additional Cereset room. The \$14,500 purchase price includes the Cereset Room equipment described above (i.e., 1 desktop computer, 1 monitor, Cereset chair and Cereset electronics and supplies). We anticipate most franchisees will have between 1 and 3 Cereset rooms, resulting in a total startup package purchase price ranging from \$34,500 (for 1 room) to \$63,500 (for 3 rooms). This purchase price is uniformly imposed and non-refundable.

ITEM 6 OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee ¹	Greater of (i) 8% of monthly Gross Revenue or (ii) \$500 per month ²	15 th day of month for prior month's operations	You must provide us with monthly reports of your Gross Revenue. If you provide more than 5 free sessions per month, you must pay us an additional \$25 supplemental royalty fee for each free session you provide in a given month in excess of 5. The supplemental royalty is in addition to the royalty calculated as the greater of 8% of Gross Revenue or \$500 per month and is not included within that calculation.
Brand and System Development Fund Fee ¹	Up to 2% of Gross Revenue ²	15 th day of month for prior month's operations	See Note 3.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Cooperative Advertising Fee ¹	Up to 2% of Gross Revenue ²	15 th day of month for prior month's operations	See Note 4.
Initial Training Fee ¹	\$2,500 per person	10 days after invoice	See Note 5.
Conference Registration Fee ¹	Up to \$300 per person per day	10 days after invoice	See Note 6.
Case Management Support Fee	Then current rate (currently \$100 per hour)	10 days after invoice	Each month you receive 3 hours of client case management support services where we assist you with questions regarding case management. The fee is imposed only if you request that we provide more than 3 hours of this assistance per month.
Technology Fee ¹	Varies (currently \$195 per month)	10 days after invoice	See Note 7.
Purchase of Marketing Materials, Equipment and Inventory ¹	\$0 to \$1,569	10 days after invoice	Our affiliate will sell certain items to you. We will provide you with our current price list upon request.
Additional Chair Fee ¹	\$14,500	10 days after invoice	Payable if you wish to add additional Cereset chairs for use at your facility.
Audit Fee ¹	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 understated any amount that you owe us by at least 3% or (ii) is necessary because you fail to furnish required information or reports to us in a timely manner.
Fines ¹	Up to \$500 per incident	Upon demand	Payable if you fail to comply with a mandatory standard or operating procedure and you do not cure the non-compliance within the time period we require.
Transfer Fee ¹	\$10,000	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, from an owner to a trust, or from an owner to an immediately family member.
Late Fee ¹	Lesser of 18% of amount past due or highest rate allowed by applicable law	10 days after invoice	None.
Management Fee ¹	Commercially reasonable rate	10 days after invoice	If you default under the Franchise Agreement or the Managing Owner dies, we can designate a temporary manager to manage your Business until you cure the default or find a replacement Managing Owner, as applicable.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
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 Franchise Agreement or any other agreement with us or our affiliates.
Indemnification ¹	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 Franchise Agreement.
New Product or Supplier Testing ¹	Cost of testing	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Insurance ¹	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. At this time, we will procure professional liability insurance on your behalf at no additional fee. However, we reserve the right to discontinue this service in the future.

Notes:

1. All fees are imposed by and are payable to us except that: (i) you pay our affiliate for purchases of equipment, inventory and marketing materials; and (ii) we may collect the cooperative advertising fee and transfer these funds to the applicable advertising cooperative. All fees are non-refundable and uniformly imposed on franchisees. Payments can be made by credit card, check, wire transfer, or ACH transfer. You must pay us all taxes that are imposed upon us or that we are required to collect and pay by reason of the furnishing of products, intangible property (including trademarks) or services to you.
2. "Gross Revenue" means the total revenue generated from all sales and services you provide at, or in connection with, the Business, including the full value—as measured by our suggested retail price—of all services performed, merchandise sold, and any other transactions or activities, without any deductions or exclusions, regardless of whether such sums are collected or not. Gross Revenue includes all amounts received or earned, whether in cash, credit, or any other form of payment, and regardless of any discounts, refunds, returns, or allowances provided to customers. Gross Revenue also includes the gross proceeds of any business interruption insurance as well as any advertising revenues and sponsorship fees that you receive.

Gross Revenue does not include: (a) any federal, state, or local sales, use, or excise taxes that are collected from customers and remitted to the appropriate taxing authorities; (b) the proceeds from the sale or redemption of gift certificates, gift cards, or other prepaid sales instruments until such instruments are redeemed for goods or services; (c) discounts that are approved by us in our sole discretion; or (d) your providing of up to five free sessions per calendar month. In addition, after providing your fifth free session per month, any additional free sessions you provide are subject to a \$25 supplement royalty fee, and the value of such additional free sessions are not included in the calculation of the royalty fee.

From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Revenue. Similarly, if we implement a membership model that allows clients to redeem goods or services associated with the membership from multiple Cereset facilities, we may establish policies governing the manner in which the monthly membership dues are allocated between the Cereset facility that sold the membership and the Cereset facility where the goods or services are redeemed.

3. We have established and maintain a brand and system development fund to promote public awareness of our brand and improve our System. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution.
4. We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We will collect the cooperative advertising fees and remit these fees to the applicable advertising cooperative (unless we administer the advertising cooperative ourselves). The amount of the cooperative advertising fee may be adjusted (or temporarily suspended) upon the majority vote of all franchisees within the advertising cooperative. Any Cereset business that we operate will have the same voting power as third party franchisees. If we own the majority of Cereset businesses within an advertising cooperative, we will not increase the cooperative advertising fee without the consent of a majority of all third-party franchisees within the advertising cooperative. All cooperative advertising fees will be uniformly imposed on all franchisees within the advertising cooperative, including any Cereset business that we operate.
5. Before you open, we will provide our initial training program and you must pay us \$2,500 for each person trained. If you send new people to initial training after opening, the same \$2,500 per person fee will be charged. We do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters, on-line, or at an affiliate-owned Cereset business. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses.
6. We may hold periodic national or regional conferences to discuss business and operational issues affecting Cereset franchisees. Attendance at these conferences is mandatory, although we will not require your owners or employees to attend more than 1 conference during any calendar year. You are also responsible for all expenses and costs that the conference attendees incur, including wages, travel and living expenses.
7. You must acquire and utilize all information and communication technology systems that we specify from time to time (the “Technology Systems”). Our required Technology Systems may include computer systems, neuro-technology brain optimization systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. Certain components of the Technology Systems must be purchased or licensed from third party suppliers while other components consist of our, or our affiliate’s, proprietary software, technology and other components of the Technology Systems. You agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees for our proprietary software, technology and other components of the Technology Systems. We also reserve the right to enter into master agreements with third party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The “technology fee” includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems.

We will provide up to 1 hour of technical support per month for each office. Any additional monthly support beyond 1 hour will be billed at our then current rate (currently \$100 per hour). You must license the MINDBODY online business management and POS system. Currently, you pay us the monthly fee of \$195 per month for this software, and we remit this sum to the licensor. These amounts comprise our current technology fee as of the issuance date of this Disclosure Document.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	AMOUNT ¹	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$35,000	Lump sum	At time you sign Franchise Agreement	Us
Startup Package	\$34,500 to \$63,500	Lump sum	At time you sign Franchise Agreement	Our affiliate Braintellect, LLC
Initial Training Fee	\$2,500 to \$10,000	Lump sum	Prior to attending training	Us
Food, Lodging & Travel (1 to 4 people while training in Scottsdale)	\$1,500 to \$6,000	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & 3 Months' Rent ²	\$4,000 to \$12,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Build Out & Improvements ³	\$1,000 to \$10,000	As incurred	Before opening	Architects, contractors, suppliers
Signage ⁴	\$3,000 to \$10,000	Lump sum	Before opening	Suppliers
Equipment (not included in startup package) ⁵	\$5,200 to \$6,200	Lump Sum	Before opening	Suppliers
Decorating, Furniture & Furnishings	\$2,000 to \$8,000	As incurred	Before opening	Suppliers
Miscellaneous Office Supplies	\$500	As incurred	Before opening	Suppliers
Grand Opening Advertising ⁶	\$2,000 to \$5,000	Lump sum	30 days before through 90 days after opening	Suppliers
Utility Deposits, Business Licenses & Other Prepaid Expenses	\$200 to \$400	As incurred	Before opening	Utility companies and government agencies
Professional Fees	\$1,500 to \$6,500	Lump sum	Before opening	Lawyers & accountants
Insurance	\$2,500 to \$3,500	Lump sum	Before opening	Insurance companies
Additional Funds (3 month period after opening) ⁷	\$9,000 to \$50,000	As incurred	As incurred	Suppliers and employees
Total Estimated Initial Investment ⁸	\$104,400 to \$226,600			

Notes:

1. We do not offer direct or indirect financing for any of these items. None of the fees payable to us are refundable, except we may refund \$30,000 of the initial franchise fee under the circumstances described in Item 5. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.

2. These figures presume that you will be leasing your premises. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. We anticipate that most Cereset businesses will range in size from 800 to 2,000 square feet. We estimate the rent will range from \$1,000 to \$3,000 per month, although your actual rent may vary significantly above or below this range depending on your area and the local market conditions. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes 1 months' security plus 3 month's rent. Some franchisees may prefer to own their business. The costs of purchasing a business vary so widely that we cannot reasonably estimate the cost.
3. The cost of leasehold improvements and build-out vary widely based upon a number of factors, including the size and condition of the premises, whether or not there are any existing leasehold improvements and whether the landlord will contribute to the cost of the improvements.
4. The type and size of the signage you actually install will be based upon the zoning, property use requirements and any landlord imposed restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions.
5. This estimate includes the cost of various other furnishings and equipment required for your main office, Cereset room, consult room and CTC workstation that are not included in the startup package. These items include collateral-holder, uniforms, desktop computers, monitors, router/wiring, large screen, fast desktop page scanner, lobby display flat panel, supply cabinets, desks and lighting. This item also includes the cost of a credit card reader.
6. During the period beginning 30 days before opening through 90 days after opening, we recommend that you spend a minimum of \$2,000 on grand opening marketing activities.
7. This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you) and other miscellaneous expenses and required working capital. Your initial 3 months of rent is separately stated in the table above. These figures are estimates based on the past experience of our affiliate in operating a Cereset business.
8. 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 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 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 below in more detail, we currently require that you purchase or lease the following source restricted goods and services: furnishings and décor; signage; technology and computer equipment; inventory; uniforms; marketing materials; insurance policies; social media services. We estimate that nearly 60% to 80% of the total purchases and leases that will be required to establish your Business and 60% of your ongoing operating expenses will consist of source restricted goods or services.

Furnishings and Décor

All of your furnishings and décor must meet our standards and specifications. We do not restrict the suppliers from whom you may purchase these items. However, your Cereset chair must be purchased exclusively from our affiliate.

Signage

All of your exterior signage and collateral holders must meet our standards and specifications but you may purchase these items from any supplier of your choosing. However, your indoor signage and specific Cereset posters must be purchased exclusively from us.

Technology and Computer Equipment

All of your technology and computer equipment must meet our standards and specifications. You must license MINDBODY online business management and POS system. You must also acquire email service from Microsoft or Google. Certain of these items must be purchased from our affiliate while other components may be purchased from any supplier of your choosing (subject to our right to require our approval of any supplier you propose).

Inventory

You may only offer the inventory items we authorize. All inventory items must meet our standards and specifications. Currently we require that you purchase all inventory items from our affiliate.

Uniforms

Your employees must wear the uniforms that we specify. You must purchase your uniforms from approved or designated suppliers.

Marketing Materials

All of your marketing materials must comply with our standards and requirements. A standard package of

advertising and marketing materials will be available to you without charge. We must approve all of your marketing materials before you use them. You must purchase all branded marketing materials only from our affiliate or other suppliers that we designate or approve.

Insurance Policies

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies from a carrier with an A.M. Best's rating of A or better. The required coverage currently includes: "all risk" property insurance; comprehensive general liability insurance in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; professional liability insurance in the minimum amount of \$1,000,000 per occurrence; worker's compensation insurance; and any other limits and coverage that we periodically require. At this time, we will procure professional liability insurance on your behalf at no additional fee. However, we reserve the right to discontinue this service in the future. The required coverage and policies are subject to change. 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.

Purchase Agreements

We will 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).

At this time, we have established an agreement with MINDBODY, including price terms, to provide online business management and POS services to franchisees.

There are no purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor Revenues from Source Restricted Purchases

At this time, we are not an approved or designated supplier for any items that must be purchased or leased by franchisees. Although we are not a supplier for your MINDBODY software, we collect the monthly fee and pay the fee to the third-party licensor. Our affiliate, Braintellect, LLC, is currently the designated supplier for all of the items described in Item 5 that are included with the initial startup package. After opening, you must purchase all additional inventory and equipment exclusively from our affiliate. We may designate ourselves and/or our affiliate as an approved or designated supplier for other items in the future. No persons affiliated with us are currently approved suppliers except for Braintellect, LLC. Except for our affiliate, there are no approved or designated suppliers in which any of our officers owns an interest.

We may receive rebates, payments or other material benefits from suppliers based on a percentage of franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner.

During the fiscal year ended December 31, 2022, we generated \$822,099 in total revenues. During the fiscal year ended December 31, 2022, we generated \$100,611 in revenues as a result of franchisee purchases or leases of goods or services from approved or designated suppliers, which represents 12.2% of our total revenues.

During the fiscal year ended December 31, 2022, our affiliate, Braintellect, LLC generated \$631,070 in revenues as a result of franchisee purchases or leases of goods or services from approved or designated suppliers. The source of this information is internal financial accounting.

ITEM 9 FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the Franchise 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.

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 7.1	Item 7 & Item 11
b. Pre-opening purchases/leases	Section 7.2, 12.5 & 17.1	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	Section 7.2 & 7.3	Item 6, Item 7 & Item 11
d. Initial and ongoing training	Section 5	Item 6 & Item 11
e. Opening	Section 7.3	Item 11
f. Fees	Section 4.2, 5.7, 6.2, 6.3, 6.10, 11.1, 11.4, 12.7, 12.12, 15, 18.2 & 21.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manuals	Section 6.1, 7.1, 7.2, 11.3, 12 & 19.1	Item 11
h. Trademarks and proprietary information	Section 19	Item 13 & Item 14
i. Restrictions on products/services offered	Section 12.3	Item 16
j. Warranty and client service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 13	Item 12
l. Ongoing product/service purchases	Section 12.5	Item 8
m. Maintenance, appearance and remodeling requirements	Section 12.6 & 12.7	Item 11
n. Insurance	Section 17.1	Item 6 & Item 7 & Item 8
o. Advertising	Section 11	Item 6, Item 7 & Item 11
p. Indemnification	Section 20	Item 6
q. Owner’s participation/ management/staffing	Section 8	Item 11 & 15
r. Records/reports	Section 17.2 & 17.3	Item 6
s. Inspections/audits	Section 18	Item 6 & Item 11
t. Transfer	Section 21	Item 17
u. Renewal	Section 4	Item 17
v. Post termination obligations	Section 23	Item 17
w. Non-competition covenants	Section 16	Item 17
x. Dispute resolution	Section 24	Item 17

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
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 open your Business, we will:

1. License you the Marks necessary to begin operating your Business. (Section 2)
2. Approve the location, build-out and design of your Cereset facility. See Section below entitled “Site Development” for additional information. (Sections 7.1, 7.2 & 7.3)
3. Loan you 1 copy of the Manual, which will help you establish and operate your Business. See Section below entitled “Manual” for additional information. (Section 6.1)
4. Provide you with written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. We or our affiliate will load and ship to your facility certain components of your computer system, as well as the other items in the initial startup package. We will remotely assist you or your technician with wiring and setting up your office network. We do not deliver or install any other items that you are required to purchase. (Section 6.3 & 12.2)
5. License you our proprietary software and other technology. See Section below entitled “Computer System” for additional information. (Section 6.2)
6. Provide an initial supply of marketing materials. See Section below entitled “Local Advertising” for additional information. (Section 11.2)
7. Provide an initial training program. See Section below entitled “Training Program” for additional information. (Section 5)
8. Provide you with a local webpage to promote your Business. See Section below entitled “Computer System” for additional information. (Section 6.7)

During the operation of your Business, we will:

1. Provide ongoing guidance and recommendations on ways to improve the marketing and operation of your Business. (Section 6.5)

2. Provide our suggested pricing for the goods and services that you sell. (Section 12.4)
3. Provide periodic training programs. See Section below entitled “Training Program” for additional information. (Section 5)
4. Maintain a website that will include a list of all of the Cereset franchisees that are in good standing with us. We may modify the content of and/or discontinue this website at any time in our sole discretion. (Section 6.7 & 11.3(e))
5. Implement the brand and system development fund. See Section below entitled “Brand and System Development Fund” for additional information. (Section 11.1)
6. Provide access to our case management support staff to assist with questions or review progress of any of your individual clients. The initial 3 hours of monthly support is provided free of charge. You must pay our then-current rate (currently \$100 per hour) for any case management support in excess of 3 hours for any given month. (Section 6.10)

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

1. Develop new private label goods for sale by Cereset franchisees. (Section 6.11)
2. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (Section 6.8)
3. Hold periodic national or regional conferences to discuss business and operational issues affecting Cereset franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (Section 5)
4. Create a franchise advisory council. See Section below entitled “Advisory Council” for additional information. (Section 14)
5. Send one or more of our representatives to your business to provide on-site assistance relating to the opening of your Business. (Section 6.4)
6. Upon your request, provide additional training or assistance (either at our headquarters or at your business). See Section below entitled “Training Program” for additional information. (Section 5)
7. Operate our Cereset Call Center, which will be used for providing general information to existing and prospective clients and referring new clients to the closest Cereset facility. (Section 6.9)

Training Program (Section 5 & 22.2(i))

Overview

We will provide an initial training program for the Managing Owner (defined in Item 15), your initial manager(s) and at least 1 Cereset tech coach. These individuals must successfully complete the initial training program to our satisfaction before you open your Business. You may send other owners and employees to initial training, but it is not required. Everyone in your Business that operates the Cereset technology with clients must have completed the training program. You are responsible for ensuring that only properly trained persons operate the technology. The initial training program includes: (i) an online course with a tutor; and (ii) an optional 2 days of hands-on training at our affiliate-owned Cereset facility in Scottsdale, Arizona (or at any other location we designate).

Currently, we intend to offer the initial training program at least monthly assuming sufficient demand (although the online component is available as needed).

Training Topics

The initial training program consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Introduction to Cereset		0	On-line
Workflow of a franchisee	2.0	0	On-line
Finding and marketing to qualified leads	3.0	0	On-line
Construction Process	2.0	0	On-line
Equipment and supplies	2.0	0	On-line
Timeline to Opening	2.0	0	On-line
Review the Manuals	5.0	0	On-line
Software	35.0	10.0	Scottsdale and On-line
Customer Service and Tracking	4.0	2.0	Scottsdale and On-line
Accounting 101	1.0	0	On-line
Vendor Meetings	3.0	0	On-line
Franchise support Case mgmt. & tech support	6.0	2.0	Scottsdale and On-line
Staff	1.0	1.0	Scottsdale and On-line
New Trainees Orientation	2.0	2.0	Scottsdale and On-line
Safety and Security	1.0	1.0	On-line
Front-office communication	1.0	1.0	Scottsdale and On-line
Client Expectation Setting	3.0	3.0	Scottsdale and On-line
Franchise Communication and support systems	8.0	9.0	Scottsdale and On-line
TOTAL HOURS	81.0	31.0	

Training Materials

For the classroom training, the training materials will consist of the Manual, handouts, computer training, group discussions and lectures. You will not be charged an additional fee for any of the training materials.

Instructors

All instructors will have at least one year of experience in the field.

Our lead instructor is Sonya Crittenden, who is our Director of Client Services. She has been with us for 10 years

(i.e., with our affiliate Brain State Technologies LLC) and has a total of 14 years of experience in the field.

Ongoing Training

From time to time, we may require that your Managing Owner, managers and Cereset tech coaches attend system-wide refresher or additional training courses. All new tech coaches must complete our initial training program. If you appoint a new Managing Owner or manager, that person must attend and successfully complete the online component of our initial training program before assuming responsibility for the management of your Business.

If we conduct an inspection of your business and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Managing Owner, manager and Cereset tech coaches attend remedial training that addresses your operational deficiencies.

You may also request that we provide additional training (either at corporate headquarters or at your business). We are not required to provide this additional training.

Training Fees and Costs

You must pay us a training fee of \$2,500 for each person you send to our initial training program. We do not charge a training fee for any system-wide refresher or additional training that we conduct. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our 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, 12.2 & 26.9)

We will lend you our Manual in text or electronic form for the term of your Franchise Agreement. The Manual may include, among other things, (i) a description of the authorized goods and services that you may offer at your Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Cereset franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your facility; (v) policies and procedures pertaining to any gift card, client loyalty or membership program that we establish; and (vi) a written list of goods and services (or specifications for goods and services) you must purchase for the construction of your Cereset facility and the development and operation of your Business and a list of any designated or approved suppliers for these goods or services. Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. All mandatory provisions contained in the Manual are binding on you. The Manual is confidential and remains our property. We may modify the Manual upon 30 days' prior notice, but the modification(s) will not alter your status or fundamental rights under the Franchise Agreement. The Manual contains a total of 609 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "D".

Site Development (Section 7.1, 7.2, 7.4 & 12.7)

A Cereset business typically ranges in size from 800 to 2,000 square feet. The smaller size may be appropriate for a business with 1 Cereset room while a larger facility may include 4 Cereset rooms. You must locate and obtain our approval of the premises from which you will operate your Business. We do not typically own the premises and then lease it to the franchisee. There is no specific deadline for finding an approved site, except that you must open your Business no later than 180 days after signing the Franchise Agreement. If you fail to open in the required period of time we may terminate your franchise. The premises must be located within the territory identified in Part B of ATTACHMENT "B" to the Franchise Agreement and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information,

photographs and video tapes that we may reasonably require) for your proposed site. We will use our best efforts to approve or disapprove a proposed site within 14 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 14-day period. In reviewing a proposed site, we will consider factors such as parking, size, socio-demographics, household income and related health and human service available in the area.

After you purchase or lease your approved site, you must construct and equip the premises to the specifications contained in the Manual. We will provide you with the generic requirements for a Cereset facility. We may require you to hire an architect to develop the specific plans for your site. You must install the equipment, fixtures, signs and other items that we require. We will ship your initial startup package to you and we will assist you remotely with wiring and setup of the system. You are solely responsible for conforming the premises to local ordinances and building codes, as well as obtaining any required permits, and/or constructing, remodeling or decorating the premises, and/or hiring and training employees.

Before you open, we must approve the build-out and layout of your Cereset facility. Not more than once during any 5-year period, you must remodel and make all improvements and alterations to your business that we reasonably require to reflect our then-current image, appearance and facility specifications. You may not remodel or significantly alter your premises without our prior approval.

Computer System (Section 12.5, 12.6, 12.7, 17.3 & 18.1)

You must purchase and use all Technology Systems (as defined in Note 7 in Item 6) that we designate from time to time. One component of our Technology Systems is your “computer system”, which consists of the following items: 3 desktop computers, server, 3 monitors, printer, router/wiring, desktop page scanner, lobby display flat panel. All of our required proprietary software for reporting is downloaded onto your computer system and our proprietary software for working with clients is preloaded onto your Cereset client computer. In addition, you must utilize the MINDBODY online business management and POS services. We do not require you to use any other specific accounting software, although we recommend QuickBooks. You must acquire email service from Microsoft or Google. We will register your Cereset email domain. The estimated cost of your computer system (excluding financial accounting software) is \$13,600 for a facility with 1 Cereset room. If you have more than 1 Cereset room at your facility, you must purchase additional equipment for each additional Cereset room. In addition to the computer system, you must purchase from us your Cereset chair and electronics (amp/sensors) that will integrate with your computer system.

The computer system will generally be used for conducting Cereset client sessions, collecting client data, transmitting non-personally identifiable data to us via the server, and for other general business purposes such as preparing reports, financial accounting and communicating with clients and with Cereset support staff electronically. You must input all client data in our CRM system in the time and manner we specify.

Your Cereset computer system will collect client account information (contact information, payment history, etc.) and a complete record of client brain rhythm changes for each session. The brain rhythm data is sent to us in a format so that it is not identifiable to a specific client. We will have independent unlimited access to this data and there are no contractual limitations on our rights to access this data. We may also inspect your computer system and access the data as part of an inspection.

We will provide (or outsource to another supplier to provide) all required maintenance, repairs, upgrades and updates for our proprietary software and certain proprietary technology. There are no separate required or optional agreements relating to these services and there is no additional fee (these services are included as part of your royalty fee). We will also provide up to 1 hour of technical support each month at no additional fee. You must pay our then-current fee (currently \$100 per hour) for any additional technical support that you request.

With respect to the MINDBODY system, you must pay us a monthly fee of \$195 per month (\$2,340 per year)

which we will remit to MINDBODY. In exchange for this fee, MINDBODY will provide all required maintenance, repairs, upgrades and updates for the online system. You do not sign a separate agreement with MINDBODY.

Each month you will be provided 3 hours of client case management support services provided by our Cereset case management support staff. These services include answering questions and/or reviewing client progress. We do not charge for the first 3 hours each month. Case management assistance in excess of 3 hours per month will be billed at the then-current hourly rate for case management support (currently \$100 per hour). To have case management review a specific client you will use the Cereset maintenance ticketing system and include the anonymous key to the client data for which you seek support.

You must maintain the computer system hardware in good working order at your cost. At no charge, we will provide up to 1 hour of technical support per month. We will bill you our then-current rate (currently \$100 per hour) for any support beyond 1 hour per month. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then-current specifications and/or add a point of sale system that we specify. There are no contractual limitations on the frequency or cost of these updates or upgrades.

We may change the components of the Technology Systems from time to time, including your computer system. You must purchase certain components of your Technology Systems from us as part of your initial startup package. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The “technology fee” includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems.

Currently, we do not impose any ongoing fees for the use of our software and technology beyond our royalty fee and the support fees described above. However, we do collect the \$195 monthly fee for MINDBODY and remit that sum to the licensor as our current “technology fee.”

Brand and System Development Fund (Section 11.1)

We intend to establish and maintain a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates’ expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. The fund will not be used for pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as “franchises available” and one or more pages on our website may promote the franchise opportunity.

You must contribute to the fund the amount we specify from time to time (not to exceed 2% of Gross Revenue). We will deposit into the fund all fund contributions paid by you and other franchisees. Any affiliate-owned Cereset business will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any affiliate-owned Cereset business that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. During the fiscal year ended December 31, 2022, we spent the brand and system development fund fees in the following manner: (i) 56% on production; (ii) 44% on media placement; (iii) 0% on administrative expenses; and (iv) 0% on other.

We will direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs. The marketing and advertising paid for by the fund may be local, regional or national in scope. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the fund. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request.

Local Advertising (Section 11.2 & 11.3)

We recommend that you spend at least \$2,000 on your grand opening marketing activities, although we expect some franchisees will spend more. We do not require that you spend any minimum amount of money for ongoing local marketing, although it is highly recommended. You must participate at your own expense in all advertising, promotional and marketing programs that we require. We have no obligation to conduct any advertising or marketing in your territory or elsewhere except for our obligation to administer the brand and system development fund.

We may create and make available to you advertising and marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify and we will have 7 days to review and either approve or reject the materials. Our failure to approve any advertising materials within the 7-day period will constitute our disapproval of the materials.

You are encouraged to market your Business through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. At all times you must comply with any social media policy that we develop. Although franchisees may market their Cereset businesses through social media, franchisees are strictly prohibited from marketing or soliciting the sale of Cereset products and inventory items through social media or through any other online medium except as we approve. You may only market Cereset products and inventory items to clients present at your Cereset facility or to potential clients via phone or email who you reasonably believe will attend sessions at your facility.

We will provide you with a webpage that will be linked to our website. Your webpage will list certain information about your Business that we authorize from time to time. At this time, we do not allow our franchisees to maintain their own websites or market their businesses on the Internet (except through the webpage we provide and through approved social media channels). Therefore, 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. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to the Franchise Agreement that will govern your ability to maintain a separate website and/or market on the Internet.

Advertising Cooperatives (Section 11.4)

We may, but need not, form one or more advertising cooperatives for the benefit of all Cereset businesses located within a particular region. If your franchise is located within a region subject to an advertising cooperative, you will be required to pay a cooperative advertising fee determined by the cooperative (not to exceed 2% of Gross Revenue). We have the right to determine the composition of all geographic territories and market areas for the implementation of each advertising cooperative. Generally, the boundaries of an advertising cooperative will coincide with municipal boundaries or metropolitan statistical areas.

If we implement an advertising cooperative in a particular region, we have the right to establish an advertising council to self-administer the cooperative. You must participate in the council according to the council's rules and procedures and you agree to abide by the council's decisions. Alternatively, we may administer the cooperative ourselves. Advertising cooperatives are not required to operate from written governing documents or prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to franchisees within the advertising cooperative upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

Advisory Council (Section 14)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. 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 the Franchise 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. Any Cereset business operated by us or our affiliates would also be eligible to be a member of the Advisory Council. Each member would be granted 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 7.3)

You may not open your Business before: (i) successful completion of the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your Cereset facility.

We anticipate that a typical Cereset franchisee will open his or her Cereset business within 2 to 4 months after signing the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, financing, completion of training, the extent to which an existing location must be upgraded or remodeled, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and

complying with local laws and regulations. Unless we agree to the contrary, your Business must be opened within 180 days after you sign the Franchise Agreement. Your failure to open within the 180-day period constitutes an event of default under your Franchise Agreement.

ITEM 12 TERRITORY

Location of Your Business

Each Franchise Agreement grants you the right to operate a single Cereset facility at a single location that must be approved by us in advance. You will be required to identify a location for your Cereset facility within the territory described in ATTACHMENT "B" to your Franchise Agreement.

You may relocate your business with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new business within the territory described in ATTACHMENT "B" to your Franchise Agreement; (ii) comply with all of our then-current site selection and development requirements; and (iii) open your new facility and resume operations within 30 days after closing your prior facility.

Your Territory

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, we will permit no more than 1 Cereset room to be physically located within the metropolitan statistical area in which your Business is located (your "MSA") for every 40,000 people living in your MSA, subject to the limitations described below with respect to Captive Venues. Each Cereset room includes 1 Cereset chair, although each facility may have multiple Cereset rooms. All population determinations will be based on the most recent United States Department of Commerce Census Bureau census data, and the number of franchises we may establish in a given metropolitan statistical area may increase over time based on increases in the population in the area. Your non-exclusive territory will consist of the MSA in which your facility is located.

Captive Venues

We reserve the right to operate Cereset businesses, or license others to operate Cereset businesses, in Captive Venues. A "Captive Venue" means a non-traditional outlet for the sale of Cereset products or services that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose other than purchasing Cereset products or services. Examples of Captive Venues include hotels, college campuses or universities, airports, rehab centers, medical offices and hospitals. Captive Venues are excluded from your territorial protections. This means that any Cereset business within a Captive Venue will not be taken into account in the franchise/population calculation described above.

Alternative Channels of Distribution

We also 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. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to clients from a Cereset facility. Examples of Alternative Channels of Distribution include: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks; and (iii) sales made at wholesale. Sales through Alternative Channels of Distribution are excluded from your territorial protections. This means that your territorial protections do not limit our ability to sell or license others to sell competitive or identical goods or services through Alternative Channels of Distribution within your MSA. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You are not permitted to market or sell through Alternative Channels of Distribution (except you can market the services offered at your Business through approved social media channels). Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled “Local Advertising.” There are no other restrictions on your right to solicit clients, whether from inside or outside of your Territory.

Additional Franchises or Territories


You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises. However, you may add additional Cereset rooms to your facility with our prior approval (and subject to the limits on the total number of Cereset rooms permitted in your MSA). You must purchase additional equipment packages from us for each additional Cereset room.

Competitive Businesses Under Different Marks

Our affiliate BST has licensed pre-existing businesses the right to utilize certain older brainwave technology. BST may also license our current technology for special purpose situations where the licensee is not permitted to use the Cereset name (such as licenses granted to practitioners that operate under their pre-existing business names). BST may also license the Cereset technology to organizations for charitable purposes as part of our Cereset GIVES program. You receive no territorial protections or restrictions relating to these licensees. Except as disclosed above, 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 at a Cereset business. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

Our affiliate, Brain State IP Holdings, LLC, owns the following trademarks that have been registered with the United States Patent and Trademark Office principal register:

MARK	REGISTRATION NUMBER	REGISTRATION DATE (RENEWAL DATE)
CERESSET	5753012	May 14, 2019
	5753013	May 14, 2019
BRAINECHO	5802670	July 9, 2019

All required affidavits have been filed and we intend to file all renewals by the required renewal date.

On June 11, 2019, we entered into a License Agreement (the “License Agreement”) with Brain State IP Holdings, LLC. Under the terms of the License Agreement, Brain State IP Holdings, LLC granted us the right to use the Marks in the Cereset System and to sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. Brain State IP Holdings, LLC is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent, if we and Brain State IP Holdings, LLC mutually agree to terminate the License Agreement or if we breach Brain State IP Holdings, LLC’s the quality control standards and fail to cure the breach within a 60 day cure period. If the

License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

We grant you the right to operate a franchise under the name “Cereset” and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Cereset franchise or the products or services sold at your Business. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must change to the new trademark at your expense.

You must follow our rules when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. We will determine a DBA using a naming convention such as “Cereset of [location]” or similar for your Business based on your location. You may not use the Cereset name relating to the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our right to the Marks.

Except as disclosed above, we are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

On August 10, 2017, our founder, Lee Gerdes, filed a utility patent application entitled Devices, Systems and Methods for Monitoring Brain Activity and for Enabling Brain to Rebalance (US Patent Application Serial No.: 15/550,200). The patent was issued on July 24, 2018 (U.S. Patent Registration No. 10,029,067) for a duration of twenty years. The patent is an essential component of our proprietary technology utilized by our franchisees. No other patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for the Manual, our website, articles or our marketing materials, we do claim a copyright to these items. During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of a Cereset business, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us.

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 Franchise Agreement and the Manual.

You must promptly tell us when you learn about unauthorized use of our proprietary information or any potential infringement of our copyrights or patents. 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 or infringement of our copyrights or patents. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information, copyrights or patents. There are no infringements that are known by us at this time. There are no currently effective material determinations of the U.S. Patent and Trademark Office, the U.S. Copyright Office or any court regarding patents or copyrights that you are permitted to use under the franchise agreement.

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

The Franchise Agreement requires that you designate an owner who will be primarily responsible for the daily on-premises management and supervision of the Business (the “Managing Owner”). We must approve the owner that you appoint to serve as the Managing Owner. The Managing Owner must dedicate his or her full time efforts to your Business unless you delegate management functions to a manager. Any new Managing Owner must successfully complete all aspects of the initial training program before becoming involved with the supervision, management or operation of the Business. The Managing Owner must also complete any mandatory ongoing training courses that we require.

You may hire a manager to assume responsibility for the daily on-site management and supervision of your Business, but only if: (i) the manager passes a background check that we specify; (ii) the manager successfully completes the online portion of the initial training program (and you pay us the associated training fee); (iii) the manager signs a Brand Protection Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "E" (a “Brand Protection Agreement”); and (iv) the Managing Owner agrees to assume responsibility for the supervision and operation of your Business if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager. We do not require that the manager own any equity interest in the franchise.

All of your employees and other agents or representatives who may have access to our confidential information must sign a Confidentiality Agreement, the current form of which is attached to the Franchise Agreement as ATTACHMENT "F". If you are an entity, each owner (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 Franchise 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. 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. While we do not generally restrict the customers to whom you may sell goods and services, in certain limited circumstances you may be unable to provide services to clients whose conditions disallow treatment (i.e. poor health, specific medications, etc.).

We will provide you with our suggested retail pricing for the goods and services you sell. You may deviate from our suggested retail pricing, but we must approve any deviation of more than 20% above or below our suggested pricing. We may also set maximum or minimum prices on the goods and services you sell to the extent permitted by applicable law. We reserve the right to require that you comply with any minimum advertised pricing policy that we establish from time to time.

We may require that you participate in a gift card or other client loyalty program (including utilization of a “membership” model) in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. If we establish a gift card or loyalty program, we have the right to determine how the

proceeds from the sale of gift cards or membership fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You must follow all of our policies regarding any gift card or loyalty program that we establish.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 4.1	Term is equal to 5 years.
b. Renewal or extension of the term	Section 4.1 & 4.2	If you meet our conditions for renewal, you can enter into an unlimited number of successor franchise agreements. Each renewal term will be 5 years.
c. Requirements for you to renew or extend	Section 4.1 & 4.2	You must: not be in default; give us timely notice; sign our then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, Brand Protection Agreement, etc.); sign a general release (subject to state law); remodel or upgrade your facility to comply with our then-current standards and specifications; and maintain possession of your facility under your lease. 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 22.1	Subject to state law. You can terminate only if we fail to cure a material default within the cure period.
e. Termination by us without cause	Section 22.4	We can terminate without cause if you and we mutually agree to terminate.
f. Termination by us with cause	Section 22.2 & 22.3	We can terminate if you default.
g. "Cause" defined - curable defaults	Section 22.2 & 22.3	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").

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined - non-curable defaults	Section 22.2	The following defaults cannot be cured: failure to successfully complete training; failure to open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment of franchise; 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 System or Marks; health or safety hazards; material misrepresentations; 2 nd underreporting of any amount due by at least 3%; unauthorized transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; failure to meet minimum performance requirements; termination of your lease due to your default; 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 23.1	Obligations include: complete deidentification; cease use of intellectual property; return of Manual and all branded materials; assignment of telephone numbers, listings and domain names; assignment of client information and accounts; cancellation of fictitious names; and payment of amounts due (also see "r", below).
j. Assignment of contract by us	Section 21.1	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 21.2 & <u>Attachment A</u> (definition of "Transfer")	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	Section 21.2, 21.3 & <u>Attachment A</u> (definition of "Permitted Transfer")	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, immediate family member, personal trust, 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 21.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; agree in writing to assume all of your obligations under any agreements relating to the Business; and sign a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; assign your lease, if applicable; remodel the facility to current standards (or get a commitment from transferee to do so); pay us the transfer fee; and sign a general release (subject to state law) and subordination agreement. 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 21.5	We have the right to match any bona fide, arms-length offer for your business.
o. Our option to purchase your business	Section 23.2	We have the option to purchase your Business at the expiration or termination of the Franchise Agreement.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN FRANCHISE AGREEMENT	SUMMARY
p. Your death or disability	Section 21.4	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 16.2 & 16.3	No involvement in competing business; comply with non-disclosure covenants.
r. Non-competition covenants after the franchise is terminated or expires	Section 16.2, 16.4 & 23.1	No involvement for 2 years in competing business in your territory or within 5 miles of any other Cereset facility; comply with non-disclosure covenants; cease use of intellectual property.
s. Modification of the agreement	Section 26.4 & 26.9	Requires writing signed by both parties (except for unilateral changes to 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 26.9	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.
u. Dispute resolution by arbitration or mediation	Section 24	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
v. Choice of forum	Section 24	Subject to applicable state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business (currently, Maricopa County, Arizona) at time dispute arises.
w. Choice of law	Section 26.1	Subject to applicable state law, Arizona 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 representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Federal Trade Commission, the appropriate state regulatory agencies, and our management by contacting Lee Gerdes at 15150 N. Hayden Road, Scottsdale, Arizona 85260 or by phone at (480) 265-8800.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	23	24	+1
	2021	24	29	+5
	2022	29	45	+16
Company-Owned	2020	2	2	0
	2021	2	2	0
	2022	2	1	-1
Total Outlets	2020	25	26	+1
	2021	26	31	+5
	2022	31	46	+17

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022		
State	Year	Number of Transfers
California	2020	0
	2021	1
	2022	1
Kansas	2020	0
	2021	0
	2022	1
Total	2020	0
	2021	1
	2022	2

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Alaska	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arizona	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Arkansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	7	0	1	0	0	0	6
	2021	6	0	1	0	0	0	5
	2022	5	1	0	0	0	1	5
Colorado	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Connecticut	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Georgia	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Idaho	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Illinois	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Indiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2022	1	1	0	0	0	0	2
Kansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Michigan	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	1	0	0	0	0	2
Missouri	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Montana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nebraska	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Nevada	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
New Jersey	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Dakota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South	2020	0	1	0	0	0	0	1

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	3	0	0	0	0	0	3
	2021	3	3	0	0	0	0	6
	2022	6	2	0	0	0	1	7
Utah	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
Vermont	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Virginia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Totals	2020	23	4	3	0	0	0	24
	2021	24	7	2	0	0	0	29
	2022	29	18	0	0	0	2	45

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Tennessee	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	1	0
Totals	2020	2	0	0	0	0	2

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
	2021	2	0	0	0	0	2
	2022	2	0	0	0	1	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
California	1	1	0
Colorado	1	0	0
Florida	0	1	0
Georgia	1	0	0
Idaho	1	0	0
Iowa	0	1	0
Minnesota	1	0	0
Missouri	1	0	0
Nevada	0	1	0
New York	0	1	0
North Carolina	0	1	0
Ohio	1	0	0
Oregon	0	1	0
Pennsylvania	1	1	0
South Carolina	0	1	0
Tennessee	1	1	0
Utah	0	1	0
Washington	0	1	0
Wisconsin	1	0	0
Total	10	12	0

Notes:

1. In 2019, 1 California outlet was voluntarily terminated by the franchisee prior to opening.

Our fiscal year ends on December 31st. All references to years in these tables refer to December 31 of that year. A list of all current Cereset franchisees 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 franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise 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.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Audited financial statements for Cereset, LLC for the fiscal years ended December 31, 2022, December 31, 2021 and December 31, 2020 are attached to this Disclosure Document as EXHIBIT "F".

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"	Franchise Agreement
EXHIBIT "G"	Franchisee Disclosure Questionnaire (Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise registration state)
EXHIBIT "H"	General Release
EXHIBIT "I"	State Addenda and Agreement Riders

Attachments to Franchise Agreement

ATTACHMENT "C"	Franchise Owner Agreement
ATTACHMENT "D"	ACH Authorization Form
ATTACHMENT "E"	Brand Protection Agreement
ATTACHMENT "F"	Confidentiality Agreement

ITEM 23 RECEIPT

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

<p><u>CALIFORNIA</u> Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677</p> <p><u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 <u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p> <p><u>INDIANA</u> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360</p> <p><u>MICHIGAN</u> Franchise Administrator Consumer Protection Division 670 Law Building Lansing, MI 48913 (517) 373-7117</p> <p><u>MINNESOTA</u> Department of Commerce Commissioner of Commerce 85 Seventh Place East, #280 St. Paul, MN 55101-3165 (651) 539-1600</p> <p><u>NEW YORK</u> NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st FL New York, NY 10005 212-416-8222 <u>Agent for Service of Process:</u> Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol, Fifth Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-4712</p>	<p><u>RHODE ISLAND</u> Department of Franchise Regulation 1511 Pontiac Avenue John O. Pastore Complex Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p> <p><u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823</p> <p><u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1st Floor (service of process) 9th Floor (administrator) 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051</p> <p><u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p><u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500 Madison, WI 53703 (608) 261-9555</p>
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EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

OSBORN MALEDON P A

2929 N CENTRAL AVE 21ST FLOOR,

PHOENIX, AZ 85012

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"
TO DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

[See Attached]



CERESSET FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

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ATTACHMENTS

ATTACHMENT "A"	Definitions
ATTACHMENT "B"	Approved Site and Territory
ATTACHMENT "C"	Franchise Owner Agreement
ATTACHMENT "D"	ACH Authorization Form
ATTACHMENT "E"	Brand Protection Agreement
ATTACHMENT "F"	Confidentiality Agreement

CERESSET FRANCHISE AGREEMENT

This Cereset Franchise Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between Cereset, LLC, an Arizona limited liability company ("we" or "us") and _____, a(n) _____ ("you").

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. GRANT OF FRANCHISE. We hereby grant you a license to own and operate a Cereset business (your "Business") using our Intellectual Property from a single location that we approve. As a Cereset franchisee, you will operate a business that utilizes neuro-technology to support the brain to relax itself for wellbeing, self-improvement and restful sleep. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS AND LIMITATIONS. You are not granted an exclusive territory. However, we will permit no more than one (1) Cereset room to be physically located within the metropolitan statistical area in which your Business is located (your "MSA" or your "Territory") for every 40,000 people living in your MSA, subject to the limitations described below for Captive Venues and Alternative Channels of Distribution. All population determinations will be based on the most recent United States Department of Commerce Census Bureau census data. The number of franchises we may establish in your Territory may increase over time based on increases in the population in the area.

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. Sales through Alternative Channels of Distribution are excluded from your territorial protections. This means that your territorial protections do not limit our ability to sell or license others to sell competitive or identical goods or services through Alternative Channels of Distribution within your MSA. We also reserve the right to operate Cereset businesses or license others to operate Cereset businesses in Captive Venues. This means that any Cereset business located within a Captive Venue will not be taken into account in the franchise/population calculation described above.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Agreement will begin on the Effective Date and expire five (5) years thereafter (the "Term"). If this Agreement is the initial franchise agreement for your Business, you may enter into an unlimited number of successor franchise agreements (each, a "Successor Agreement") as long as you meet the conditions for renewal specified below in each instance of renewal. The Successor Agreement shall be the current form of franchise agreement that we use in granting Cereset franchises 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. Each renewal term will be five (5) years. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 60 days nor more than 150 days before the expiration of the Term or renewal term, as applicable; (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) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) remodel your facility to comply with our then-current standards and specifications; (vi) have the right under your lease to maintain possession of your premises for the duration of the renewal term; and (vii) take any additional action that we reasonably require.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this 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 upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.

5. TRAINING AND CONFERENCES

5.1. Initial Training Program. The Managing Owner, your manager(s) and each Cereset tech coach must attend and successfully complete our initial training program before you open your Business. All or a portion of the training may be conducted remotely while other portions may be conducted in Scottsdale, Arizona or any other place that we designate. Alternatively, we offer the entire training program virtually with an optional hands-on training program at our affiliate-owned Cereset facility in Scottsdale, Arizona (or at any other location we designate).

5.2. Initial Training For New Owners/Managers. If you hire a new manager or Cereset tech coach, or appoint a new Managing Owner, after we conduct our pre-opening initial training program, the new manager, tech coach or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program.

5.3. Periodic Training. We may offer periodic refresher or additional training courses for your Managing Owner and employees. Attendance at these training programs is mandatory.

5.4. Additional Training Upon Request. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

5.5. Remedial Training. If we conduct an inspection of your business and determine that you are not operating your business in compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner and management personnel attend remedial training that is relevant to your operational deficiencies.

5.6. Conferences. We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Cereset franchisees. Attendance at these conferences is mandatory, although we will not require your owners or employees to attend more than 1 conference during any calendar year.

5.7. Training Fees and Expenses. You agree to pay us an initial training fee of \$2,500 for each person that completes our training program. We do not charge a training fee for any ongoing training that we conduct

after you open your Business. However, if we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training or attending conferences, including wages, travel and living expenses. For each conference that we hold, we may charge you a conference registration fee of up to \$300 per person per day. All training fees and expense reimbursements are due 10 days after invoicing.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. During the Term, we will lend you our confidential Brand Standards Manual (the “Manual”) in text or electronic form. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. Proprietary Software and Technology. We will license you the right to utilize our proprietary software and technology that we specify solely for purposes of operating your Business. The software and technology are integral parts of our Technology Systems. We will provide (or cause a third party to provide) any required maintenance, updates, upgrades or support pertaining to our proprietary software and technology. Although you currently must use the MINDBODY online business management and POS service and pay us the associated monthly fee, MINDBODY is not part of our proprietary software or technology. You may use our software and technology only in the manner that we authorize. We will provide up to one (1) hour of technical support per month at no charge for each Cereset office you operate. Any additional monthly support beyond one (1) hour will be billed at our then current rate (currently \$100 per hour). The fees set forth in this Section are deemed part of the “technology fee” described in Section 12.7(a).

6.3. Initial Startup Package. You must purchase your initial startup package from our affiliate. Your initial startup package includes certain components of your computer system and technology equipment, Cereset chair and other items that we specify from time to time. We or our affiliate will preload all proprietary software on your computer system and then ship the items within the startup package to you. We will remotely assist you or your technician with the installation of your computer system and technology equipment. If you desire to purchase one or more additional Cereset chairs, you may purchase such additional chair(s) through our affiliate for \$14,500 per chair (each chair purchased includes one (1) Cereset chair, one (1) desktop computer and related Cereset electronics and supplies).

6.4. Opening Assistance. We may, but need not, send a representative to your facility to assist you with the opening of your Business. We will not charge a fee for this assistance.

6.5. General Guidance. Based upon our periodic inspections of your business or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Business.

6.6. Marketing Assistance. As further described in Section 11.1 and Section 11.2, we will administer the brand and system development fund and provide you with other marketing assistance during the Term.

6.7. Website. We will maintain a website for Cereset franchisees that will include the information about your Business that we deem appropriate. We may modify the content of and/or discontinue the website at any time in our sole discretion. Throughout the Term, we will also provide you with your own local webpage that will be linked to our main website. Your webpage will include localized information about your Business that we authorize. We must approve all content on your webpage, but we will consider all information that you suggest in good faith. We will own the website (including your webpage) and domain name at all times.

6.8. Purchase Agreements. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will

arrange for you to be able to purchase the goods directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

6.9. Call Center. We may, but need not, administer (or cause to be administered) a call center to address client inquiries and refer new clients to the closest Cereset facility. We may discontinue the call center at any time. If the call center is administered by a third party, you may be required to pay such third party a periodic call center fee.

6.10. Case Management Assistance. Each month we will provide to you, at no charge, up to three (3) hours of assistance from our case management support staff to assist with case management for your clients. We may charge you our then-current hourly rate for any monthly case management support beyond the initial three (3) hours.

6.11. Inventory and Retail Items. You will purchase your inventory of Cereset products from our affiliate. We may develop new or additional inventory items for sale at your Business and you agree to maintain a reasonable inventory of these items at your business at all times.

7. ESTABLISHING YOUR BUSINESS

7.1. Site Selection. You agree to locate and obtain our approval of the premises from which you will operate your Business. The premises must be located within your Territory and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within 14 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 14-day period. Our approval shall be evidenced by the execution of Part A of ATTACHMENT "B" by you and us. Our approval of the site indicates only that we believe the site meets our minimum criteria. You do not need our approval of your lease. It does not constitute a representation or warranty that the site will be profitable or will meet your expectations.

7.2. Construction. We will provide you the generic requirements for a Cereset facility. You must ensure that your facility complies with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must, at your sole expense, construct and equip the premises to the specifications contained in the Manual and purchase (or lease) and install the equipment, fixtures, signs and other items that we require. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the franchise. Before you open, we must approve the layout of your facility.

7.3. Opening. You must open your Business to the public within 180 days after the Effective Date. You may not open your Business before: (i) successful completion of the initial training program by your Managing Owner and tech coach(es); (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your facility. You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your facility and you agree to make any changes we require before opening. BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

7.4. Relocation. You may relocate your Business with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new business within the Territory; (ii) comply with Sections 7.1 through Section 7.3 of this Agreement with respect to your new business (excluding the 180-day opening period); and (iii) open your new facility and resume operations within 30 days after closing your prior facility.

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. The Managing Owner must at all times be actively involved in the operation of the Business on a full time basis and provide on-site management and supervision unless we authorize you to delegate management functions to a manager. Any new Managing Owner that we approve must successfully complete the initial training program.

8.2. Managers. You may hire a manager to assume responsibility for the daily on-site management and supervision of your Business, but only if: (i) the manager passes a background check that we specify; (ii) the manager successfully completes the online portion of the initial training program (and you pay us the associated training fee); (iii) the manager signs a Brand Protection Agreement; and (iv) the Managing Owner agrees to assume responsibility for the on-site management and supervision of your Business if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager.

8.3. Employees. You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Business. You must pay all wages, commissions, fringe 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. We do not control the day to day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

8.4. 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 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. If you are an Entity, you agree to provide us with a list of all of your Owners. 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.

10. FRANCHISE OWNER AGREEMENT. If you are an Entity, all Owners (whether direct or indirect)

and their spouses must sign a Franchise Owner Agreement, the current form of which is attached as ATTACHMENT "C".

11. ADVERTISING & MARKETING.

11.1. Brand and System Development Fund.

(a) Administration. We intend to establish and maintain a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our sole discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the brand and system development fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions.

(b) Contributions. On the 15th day of each month, you must pay us a brand and system development fund fee equal to 2% of your Gross Revenue for the prior month's operations. We will deposit into the fund all fund contributions paid by you and other franchisees.

11.2. Marketing Assistance From Us. We may create and make available to you advertising and other marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3. Your Marketing Activities.

(a) Generally. Although you are encouraged to engage in local advertising, you are not required to spend any minimum amount on local advertising to promote your Business. However, you agree to participate at your own expense in all advertising, promotional and marketing programs that we require, including any advertising cooperative that we establish pursuant to Section 11.4. You also agree to comply with any gift card, membership or client loyalty program that we establish, the specific terms of which may be set forth in the Manual. You may only market Cereset products and inventory items to clients present at your Cereset facility or to potential clients via phone or email who you reasonably believe will attend sessions at your facility. You must use your Cereset domain email address for all email communications pertaining to your Cereset Business.

(b) Grand Opening. During the period beginning 30 days before opening and ending 90 days after opening, we recommend that spend a total of at least \$2,000 on advertising and other marketing activities to

promote your Business. We must approve all such advertising in accordance with Section 11.3(d).

(c) Standards for Advertising. 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. We reserve the right to require that you comply with any minimum advertised pricing policy that we establish from time to time. You must follow any policies that we establish from time to time governing a franchisee's right to engage in marketing or advertising outside of the franchisee's territory.

(d) 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 modify). We will be deemed to have disapproved the materials if we fail to issue our approval within seven (7) days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). For purposes of clarity, all media inquiries and interviews relating to Cereset shall be deemed advertising and must be directed to us. With our prior approval, you may respond to the media inquiry or conduct the interview. Alternatively, we reserve the right to directly respond to the media inquiry or conduct the interview ourselves.

(e) Internet and Websites. You may market your Business through approved social media channels in accordance with our social media policy. You may only market and promote the services offered at your Business and you may not market or solicit the purchase of Cereset products or other inventory items through social media or any other online medium. We may require that you utilize our designated supplier for social media marketing services. At this time, we do not allow our franchisees to maintain their own websites (other than the localized webpage that we provide) or market their Cereset businesses on the Internet (other than through approved social media outlets). Accordingly, 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 in connection with your Business. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a website and/or market on the Internet.

11.4. Advertising Cooperative. We have the right, but not the obligation, to create one or more advertising cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. We have the right to: (i) determine the composition of all geographic territories and market areas for each advertising cooperative; and (ii) require that you participate in any advertising cooperative if and when established by us. If we implement an advertising cooperative, we may establish an advertising council to self-administer the advertising cooperative. You must participate in the council according to the council's rules and procedures and you must abide by the council's decisions. Alternatively, we may administer the advertising cooperative ourselves. You must pay the monthly cooperative advertising fee established by us or the council, as applicable, which will be due on the 15th day of each month for the prior month's operations. The cooperative advertising fee shall not exceed 2% of Gross Revenue without your approval. Upon the majority vote of all franchisees within the advertising cooperative, the amount of the cooperative advertising fee may be adjusted (or temporarily suspended) or the cooperative advertising fee may be eliminated altogether. If we or an affiliate of ours operate a majority of the Cereset facilities within the advertising cooperative, we will increase the cooperative advertising fee only with the consent of a majority of all third-party franchisees within the advertising cooperative. We will collect all cooperative advertising fees and pay them to the applicable advertising cooperative unless we administer the advertising cooperative ourselves. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

12. OPERATING STANDARDS.

12.1. Generally. You agree to operate your Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Manual.

12.2. Brand Standards Manual. You agree to establish and operate your Business in accordance with the Manual. The Manual may contain, among other things: (i) a description of the authorized goods and services that you may offer at your Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Cereset franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your facility; (v) policies and procedures pertaining to any gift card, client loyalty or membership program that we establish; and (vi) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Business and a list of any designated or approved suppliers for these goods or services. The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding 30 days after we send you notice of the modification. All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

12.3. Authorized Goods and Services. You agree to offer all goods and services that we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services at your Business without our prior written permission. You may not use your business or permit your business to be used for any purpose other than offering the goods and services that we authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement.

12.4. Pricing. We will provide you with our suggested retail pricing. You may deviate from our suggested retail pricing in your discretion. However, we must approve any deviation that is more than 20% higher or lower than our suggested retail pricing, unless such pricing is part of a temporary advertising campaign that we have approved. You must comply with any minimum advertised pricing policy that we require pursuant to Section 11.3(c).

12.5. Suppliers and Purchasing. You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of Cereset facilities, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier that you propose, 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. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier within 10 days after invoicing.

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

12.7. Technology Systems.

(a) Generally. You must acquire and utilize all information and communication technology

systems that we specify from time to time, including, without limitation, computer systems, neuro-technology brain optimization systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, email services and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems (collectively referred to as the “Technology Systems”). The Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, client information, client loyalty, marketing, communications, copying, printing and scanning, or any other business purpose that we deem appropriate. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.

(b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure that your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to enable us to have independent and unlimited access to the operational data collected through your Technology Systems, including information regarding your Gross Revenue for purposes of calculating fees owed. Upon our request, you agree to provide us with the user IDs and passwords for your Technology Systems, including upon termination or expiration of this Agreement.

(c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs: (i) you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon our request, you agree to enter into a license agreement with us (or our affiliate) in a form that we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The “technology fee” includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems. The technology fee is due 10 days after invoicing or as otherwise specified by us from time to time.

12.8. Remodeling and Maintenance. You agree to remodel and make all improvements and alterations to your facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. We will not require that you remodel your facility more than once during any five (5) year period, except as a condition to renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current specifications, standards or image requirements. You agree to maintain your business in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

12.9. Gift Card and Loyalty Programs. We may require that you participate in a gift card or other client loyalty program (including utilization of a “membership” model) in accordance with our policies and procedures. In order to participate, you may be required to purchase and utilize additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or membership fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify from time to time relating to clients who purchase a membership or gift card at one Cereset facility and redeem products or services from one or more other Cereset facilities. We may implement new software and/or Apps to monitor sales and allocate payments to the Cereset facility where goods or services are redeemed (either in whole or on a percentage basis), in which case we may require that the client pay us for membership fees or that the proceeds from gift card sales be deposited into a trust account that we control. You agree to comply with all policies and procedures that we specify and we may modify these policies and procedures at any time.

12.10. Hours of Operation. You must establish specific hours of operation and submit those hours to us for approval.

12.11. Client Complaints. If you receive a client complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

12.12. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures and you fail to correct the non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to \$500 per occurrence.

13. MINIMUM PERFORMANCE REQUIREMENTS. Beginning with your second (2nd) year of operation, you are required to generate at least \$100,000 in annual Gross Revenue. Your failure to comply with this requirement constitutes an event of default under this Agreement, in which case we have the right to elect in our sole and absolute discretion whether to terminate this Agreement or modify or eliminate the territorial protections granted to you under Section 3.

14. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will 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 will 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 counter-productive manner, as determined by us in our discretion. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote on all matters on which members are authorized to vote.

15. FEES

15.1. Initial Franchise Fee. You agree to pay us a \$35,000 initial franchise fee in one lump sum at the time you sign this Agreement (or, if applicable, any discounted initial franchise fee specified in an area development agreement signed by you and us). The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed, except that we will refund \$30,000 of the initial franchise fee if you and your Owners sign a General Release after we terminate this Agreement pursuant to: (i) Section 22.2(i) for failure to successfully complete the initial training program in a timely manner; or (ii) Section 22.2(ii) for failure to open your Business in a timely manner.

15.2. Royalty Fee. On the 15th day of each month, you agree to pay us a royalty fee equal to the greater of: (i) 8% of your Gross Revenue from the immediately preceding month; or (ii) \$500. If you provide more than five (5) free sessions in a given month, you must pay us an additional \$25 supplemental royalty fee for each free session you provide in a given month in excess of five (5). The supplemental royalty fee is in addition to the royalty calculated as the greater of 8% of Gross Revenue or \$500 per month, and is not included within that calculation (including for purposes of determining whether you met the \$500 minimum monthly royalty fee).

15.3. Other Fees and Payments. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 15. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

15.4. Late Fee. If any sums due under this Agreement have not been received by us when due then, in addition to those sums, you must pay us interest on the amounts past due at the rate equal to the lesser of 18% per annum (pro-rated on a daily basis), or the highest rate permitted by your State's law. If no due date has been specified by us, then interest begins to run 10 days after we bill you. We may impose a late fee for any amounts that we are unable to reasonably determine due to your failure to furnish us with a report required by Section 17.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due and payable. You acknowledge that this Section 15.4 shall not constitute our agreement to accept the late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Business.

15.5. Method of Payment. You may pay amounts owed to us by check, credit card, wire transfer, ACH transfer or any other payment method that we approve from time to time. However, you must pay the initial franchise fee by wire transfer or cashier's check. **Application of Payments.** We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

16. BRAND PROTECTION COVENANTS.

16.1. 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 because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

16.2. 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; (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, 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.

16.3. Unfair Competition During Term. You and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in 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) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or any Cereset Business; (iii)

diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iv) inducing any client of ours (or of one of our affiliates or franchisees) to transfer their business to a competitor.

16.4. 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 to clients who are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, 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.

16.5. Immediate Family Members. The Owners acknowledge that they could circumvent the purpose of Section 16 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge that it would be difficult for us to prove whether the Owners disclosed the Know-how to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 16 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses the Know-how. However, the Owner may rebut this presumption by furnishing evidence conclusively showing that the Owner did not disclose the Know-how to the family member.

16.6. 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 may have access to our Know-how, and who are not required to sign a Brand Protection Agreement, 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 Brand Protection Agreements and Confidentiality Agreements, as applicable, 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 Brand Protection Agreement or Confidentiality Agreement, as applicable, including reasonable attorneys' fees and court costs.

16.7. 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 Cereset franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 16 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

16.8. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 16 will cause substantial and irreparable damage to us and/or other Cereset franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 16 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 16.

17. YOUR OTHER RESPONSIBILITIES

17.1. 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 per occurrence and \$2,000,000 in the aggregate; (iii) professional liability insurance, containing minimum liability protection of \$1,000,000 per occurrence; (iv) worker’s compensation insurance and employer’s liability insurance as required by law; and (v) any other insurance that we specify in the Manual from time to time. At this time, we will procure professional liability insurance for your Business at no additional fee. However, we reserve the right to discontinue this service in the future. You agree to provide us with proof of coverage prior to opening, within 10 days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Business. All insurance policies must 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.

17.2. Books and Records. You agree to prepare and maintain at your business for at least five (5) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Business. You must send us copies of your books and records within seven (7) days of our request.

17.3. Reports. No later than the 15th day of each month, you must prepare and provide to us monthly statements of your Gross Revenue and expenses for the prior month’s operations (including grand opening advertising expenditures). You also agree to prepare all other reports that we require in the form and manner that we require. You agree to send us a copy of any report required by this Section upon request. If we require that you utilize a computer or point of sale system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or point of sale system to retrieve and compile information regarding the operation of your Business.

17.4. 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. All financial statements must be: (i) verified and signed by you certifying to us that the information is true, complete, and accurate; (ii) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (iii) submitted in any format that we reasonably require. 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.

17.5. Legal Compliance. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Business and operate and manage your Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within two (2) business

days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

18. INSPECTION AND AUDIT

18.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter your business, evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include contacting your landlord, clients and/or employees. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your 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.

18.2. 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. If an audit reveals an understatement of your Gross Revenue or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us together with any late fee payable pursuant to Section 15.4. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us by at least three percent (3%), in which case you agree to 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 will be due 10 days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

19. INTELLECTUAL PROPERTY

19.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this 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 Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the 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.

19.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the 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.

19.3. 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.

19.4. Use of Know-how. We will disclose the Know-how to you in the initial training program, the 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.

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

19.6. 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 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.

20. 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:

- (i) the marketing, use or operation of your Business;
- (ii) the breach of any Definitive Agreement committed by you or your Owners or affiliates;
- (iii) the breach of any agreement with a third party committed by you or your Owners or affiliates;
- (iv) any Claim relating to taxes or penalties assessed by any Governmental Authority against us that are directly related to your failure to pay or perform functions required of you under this Agreement;
- (v) libel, slander or disparaging comments made by you or any of your Owners, officers, employees or independent contractors regarding the System, a Cereset Business or an Indemnified Party;
- (vi) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or
- (vii) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties shall have the right, in their sole discretion to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending such Claim, including court costs and reasonable attorneys' fees, within 10 days of receipt of an invoice itemizing such costs and expenses.

21. TRANSFERS

21.1. By Us. This Agreement and the franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this 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.

21.2. 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 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, aptitude and financial resources to own and operate a Cereset business and otherwise meets all of our then applicable standards for franchisees;

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

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

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

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

(vi) the transferee signs an agreement, in a form satisfactory to us, agreeing to discharge and guaranty all of your obligations under this Agreement and any other agreement relating to the Business, including, without limitation, client contracts and supplier contracts;

(vii) the transferee and its owners sign our then-current form of franchise 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 initial franchise fee;

(viii) you remodel your facility to comply with our then-current standards and specifications or you obtain a commitment from the transferee to do so;

(ix) you or the transferee pay us a \$10,000 transfer fee to defray expenses that we incur in

connection with the Transfer;

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

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

(xii) we do not elect to exercise our right of first refusal described in Section 21.5; and

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

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.

21.3. 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.

21.4. 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 21.2 unless the assignment qualifies as a Permitted Transfer. 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 Manual for a continuous period of at least three (3) months.

21.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the 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 21.2 (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.

22. TERMINATION

22.1. By You. You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 90 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 23 and all other obligations that survive the expiration or termination of this Agreement.

22.2. 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 the Managing Owner fails to satisfactorily complete the initial training program in the manner required by Section 5.1;

(ii) if you fail to open your Business within the time period required by Section 7.3;

(iii) 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);

(iv) 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;

(v) if you abandon or fail to operate your Business for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;

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

(vii) 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;

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

(ix) if you manage or operate your Business in a manner that presents a health or safety hazard to your clients, employees or the public;

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

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

(xii) if you underreport any amount owed to us by at least three percent (3%), after having already committed a similar breach that had been cured in accordance with Section 22.3;

(xiii) if you make an unauthorized Transfer;

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

(xv) if you breach any of the brand protection covenants described in Section 16;

(xvi) if any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement;

(xvii) if you fail to meet the minimum performance requirements described in Section 13;

(xviii) if the lease for your premises is terminated due to your default; or

(xix) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default (other than an area development agreement).

22.3. Additional Conditions of Termination. In addition to our termination rights in Section 22.2, 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 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 22.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

22.4. 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.

23. POST-TERM OBLIGATIONS.

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

(i) immediately cease to use the Intellectual Property;

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

(iii) comply with all covenants described in Section 16 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 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 Cereset 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 list of any of your current, former and prospective clients that you have not entered into our system;

(vii) assign all client contracts to us (unless we allow you to transfer those contracts to an approved transferee);

(viii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business;

(ix) 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

(x) 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.

You acknowledge and agree that we have the right to remotely and independently terminate your license to use our proprietary technology and/or software following the termination or expiration of this Agreement, which termination may result in rendering the technology and/or software inoperable.

23.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your business and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"). We will notify you of the specific items that we wish to purchase (the "Acquired Assets").

(b) Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Business in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two (2) Qualified Appraisers shall appoint a third (3rd) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3rd) Qualified Appraiser within the 30-day period, then a third (3rd) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Business, if less than three (3) years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(d) Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(f) Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

24. 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. If the Dispute is not resolved by mediation within 30 days after either party makes a demand for mediation, the parties will submit the dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Notwithstanding the foregoing, any Dispute that involves an alleged breach of Section 16 or Section 19 will not be subject to mediation or arbitration unless otherwise agreed to by both parties, and either party may immediately file a lawsuit in accordance with this Section with respect to any alleged breach of Section 16 or Section 19. All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Maricopa County, Arizona) and the parties irrevocably waive any objection to such venue. If we or you must enforce this Agreement in a judicial or arbitration 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 (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 16 OR SECTION 19) 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. WE AND YOU IRREVOCABLY WAIVE: (I) TRIAL BY JURY; AND (II) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

25. YOUR REPRESENTATIONS.

(i) YOU RECEIVED: (A) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS, WITH ALL MATERIAL TERMS FILLED IN, AT LEAST SEVEN (7) CALENDAR DAYS BEFORE YOU SIGNED THIS AGREEMENT; AND (B) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (i) 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (ii) SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY;

(ii) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; AND

(iii) WE MAY NEGOTIATE TERMS OR OFFER CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW.

26. GENERAL PROVISIONS

26.1. 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 Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona 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.

26.2. English Language. All notices, written materials (including written materials provided electronically) and other materials that we provide will be in English, and all oral and written communications between the parties must be in the English. Any dispute proceedings, whether through mediation, arbitration or litigation, shall be conducted exclusively in the English language. In any such proceeding, the English version of this Agreement and all related agreements and documents shall control in determining the parties' respective rights and obligations. All notices, written materials and other materials that you provide to us must be furnished in the English language and you are solely responsible for all costs of translation, including the Manual. All training, manuals, written materials and other information that we provide will be in English. If you have reason to translate such materials for your personal use, you are solely responsible for all costs related to such translation. During all training sessions, meetings, conferences and consultations between the parties, you are responsible for providing qualified interpreters, as needed.

26.3. Relationship of the Parties. You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us 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 a franchisee 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.

26.4. 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.

26.5. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this 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 its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other 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 Cereset franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

26.6. 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.

26.7. 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.

26.8. 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 17.1 and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 17.1 and Section 20, respectively.

26.9. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 26.4, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Approval Notice attached hereto as ATTACHMENT "B" shall be deemed to amend this Agreement to identify the approved site and Territory for your Salon, regardless of whether you countersign and/or return the Site Approval Notice. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states 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 us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual 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. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

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

26.11. 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.

26.12. 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, including, without limitation, Section 15, Section 16, Section 18, Section 20, Section 23, Section 24 and Section 26.

26.13. 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.

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

26.15. 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.

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

YOU: As set forth below your signature on this Agreement

US: Cereset, LLC
15150 N. Hayden Road
Scottsdale, Arizona 85260

WITH A COPY TO: Daniel Warshawsky
Warshawsky Seltzer, PLLC
9943 East Bell Road
Scottsdale, Arizona 85260

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

[Signature Page Follows]

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

FRANCHISOR:

Cereset, LLC, an Arizona limited liability company

By: _____

Name: _____

Its: _____

YOU (If you are an entity):

_____,
a(n) _____

By: _____

Name: _____

Its: _____

YOU (If you are not an entity):

Name: _____

Name: _____

Name: _____

Name: _____

Franchisee's Principal Business Address:

ATTACHMENT "A"
TO FRANCHISE AGREEMENT

DEFINITIONS

“*Account*” is defined in Section 15.5.

“*Acquired Assets*” is defined in Section 23.2.

“*Agencies*” is defined in Section 23.1(ix).

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

“*Alternative Channels of Distribution*” means all channels of distribution other than retail sales made to clients from a Cereset facility, including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks; and (iii) sales made at wholesale.

“*Appraisal Date*” is defined in Section 23.2.

“*Appraised Value*” is defined in Section 23.2.

“*Brand Protection Agreement*” means our form of Brand Protection Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "E".

“*Business*” is defined in Section 2.

“*Captive Venues*” means non-traditional outlets for the sale of Cereset products or services that are located within, or are a part of, another establishment or facility that consumers may visit for a purpose other than purchasing the Cereset products or services. Examples of Captive Venues include hotels, college campuses or universities, airports, rehab centers, medical offices, hospitals and other similar types of establishments.

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

“*Competitive Business*” means any business that: (i) uses brain waves and/or brain rhythms to train, change, intervene and/or enhance brain performance and/or relaxation and/or (ii) directly stimulates or relaxes the brain in any manner.

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

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

“*Dispute*” is defined in Section 24.

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

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

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

“*Gross Revenue*” means the total revenue generated from all sales and services you provide at, or in connection with, the Business, including the full value—as measured by our suggested retail price—of all services performed, merchandise sold, and any other transactions or activities, without any deductions or exclusions, regardless of whether such sums are collected or not. Gross Revenue includes all amounts received or earned, whether in cash,

credit, or any other form of payment, and regardless of any discounts, refunds, returns, or allowances provided to customers. Gross Revenue also includes the gross proceeds of any business interruption insurance as well as any advertising revenues and sponsorship fees that you receive. Gross Revenue does not include: (a) any federal, state, or local sales, use, or excise taxes that are collected from customers and remitted to the appropriate taxing authorities; (b) the proceeds from the sale or redemption of gift certificates, gift cards, or other prepaid sales instruments until such instruments are redeemed for goods or services; (c) discounts that are approved by us in our sole discretion; or (d) your providing of up to five free sessions per calendar month. In addition, after providing your fifth free session per month, any additional free sessions you provide are subject to a \$25 supplement royalty fee, and the value of such additional free sessions are not included in the calculation of the royalty fee. From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Revenue. Similarly, if we implement a membership model that allows clients to redeem goods or services associated with the membership from multiple Cereset facilities, we may establish policies governing the manner in which the monthly membership dues are allocated between the Cereset facility that sold the membership and the Cereset facility where the goods or services are redeemed.

“*Improvements*” is defined in Section 19.5.

“*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, our Marks, Copyrights, Know-how, System and Improvements.

“*Interim Manager*” is defined in Section 8.4.

“*Interim Term*” is defined in Section 4.3.

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

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

“*Managing Owner*” means the Owner that you designate and we approve who is primarily responsible for the daily on-premises management and supervision of the Business. The initial Managing Owner shall be

“*Manual*” is defined in Section 6.1.

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

“*Marketing Campaign*” is defined in Section 11.1(a).

“*MSA*” is defined in Section 3.

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

“*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; (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power; (iii) a Transfer of an ownership interest from an Owner to an immediate family member (i.e., spouse,

parent, sibling, child, or grandchild) of the Owner, provided that any such Transfer resulting in a new Managing Owner must be approved by us (we will not unreasonably withhold, delay or condition our approval) and the conditions listed in Section 21.2(i), (ii) and (iii) are satisfied; and/or (iv) a Transfer to a trust for estate planning purposes so long as at least one (1) approved Owner is a trustee and beneficiary of such trust.

“Post-Term Restricted Period” means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the *“Post-Term Restricted Period”* means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement. *“Post-Term Restricted Period”* means, with respect to an Owner, a period of two (2) years after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner’s Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the *“Post-Term Restricted Period”* means, with respect to an Owner, a period of one (1) year after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner’s Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

“Prohibited Activities” is defined in Section 16.3.

“Qualified Appraiser” is defined in Section 23.2.

“Restricted Territory” means the geographic area within: (i) your Territory; and (ii) a five (5) mile radius from all other Cereset facilities that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the *“Restricted Territory”* means the geographic area within your Territory.

“Successor Agreement” is defined in Section 4.1.

“System” means our system for the operation of a business that utilizes neuro-technology to support the brain to relax itself for wellbeing, self-improvement and restful sleep, the distinctive characteristics of which include proprietary technology and patented software, logo, trade secrets, concept, confidential brand Standards manual and operating system.

“Technology Systems” is defined in Section 12.7(a).

“Term” is defined in Section 4.1.

“Territory” is defined in Section 3.

“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 franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

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

“You” is defined in the Introductory Paragraph.

ATTACHMENT "B"
TO FRANCHISE AGREEMENT
APPROVED SITE AND TERRITORY

A. Approved Site.

Pursuant to Section 7.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your Cereset business.

Approved address:

By signing below, you and we agree that the address identified in Part A above shall be deemed your approved site for your Cereset business established and operated pursuant to the Franchise Agreement.

Franchisor

Franchisee

Cereset, LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

B. Territory.

The Territory referenced in the Franchise Agreement shall consist of the following metropolitan statistical area or other municipal boundary:

[_____]

*** If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date.

ATTACHMENT "C"
TO FRANCHISE AGREEMENT
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 Cereset, LLC, an Arizona 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:

"*Competitive Business*" means any business that: (i) uses brain waves and/or brain rhythms to train, change, intervene and/or enhance brain performance and/or relaxation and/or (ii) directly stimulates or relaxes the brain in any manner.

"*Copyrights*" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Cereset franchisees to use, sell or display in connection with the marketing and/or operation of a Cereset business, whether now in existence or created in the future.

"*Franchise Agreement*" means the Cereset Franchise Agreement executed by Franchisee with an effective date of _____.

"*Franchised Business*" means the Cereset business operated by Franchisee pursuant to the Franchise Agreement.

"*Franchisee*" means _____.

"*Improvements*" means any additions, modifications or improvements to (i) the goods or services offered at a Cereset business, (ii) the method of operation of a Cereset business or (iii) any marketing or promotional ideas relating to a Cereset business, whether developed by you, Franchisee or any other person.

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

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

"*Manual*" means our confidential brand standards manual for the operation of a Cereset business.

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

"*Prohibited Activities*" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or any Cereset Business; (iii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iv) inducing any client of ours (or of one of our affiliates or franchisees) to transfer their business to a competitor.

"*Restricted Period*" means the two (2) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise 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 Franchisee or your spouse ceases to be an owner of Franchisee, 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 Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise 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 Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

“*Restricted Territory*” means the geographic area within: (i) Franchisee’s Territory; and (ii) a five (5) mile radius from all Cereset facilities that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within Franchisee’s Territory.

“*System*” means our system for the operation of a business that utilizes neuro-technology to support the brain to relax itself for wellbeing, self-improvement and restful sleep, the distinctive characteristics of which include proprietary technology and patented software, logo, trade secrets, concept, confidential brand Standards manual and operating system.

2. Background. In your capacity as an owner of Franchisee, or the spouse of an owner of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to “owners” and not just Franchisee. You agree to comply with the terms of this Agreement In order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise 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 Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner of Franchisee or your spouse is an owner of Franchisee, 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 Franchise 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 Franchisee or while your spouse is an owner of Franchisee, 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 clients 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 area, 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 Cereset 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 Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. 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 Franchisee except in accordance with the terms and conditions set forth in Section 21 of the Franchise Agreement.

5. 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 Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise 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 Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**

6. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party relating to or 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 Arizona 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 Franchisee, 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 Franchise 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 Franchise Agreement.

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: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "D"
TO FRANCHISE AGREEMENT
ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	<input type="checkbox"/> Checking <input type="checkbox"/> Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

Authorization:

Franchisee hereby authorizes Cereset, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____	Date: _____
Name: _____	
Its: _____	
Federal Tax ID Number: _____	

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "E"
TO FRANCHISE AGREEMENT
BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Cereset, LLC, an Arizona 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:

“*Competitive Business*” means any business that: (i) uses brain waves and/or brain rhythms to train, change, intervene and/or enhance brain performance and/or relaxation and/or (ii) directly stimulates or relaxes the brain in any manner.

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

“*Franchisee*” means the Cereset franchisee for whom you are an officer, director, employee or independent contractor.

“*Improvements*” means any additions, modifications or improvements to (i) the goods or services offered at a Cereset business, (ii) the method of operation of a Cereset business or (iii) any marketing or promotional ideals relating to a Cereset business, whether developed by you, Franchisee or any other person.

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

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

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

“*Prohibited Activities*” means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or any Cereset Business; (iii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iv) inducing any client of ours (or of one of our affiliates or franchisees) to transfer their business to a competitor.

“*Restricted Period*” means the two (2) year period after you cease to be an officer, director, employee or independent contractor of Franchisee; 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 you cease to be an officer, director, employee or independent contractor of Franchisee.

“*Restricted Territory*” means the geographic area described on Attachment A to this Agreement.

“*System*” means our system for the operation of a business that utilizes neuro-technology to support the brain to relax itself for wellbeing, self-improvement and restful sleep, the distinctive characteristics of which include proprietary technology and patented software, logo, trade secrets, concept, confidential brand Standards manual and operating system.

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our

entire franchise system if you were to 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 Cereset business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an officer, director, employee or independent contractor of Franchisee by engaging in any Prohibited Activities.

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

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

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

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

9. Miscellaneous.

(a) If we 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 Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. 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.

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

This Brand Protection Agreement is executed as of the date or dates set forth below.

By: _____

Name: _____

Date: _____

ATTACHMENT A

Restricted Territory

ATTACHMENT "F"
TO FRANCHISE AGREEMENT
CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Cereset, LLC, an Arizona 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:

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

“*Franchisee*” means the Cereset franchisee for whom you are an officer, director, employee or independent contractor.

“*Improvements*” means any additions, modifications or improvements to (i) the goods or services offered at a Cereset business, (ii) the method of operation of a Cereset business or (iii) any marketing or promotional ideals relating to a Cereset business, whether developed by you, Franchisee or any other person.

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

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

“*Manual*” means our confidential brand standards manual for the operation of a Cereset business.

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

“*System*” means our system for the operation of a business that utilizes neuro-technology to support the brain to relax itself for wellbeing, self-improvement and restful sleep, the distinctive characteristics of which include proprietary technology and patented software, logo, trade secrets, concept, confidential brand Standards manual and operating system.

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

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

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

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

7. 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 Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. 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 enforceable.

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

By: _____

Name: _____

Date: _____

EXHIBIT "D"
TO DISCLOSURE DOCUMENT
TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

[See Attached]



Cereset Operations and Brand Manuals

I. Cereset Operations Manual [553 pages]

- Welcome Unit [16 pgs.]
- Lvl 1, Unit 1: Orientation to the BrainEcho Process [26 pgs.]
- Lvl 1, Unit 2: Client First Contact and Communication [48 pgs.]
- Lvl 1, Unit 3: The Jump Start Experience [41 pgs.]
- Lvl 1, Unit 4: MindBody and Client Workflow [18 pgs.]
- Lvl 1, Unit 5: Expanding Skills – All Montage [18 pgs.]
- Lvl 1, Unit 6: Diving Deeper- Understanding the Brain [43 pgs.]
- Lvl 1, Unit 7: Software and Hardware [81 pgs.]
- Lvl 1, Unit 8: Client Coaching [22 pgs.]
- Lvl 1, Unit 9: Working with Clients Start-to-Finish [107 pgs.]
- Lvl 1, Unit 10: Wrapping Up Level 1, Preparing for Level 2 [13 pgs.]
- Lvl 2, Unit 1: Preparation [14 pgs.]
- Lvl 2, Unit 2: Addressing Imbalances with Non-Standard Protocols [32 pgs.]
- Lvl 2, Unit 3: Addressing Harmony with 2-Channel Quiets [18 pgs.]
- Lvl 2, Unit 4: Utilizing 1 and 2-Channel Support Protocols [12 pgs.]
- Lvl 2, Unit 5: A/B Designs for Non-Standard Protocol [22 pgs.]
- Lvl 2, Unit 6: High Coherence [17 pgs.]
- Lvl 2, Unit 7: FINAL ASSIGNMENT [5 pgs.]

II. Cereset Brand Standards – Manual & General Messaging Guide [43 pages]

- A. Branding – what is it, why is it important to the franchise model [3p]
- B. The Franchise Brand – who we are, why we matter, purpose, difference, values, perceptions, promise [8p]
- C. Logo – symbol, wordmark proper usage [7p]
- D. Look-and-Feel – typography, color palates [5p]
- E. Words –voice/tone, writing style [2p]
- F. Pictures – visual imagery, infographics [4p]
- G. Video – explainer reel, b-roll footage [1p]
- H. Marketing Collateral – brochures, business cards, folders, campaigns [1p]
- I. Internet presence – location pages, referral pages & links [1p]
- J. Social Media Presence – approved channels [1p]
- K. Messaging – general, credibility & acceptance, topic-specific example, pitch [6p]
- L. Key Benefits & Taglines – health & wellness [1p]
- M. Trademarks – official usage & legacy marks [3p]

III. Cereset Brand Marketing – Franchise Resources [13 pages]

- A. Marketing Resource Center – customized brochures, business cards, folders, event materials, standard signage [1p]
- B. Required signage – signature logo lobby sign, branded image acrylic panels, vinyl logo graphics, branded nature image acrylic panels [1p]
- C. Branded Custom Items – indoor, outdoor, and roadside signage; branded clothing, name tags, event materials, and promotional items; custom design/production assistance [1p]
- D. Websites & Email –location map, custom top-level domain, location landing page, online purchasing/scheduling, client video testimonials, internet citation directory listings, custom video testimonial showcase hosting, landing pages [1p]
- E. Ad Content Marketing – print ad library, digital ad library, custom ads, content specific campaigns, custom ad design/production [1p]
- F. Email Content Marketing – standard email templates, custom email design [1p]
- G. Social Media Marketing – Facebook, Instagram, LinkedIn, Twitter, other [1p]
- H. A/V Media – video streaming, video/radio/tv ads, custom avenues [1p]
- I. Self-generated Custom Content – requirements [1p]
- J. Content Topic Reference – general benefits, specific issue examples [1p]
- K. Custom Franchise Integration Platform – general overview, client acquisition via wellness app & listings, intro offers), client retention, secure online client forms, online client portal, integrated email marketing [2p]
- L. Advanced Marketing Features – automated email/text message marketing, drip campaigns, capture customer feedback, ratings, & reviews, advanced customer referral program, advanced automated messaging system [1p]

EXHIBIT "E"
TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists our franchisees that were open as of December 31, 2022.

FRANCHISEES OPEN AS OF DECEMBER 31, 2022				
State	City	Address	Phone	Owner Name(s)
Alaska	Anchorage	207 E Northern Lights Blvd # 120 Anchorage, Alaska 99503	907-310-0755	Patricia Bastani
Arkansas	Fayetteville	12 Colt Square Dr. Fayetteville, Arkansas 72703	479-530-1878	Dr. Katinka Van Der Merwe
California	Costa Mesa	950 South Coast Dr. Costa Mesa, California 92626	949-636-2788	Christopher Tansey
California	Dublin	580 Executive Center 11501 Dublin Blvd STE 200 Dublin, California 94568	510-409-7223	Stuart Wright
California	Fair Oaks	9801 Fair Oaks Blvd. Fair Oaks, California 95628	916-769-1458	Venice Sullivan
California	Irvine	16480 Bake Parkway Irvine, California 92618	949-289-5935	Virginia Dixon
California	Mission Viejo	26440 La Alameda Mission Viejo, California 92691	949-257-3578	Christine Lee
Colorado	Colorado Springs	6985 Tutt Boulevard, Suite 110 Colorado Springs, Colorado 80923	719-249-3663	Julia Murphy
Colorado	Colorado Springs	720 Elkton Drive Colorado Springs, Colorado 80907	719-644-5778	Lisa Weiss
Connecticut	Westport	18 Kings Hwy N Westport CT 06880-3001	203-557-3299	Crista Mathew
Florida	Ocala	2100 SE 17th Street, Suite 201 Ocala, Florida 34471	352-691-8100	Richard Greete
Florida	Winter Park	1971 Lee Rd Ste 100 Winter Park FL 32789-187	407-775-2600	Bart Johnson
Georgia	Buford	1400 Buford Hwy, Ste G1 Buford GA 30518-8727	770-881-8808	Stacy Hodges
Georgia	Sandy Springs	500 Sugar Mill Rd, Bldg. A Sandy Springs, Georgia 30350	770-299-8460	Marilyn Witbeck
Idaho	Boise	1740 N Milwaukee St. Boise, Idaho 83704	208-577-8565	Maralee Hubble
Idaho	Meridian	1920 N Lakes Place, Suite 110 Meridian, Idaho 83646	402-350-5679	Brody Puckett
Idaho	Nampa	10332 Duck Ln. Nampa, Idaho 83686	360-969-2707	Stephen Ammann
Idaho	Post Falls	605 N Shetland Ct Post Falls, Idaho 83854	208-457-8397	Linda Agostinelli
Illinois	Naperville	616B W 5th Ave. Naperville, Illinois 60563	630-799-0181	Jeff Lucas
Indiana	Bluffton	1169 N Main St Ste 4B Bluffton IN 46714-1362	260-353-1598	Susan Clouser
Indiana	Carmel	160 W Carmel Dr. Carmel, Indiana 46032	317-753-5775	Brenda Hanning

FRANCHISEES OPEN AS OF DECEMBER 31, 2022

Kansas	Overland Park	8600 W 110th Street Overland Park, Kansas 66210	913-369-7111	Kay Smith
Louisiana	Metairie	3501 N Causeway Blvd, Suite 440 Metairie LA 70002	504-533-9229	Elizabeth Collins
Michigan	Ann Arbor	1601 Briarwood Circle Ann Arbor, Michigan 48108	734-355-3618	Dr. Tony Boggess
Michigan	Clarkston	5649 Sashabaw Rd. Clarkston MI 48346	877-737-3881	Carrie Weidenbach
Missouri	Joplin	3010 Connecticut Ave Suite 3 Joplin, Missouri 64804	417-310-2644	Nathan Stokes
Montana	Billings	520 Wicks Ln. Billings, Montana 59105	406-860-3161	Virginia Pierce
Nebraska	Omaha	17825 Pierce Plz Omaha NE 68130-1035	402-939-8777	Debra Gray
Nevada	Las Vegas	6376 W Sahara Ave Las Vegas NV 89146	702-268-8786	Brent Bargamento
New Jersey	Rosemont	99 Kingwood-Stockton Road Rosemont, New Jersey 08556	609-483-2143	Frick, Dr. Michael
North Carolina	Davidson	709 Northeast Drive, Suite 19 Davidson, North Carolina 28036	704-533-2035	Curtis Martin
North Dakota	Fargo	3029 Brandt Drive Fargo, North Dakota 58104	701-566-5231	Dr. Ala Lysyk-Smith
South Carolina	Spartanburg	841 East Main St. Spartanburg, South Carolina 29302	864-578-3005	Hunter Mahon
Tennessee	Chattanooga	The James Building, 735 Broad St Chattanooga TN 37402	423654-7310	Chase Whitmire
Texas	Dripping Springs	701 W Highway 290 Unit 101 Dripping Springs TX 78620	512-894-2283	Scott Krippel
Texas	El Paso	3621 Mattox Street El Paso, Texas 79925	915-224-0533	Alyssa Gary
Texas	Galveston	2220 Postoffice St. Galveston, Texas 77550	409-599-7268	Terry Conrad
Texas	Houston	2603 Augusta Dr, Suite 1450 Houston, Texas 77057	713-800-9222	Paul Wells
Texas	Lubbock	8008 Slide Rd, Suite 21 Lubbock, Texas 79424	806-701-3799	Treva Hamm
Texas	Plano	1033 E 15th St. Plano, Texas 75074	214-532-8010	Sonya Howeth
Texas	San Angelo	610 S Abe Street, Suite B San Angelo, Texas 76903	325-253-7771	Ron Ledbetter
Utah	Lehi	3082 Maple Loop Drive Lehi, Utah 84043	801-404-3115	Kathy Kinghorn
Utah	Ogden	1186 E 4600S, Suite 440 Ogden, Utah 84403	385-289-2794	Dr. Jack Wahlen
Utah	Orem	593 W 800 N Orem, Utah 84057	801-709-1997	Carl Bowcut
Virginia	Vienna	404 Pine St SE, Suite 206 Vienna VA 22180	703-517-7776	Kris Tschetter

The following table lists our franchisees with signed franchise agreements that were not open as of December 31, 2022.

FRANCHISEES NOT OPEN AS OF DECEMBER 31 , 2022				
State	City	Address	Phone	Owner Name(s)
California	Glendale	1415 East Colorado St, Suite 200 Glendale, California 91205	949-636-2788	Rick Tansey
Colorado	Cherry Creek	950 S Cherry St Ste 912 Cherry Creek, CO 80246	303-954-8834	Jeff Hawks
Georgia	Atlanta	675 N Highland Ave NE Ste 400 Atlanta, GA 30306	404-907-4254	Ruthie Emrick
Idaho	Plymouth	3655 Plymouth Blvd Ste103 Plymouth, MN 55446	763-225-1299	Dr Ala Lysyk
Minnesota	Springfield	2049 S Brentwood Blvd Springfield, MO 65804	417-616-7802	Diane Eul
Missouri	Powell	3769 Attucks Drive Powell, OH 43065	614-459-2429	Florence Hardjono
Ohio	Murrysville	3122 Carson Ave Ste 100 Murrysville, PA 15668	724-519-7371	Ginna Bartlett
Pennsylvania	Nashville	2021 Richard Jones Road Ste 310B Nashville, TN 37215	615-626-0001	Dr Kaylene Logan
Tennessee	Oshkosh	100 City Ctr Ste 100E Oshkosh, WI 54901	920-479-1107	Mackenzie Weber
Wisconsin	Glendale	1415 East Colorado St, Suite 200 Glendale, California 91205	949-636-2788	Rick Tansey

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
California	Mission Viejo	714-396-1192	Rhonda Grillo
California	San Diego	714-883-0945	Ron Gleason
Kansas	Overland Park	913-369-7111	Ed Bloch
Texas	San Antonio	210-701-8661	Jodie Webb

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]

CERESSET, LLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

**CERESET, LLC
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022**

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PARTNERS
Certified Public Accountants

15800 Pines Blvd, Suite 3002
Pembroke Pines, FL 33027
Telephone: 954-362-5195
Fax: 954-430-8776

Independent Auditors' Report

To the Board of Directors and Members
Cereset, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cereset, LLC., which comprise the balance sheet as of December 31, 2022, and the related statements of operation and stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cereset, LLC as of December 31, 2022, and the results of its operations and its cashflow for the years then ended 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cereset, 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 Statements

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

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



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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

BAS PARTNERS LLC

Pembroke Pines, Florida
March 17, 2023

**CERESET, LLC
BALANCE SHEET
DECEMBER 31, 2022**

	<u>2022</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 699,324
Accounts Receivables	<u>51,216</u>
Total Current Assets	<u>750,540</u>
Note receivable	200,000
Prepaid Management Fees	<u>26,400</u>
Total Assets	<u><u>\$ 976,940</u></u>
 LIABILITIES AND MEMBER'S EQUITY	
LIABILITIES	
Accounts Payables and Accruals	\$ -
Deferred Revenue – Short Term	<u>266,000</u>
Total Current Liabilities	<u>266,000</u>
Deferred Revenue – Long Term	<u>559,000</u>
Total Liabilities	<u>825,000</u>
Member's Equity	<u>151,940</u>
Total Member's Equity	<u>151,940</u>
 Total Liabilities and Stockholder's Equity	 <u><u>\$ 976,940</u></u>

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

CERESET, LLC
STATEMENT OF OPERATIONS AND MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022
REVENUE		
Royalties	\$	366,572
Franchise Fees		191,000
Corporate Fund		88,512
Training Fees		101,500
Other Income		74,516
Total Revenue		822,100
EXPENSES		
Operating Expenses		801,521
Total Expenses		801,521
NET INCOME		20,579
Member's Equity - Beginning of Year		131,361
Contributions		-
Distributions		-
Member's Equity - End of Year	\$	151,940

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

CERESET, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	\$ 20,579
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Assets	
Account Receivables	(45,043)
Prepaid Management Fees	26,400
Increase (Decrease) in Liabilities	
Accounts Payables and Accrued Liabilities	-
Deferred Revenue	301,000
Net Cash Provided by Operating Activities	342,936
CASH FLOWS FROM FINANCING ACTIVITIES	
Note receivables	(200,000)
Member Distributions	-
Net Cash Used in Financing Activities	(200,000)
CHANGE IN CASH AND CASH EQUIVALENTS	102,936
Cash and Cash Equivalents - Beginning of Year	596,388
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 699,324

The accompanying notes are an integral part of these financial statements

CERESET, LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies

Nature of Operations. Cereset, LLC (the Company) is a Arizona Limited Liability Company, located in Scottsdale, Arizona. It was established on July1, 2018, to offer franchise opportunities to entrepreneurs who want to own and operate their own Brain State operation as a franchise.

Basis of Accounting – The Company's financial statements have been prepared on the accrual basis of accounting and are prepared in accordance with the accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents – For purposes of the financial statements, The Company considers all assets with a maturity of three months or less to be cash equivalents.

Use of Estimates - The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Depreciation –Fixed Assets are stated at cost. Depreciation is computed using the accelerated cost recovery and modified cost recovery methods allowable under the Internal Revenue Code. The recovery periods being used are 5 and 7 years for furniture, fixtures and equipment and 39 years for non-residential real estate.

Income Taxes – The Company has elected to be treated as a Limited Liability Company for federal tax purposes. All income or loss flows through to the individual stockholder who reports the income or loss on his individual tax returns. Therefore, no provision or liability for income taxes has been included in the financial statements.

The Company follows the income tax standards for uncertain tax positions. The Company recognized no liability for uncertain tax positions for the year ended December 31, 2022.

Revenue recognition

The Company has adopted Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* on January 1, 2019. The standard allows entities to recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The adoption of the standard did not have a material effect on the financials.

Franchise fee revenue is recognized when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied. The Company has substantially satisfied all of these conditions at the beginning of franchise operations. When franchise fees have been received but not all conditions have been substantially satisfied to be recognized as revenue, the franchise fee amount is included in deferred revenue. Continuing franchise royalties are based on a defined percentage of franchise revenues and are recognized when earned.

CERESET, LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

The Company determines revenue recognition through the following steps:

- *Identification of the contract or contracts with a customer;*
- *Identification of the performance obligations in the contract;*
- *Determination of the transaction price;*
- *Allocation of the transaction price to the performance obligations in the contract, and*
- *Recognition of revenue when or as the Company satisfies the performance obligations.*

The Company has the following distinct revenue streams:

- Initial franchise fees
- Royalties
- Corporate Branding
- Training Fees

Note 2 – Fair Value Measurements

The Company reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Company has access at measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - I. quoted prices for similar assets or liabilities in active markets;
 - II. quoted prices for identical or similar assets in markets that are not active;
 - III. observable inputs other than quoted prices for asset or liability (for example, interest rates and yield curves); and
 - IV. inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. When available the Company measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the Company's financial statements is the initial measurement of cash and cash equivalents.

CERESET, LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 3 - Commitments and Contingencies

The Company records accruals for contingencies when it is possible that a liability will be incurred and the amount of loss can be reasonably estimated based on historical claim activity and loss development factors. There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material.

Note 4 – Risks and Uncertainties

In January 2021, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

Note 5 - Subsequent Events

The Company did not have any other subsequent events through March 17, 2023, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2022.

CERESSET, LLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

**CERESSET, LLC
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021**

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PARTNERS
Certified Public Accountants

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Telephone: 954-362-5195
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Independent Auditors' Report

To the Board of Directors and Members
Cereset, LLC

We have audited the accompanying financial statements of Cereset, LLC, which comprise the Balance Sheet as of December 31, 2021, and the related statements of operation and Member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



PARTNERS
Certified Public Accountants

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Opinion

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

BAS Partners LLC

Pembroke Pines, Florida
April 4, 2022

**CERESET, LLC
BALANCE SHEET
DECEMBER 31, 2021**

	<u>2021</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 596,388
Accounts Receivables	6,174
Total Current Assets	<u>602,562</u>
	52,800
Total Assets	<u><u>\$ 655,362</u></u>
LIABILITIES AND MEMBER'S EQUITY	
LIABILITIES	
Accounts Payables and Accruals	\$ -
Deferred Revenue – Short Term	154,000
Total Current Liabilities	<u>154,000</u>
Deferred Revenue – Long Term	370,000
Total Liabilities	<u>524,000</u>
Member's Equity	131,362
Total Member's Equity	<u>131,362</u>
Total Liabilities and Stockholder's Equity	<u><u>\$ 655,362</u></u>

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

CERESET, LLC
STATEMENT OF OPERATIONS AND MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

		2021
REVENUE		
Royalties	\$	245,679
Franchise Fees		154,000
Corporate Fund		57,356
Training Fees		82,000
Other Income		48,211
Total Revenue		587,246
EXPENSES		
Operating Expenses		547,311
Total Expenses		547,311
NET INCOME		39,935
Member's Equity - Beginning of Year		91,427
Contributions		-
Distributions		-
Member's Equity - End of Year	\$	131,362

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

CERESET, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	\$ 39,935
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Assets	
Account Receivables	10,533
Prepaid Management Fees	26,400
Increase (Decrease) in Liabilities	
Accounts Payables and Accrued Liabilities	-
Deferred Revenue	266,000
Net Cash Provided by Operating Activities	342,888
CASH FLOWS FROM FINANCING ACTIVITIES	
Member Distributions	-
Net Cash Used in Financing Activities	-
CHANGE IN CASH AND CASH EQUIVALENTS	342,888
Cash and Cash Equivalents - Beginning of Year	253,500
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 596,388

The accompanying notes are an integral part of these financial statements

CERESET, LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies

Nature of Operations. Cereset, LLC (the Company) is a Delaware Limited Liability Company, located in Scottsdale, Arizona. It was established on July 1, 2018, to offer franchise opportunities to entrepreneurs who want to own and operate their own Brain State operation as a franchise.

Basis of Accounting – The Company's financial statements have been prepared on the accrual basis of accounting and are prepared in accordance with the accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents – For purposes of the financial statements, The Company considers all assets with a maturity of three months or less to be cash equivalents.

Use of Estimates - The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Depreciation – Fixed Assets are stated at cost. Depreciation is computed using the accelerated cost recovery and modified cost recovery methods allowable under the Internal Revenue Code. The recovery periods being used are 5 and 7 years for furniture, fixtures and equipment and 39 years for non-residential real estate.

Income Taxes – The Company has elected to be treated as a Limited Liability Company for federal tax purposes. All income or loss flows through to the individual stockholder who reports the income or loss on his individual tax returns. Therefore, no provision or liability for income taxes has been included in the financial statements.

The Company follows the income tax standards for uncertain tax positions. The Company recognized no liability for uncertain tax positions for the year ended December 31, 2021.

Revenue recognition

The Company has adopted Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* on January 1, 2019. The standard allows entities to recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The adoption of the standard did not have a material effect on the financials.

Franchise fee revenue is recognized when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied. The Company has substantially satisfied all of these conditions at the beginning of franchise operations. When franchise fees have been received but not all conditions have been substantially satisfied to be recognized as revenue, the franchise fee amount is included in deferred revenue. Continuing franchise royalties are based on a defined percentage of franchise revenues and are recognized when earned.

CERESET, LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

The Company determines revenue recognition through the following steps:

- *Identification of the contract or contracts with a customer;*
- *Identification of the performance obligations in the contract;*
- *Determination of the transaction price;*
- *Allocation of the transaction price to the performance obligations in the contract, and*
- *Recognition of revenue when or as the Company satisfies the performance obligations.*

The Company has the following distinct revenue streams:

- Initial franchise fees
- Royalties
- Corporate Branding
- Training Fees

Note 2 – Fair Value Measurements

The Company reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Company has access at measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - I. quoted prices for similar assets or liabilities in active markets;
 - II. quoted prices for identical or similar assets in markets that are not active;
 - III. observable inputs other than quoted prices for asset or liability (for example, interest rates and yield curves); and
 - IV. inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. When available the Company measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the Company's financial statements is the initial measurement of cash and cash equivalents.

CERESET, LLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 3 - Commitments and Contingencies

The Company records accruals for contingencies when it is possible that a liability will be incurred and the amount of loss can be reasonably estimated based on historical claim activity and loss development factors. There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material.

Note 4 – Risks and Uncertainties

In January 2021, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

Note 5 - Subsequent Events

The Company did not have any other subsequent events through April 4, 2022, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2021.

CERESSET LLC

**FINANCIAL STATEMENTS
DECEMBER 31, 2020**

CERESET LLC

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of
Cereset LLC
Scottsdale, AZ

Opinion

We have audited the accompanying financial statements of Cereset LLC (a Delaware Limited Liability Company), which comprise the balance sheet as of December 31, 2020, and the related statement of operations, statement of changes in members equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Rochester, New York
April 28, 2021

CERESSET LLC

BALANCE SHEET

DECEMBER 31, 2020

ASSETS

Current assets	
Cash	\$ 253,500
Accounts receivables	<u>16,726</u>
Total Current Assets	<u>270,226</u>
Other assets	
Prepaid management fees	<u>79,200</u>
Total Assets	<u>\$ 349,426</u>

LIABILITIES & EQUITY

Current liabilities	
Deferred revenue - short term	\$ <u>70,000</u>
	<u>70,000</u>
Deferred revenue - long term	<u>188,000</u>
Total liabilities	<u>258,000</u>
Members' Equity	
Members' Equity	<u>91,426</u>
Total equity	<u>91,426</u>
Total liabilities and equity	<u>\$ 349,426</u>

See accompanying notes and independent auditors' report.

CERESSET LLC

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

Revenues	
Franchise fee revenue	\$ 70,000
Royalties	181,781
Monthly fees	74,624
Franchisee subscription revenue	<u>57,929</u>
Total revenue	<u>384,334</u>
Expenses	
Bank charges	8,069
Management fees	206,400
Licenses	597
Marketing	17,307
Office expenses	760
Professional fees	35,199
Subscriptions	<u>84,228</u>
Total expenses	<u>352,560</u>
Net Income	<u><u>\$ 31,774</u></u>

See accompanying notes and independent auditors' report.

CERESSET LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

Members' Equity at January 1, 2020	\$	59,652
Equity Infusion		0
Net Income		<u>31,774</u>
Members' equity at December 31, 2020	\$	<u>91,426</u>

See accompanying notes and independent auditors' report.

CERESET LLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:	
Net Income	\$ 31,774
Adjustments to reconcile net loss to net cash provided by operating activities:	
Deferred commissions	170,000
Changes in assets and liabilities:	
Current assets	(693)
Current liabilities	<u>(39,168)</u>
Net cash provided by operating activities	<u>161,913</u>
Cash flows from investing activities:	
Loan to owners (net)	<u>26,400</u>
Net cash provided by investing activities	<u>26,400</u>
Net change in cash	188,313
Cash - beginning of year	<u>65,187</u>
Cash - end of year	<u><u>\$ 253,500</u></u>

See accompanying notes and independent auditors' report.

CERESSET LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - Cereset LLC (the Company) is a Delaware Limited Liability Company, located in Scottsdale, Arizona. It was established on July 1, 2018, to offer franchise opportunities to entrepreneurs who want to own and operate their own Brain State operation as a franchise.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash and short-term investments with original maturities of three months or less.

Revenue Recognition - The Company derives its revenues from the sale of franchises, royalty fees and advertising fund fees. Franchise fees are recognized upon completion of all material conditions relating to the franchise agreement contract and control of the franchise is transferred to the franchisee. Continuing franchise royalty fees and advertising fund fees are based on a defined percentage of gross sales of the franchisee and are recognized when earned.

Accounts Receivable - Accounts receivable are franchisee obligations determined under a signed franchise agreement. Losses from uncollectible accounts receivable are accrued when it is probable that a receivable has been impaired; and the amount of the loss can be reasonably estimated. As of the date of these financial statements, management believes that neither of these conditions exists regarding accounts receivable and, as such, an allowance for doubtful accounts has not been established.

Income Taxes - The Company has elected to be treated as a limited liability company for both federal and state income tax purposes. Under these provisions, the Company does not pay corporate income taxes on its taxable income. Instead, the member is liable for individual income taxes on the Company's taxable income.

Management Estimates - The presentation of financial statements in conformity with generally accepted accounting principles in the United States of American 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 statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 28, 2021, the date the financial statements were available to be issued. Specific events are identified in Note 6 to these financial statements.

See independent auditors' report.

CERESSET LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE 2: ADOPTION OF NEW ACCOUNTING STANDARD

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company sold franchises during 2020, however none of them opened. Deferred revenue of \$258,000 was recognized for the year ended December 31, 2020.

NOTE 3: FRANCHISE AGREEMENT

The terms of the Company’s franchise agreement will be as follows:

- a) The Company will grant the right to use the Company name, trademark and system in the franchisee’s franchise development business.
- b) The franchisee is obligated to pay a non-refundable initial franchise fee.
- c) The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 4: CONCENTRATIONS OF CREDIT RISK

The Company’s financial instruments and trade accounts receivable that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash in bank demand deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash. The Company also routinely assesses the financial strength of its customers and, as a consequence, believes that its trade accounts receivable credit risk exposure is limited. As of December 31, 2020, the Company had an uninsured cash balance of \$2,808.

NOTE 5: SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple businesses and industries. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Company expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

See independent auditors’ report.

EXHIBIT "G"
TO DISCLOSURE DOCUMENT
FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE¹

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Cereset, LLC (“we” or “us), and you are preparing to enter into a Franchise Agreement for the operation of a Cereset franchise. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

- Yes__ No__ 1. Have you received from us and personally reviewed the Franchise Agreement together with all attachments to the Franchise Agreement?
[If you answer “no,” please explain in Explanation Section]
- Yes__ No__ 2. Have you received from us and personally reviewed a Franchise Disclosure Document (“FDD”)?
[If you answer “no,” please explain in Explanation Section]
- Yes__ No__ 3. Did you sign a receipt for the FDD indicating the date you received it?
- Yes__ No__ 4. Do you understand all the information contained in the FDD and Franchise Agreement?
[If you answer “no,” please identify any information you don’t understand in Explanation Section]
- Yes__ No__ 5. Did you receive the FDD 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 FDD 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 Cereset franchise with an existing Cereset franchisee?
- Yes__ No__ 9. Do you understand the risks of developing and operating a Cereset 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 arising out of or relating to the Franchise Agreement or ADA (if applicable) must be arbitrated in Arizona if not resolved informally or by mediation?
- Yes__ No__ 12. Do you understand that the Franchise Agreement and the attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Cereset franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments will not be binding?

¹ Registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

- Yes__ No__ 13. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the costs involved in operating a Cereset franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?
[If you answer "yes," please describe the statement or promise in Explanation Section]
- Yes__ No__ 14. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the training, assistance or support that will be provided to you that is not contained in the FDD or that is contrary to, or different from, the information in the FDD?
[If you answer "yes," please describe the statement or promise in Explanation Section]
- Yes__ No__ 15. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the actual, average, projected or hypothetical profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Cereset business may generate, other than any information included in Item 19 of the FDD?
[If you answer "yes," please describe the statement or promise in Explanation Section]

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.

This Questionnaire does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

 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 SECTION

Please include any explanations below and refer to the applicable question number.

EXHIBIT "H"
TO DISCLOSURE DOCUMENT

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of _____, 202__ (the “Effective Date”) by _____, a(n) _____ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of Cereset, LLC, an Arizona limited liability company (“us,” and together with you and Owner, the “Parties”).

WHEREAS, we signed a Franchise Agreement with you, dated _____, 202__ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a Cereset business;

WHEREAS, you have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**]; and

WHEREAS, as a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of our consent to the transfer [**our 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, you and Owner hereby agree as follows:

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Law. This general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (i) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (ii) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (iii) you and Owner have not and shall not (a) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (b) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (iv) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

6. Miscellaneous.

(a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

(b) This Agreement shall be construed and governed by the laws of the State of Arizona.

(c) 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 Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

(d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

(e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

(f) If one or more of the provisions of this Agreement 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 Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

(g) 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 transactions contemplated hereby.

(h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

By: _____
Name: _____
Its: _____

FRANCHISE OWNERS:

Name: _____

Name: _____

Name: _____

EXHIBIT "I"
TO DISCLOSURE DOCUMENT
STATE ADDENDA
AND AGREEMENT RIDERS

[See Attached]

STATE ADDENDA AND AGREEMENT RIDERS
ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS,
AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR
Cereset, LLC

BACKGROUND AND PURPOSE

The following modifications are made to the Cereset Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by Cereset, LLC, an Arizona limited liability company (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede, to the extent required by applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 202__ (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

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

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

CALIFORNIA STATE ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in Maricopa County, Arizona with the costs being borne initially by the filing party.
5. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement and Supplemental Agreements require application of the laws of Arizona. This provision may not be enforceable under California law.
7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
8. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
10. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
11. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.
13. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California

franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

CALIFORNIA STATE ADDENDUM TO FRANCHISE AGREEMENT

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in Maricopa County, Arizona with the costs being borne initially by the filing party.
5. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement and Supplemental Agreements require application of the laws of Arizona. This provision may not be enforceable under California law.
7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
8. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
10. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
11. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.
13. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign

a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

- 14. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

FRANCHISOR

FRANCHISEE

Cereset, LLC, an Arizona limited liability company

By: _____
Name: _____
Title: _____

[Signature]

[Print Name]

[Date]

[Date]

HAWAII

1. The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

2. Our registered agent in the state authorized to receive service of process:

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

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".
4. The states in which this filing is or will be shortly on file include the following: California, Hawaii, Illinois, Minnesota, Virginia, Washington and Wisconsin.
5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following:
None.
6. The states, if any, which have revoked or suspended the right to offer these franchises include the following:
None.
7. The states, if any, in which the filing of these franchises has been withdrawn include the following: None.

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in Maricopa County, Arizona in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.
6. All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General's Office based upon their review of our financial condition as reflected in our financial statements. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.
2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.
4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

6. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”), the Disclosure Document is amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:
 - a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
 - b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
 - c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
 - d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
 - e. The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
2. The Franchise Disclosure Questionnaire, which is attached as an Exhibit to the Disclosure Document, is amended as follows:

All representations requiring prospective franchisees to assent to the release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement and Supplemental Agreements are amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.
5. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

6. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

MICHIGAN

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) 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. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

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

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

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective

injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

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

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "North Dakota Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. Section 19-28.1-14 of the Rhode Island Franchise Law provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental 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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
8. The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and Supplemental Agreement (if applicable) and the franchise is open for business.

WISCONSIN

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

(Signatures on following page)

APPLICABLE ADDENDA

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

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

Dated: _____, 202__

FRANCHISOR:

Cereset, LLC, an Arizona limited liability company

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	May 24, 2022 (amended April 18, 2023)
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 Cereset, 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. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Cereset, 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:

____ Lee Gerdes; 15150 N. Hayden Road, Scottsdale, Arizona 85260; (480) 265-8800

____ Russell Scholl; 15150 N. Hayden Road, Scottsdale, Arizona 85260; (480) 265-8800

____ ; _____ ; _____

Issuance Date: April 18, 2023

Cereset, LLC's agent to receive service of process is listed in EXHIBIT "A" 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" Franchise Agreement
- EXHIBIT "D" Table of Contents of the confidential Brand Standards Manual
- EXHIBIT "E" List of Franchisees
- EXHIBIT "F" Financial Statements of Cereset, LLC
- EXHIBIT "G" Franchisee Disclosure Questionnaire
- EXHIBIT "H" General Release
- EXHIBIT "I" State Addenda and Agreement Riders
- EXHIBIT "K" State Effective Dates
- EXHIBIT "K" Receipts

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 to Cereset, 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 Cereset, 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. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Cereset, 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.

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- EXHIBIT "K" State Effective Dates
- EXHIBIT "K" Receipts

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 to Cereset, LLC.)