

## FRANCHISE DISCLOSURE DOCUMENT

PGFC LLC, a Massachusetts Corporation

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# PUREGLOW

The franchisee (which we refer to as a "Franchisee" or "you") will operate an upscale and uniquely styled studio operating under the name "Pure Glow" that offers custom, organic airbrush tanning that looks natural, lasts longer than other airbrush tans, and fades beautifully and related skincare, tanning, and related retail products.

The total investment necessary to begin operation of a Pure Glow franchise is \$435,200 to \$711,350. This includes between \$72,300 and \$87,600 that must be paid to the Franchisor and/or its Affiliates.

You may but are not obligated to sign a development agreement with us at the same time that you sign the franchise agreement. You will pay the Initial Franchise Fee for each location included in your development agreement at the time that you sign the development agreement. You are not obligated to execute a development agreement at the same time you execute a Franchise Agreement. There is no minimum number of units that you are obligated to open pursuant to a development agreement.

The total investment necessary to begin operation under a development agreement of a Pure Glow franchise is \$42,500-\$175,000. This includes \$42,500-\$175,000 that must be paid to Franchisor or its Affiliates.

The estimated initial investment in connection with execution of a development agreement does not include the estimated total investment necessary to begin operation of a Pure Glow Studio, which will be opened pursuant to a separate franchise agreement.

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 the 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 Lauren Rampello Becotte at 176 Newbury Street, 2nd Floor, Boston, Massachusetts 02116 and (617) 207-7765.

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

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

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

**Issuance Date: April 9, 2024**

2024 Pure Glow FDD

Doc #9800138

## How to Use This Franchise Disclosure Document

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

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

## What You Need to Know About Franchising Generally

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

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

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

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

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

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions 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 and development agreement require you to resolve disputes with us by mediation, arbitration and/or litigation only in Massachusetts. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with us in Massachusetts than in your home state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement and Development Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

**This Franchise.** Certain states may require other risks to be highlighted. If so, check the "State Specific Addendum" pages for your state.

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### EXHIBITS

- A. List of State Administrators /List of Agents for Service of Process
- B. Franchise Agreement
- C. Franchisee Lists
- D. Operations Manual Table of Contents
- E. Financial Statements
- F. General Release
- G. Confidentiality Agreement
- H. Addenda Required by Certain States and Small Business Administration
- I. Franchisor Compliance Questionnaire
- J. Development Agreement
- K. State Effective Dates
- L. Receipt (2 copies)

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

**The Franchisor**

PGFC LLC (“we,” “Franchisor,” “PGFC” “our” or “us”) is a Massachusetts limited liability company that was formed on June 15, 2023. Its principal place of business is 176 Newbury Street, #21, Boston, Massachusetts 02116. We do business under the name PGFC LLC and under our trade name “Pure Glow.” We will refer to the person who buys this franchise as “you” or “Franchisee” throughout this Disclosure Document. If the franchise purchaser is a business entity, “you” or “Franchisee” includes each partner, shareholder, and/or other owner of that entity.

We do not own or operate any businesses of the type being franchised. Our Affiliates (identified below) own and operate two (2) Pure Glow Studios in the metropolitan Boston area.

We do not offer franchises in any other line of business, and we do not engage in any other business activity. We began offering franchises in August 2023.

Currently one of our Affiliates is the sole approved supplier for the proprietary tanning solution, service delivery equipment, retail products, and solution applicators that you must purchase and use at your Pure Glow Studio.

Our agents for service of process are listed in Exhibit A.

**Our Parents, Affiliates and Predecessor**

Our predecessor is Pure Glow Franchise Inc., a Massachusetts corporation, 176 Newbury Street, #21, Boston, Massachusetts 02116. Pure Glow Franchise Inc. offered franchises from June 2019 through August 2019.

Our parent is Pure Glow Tanning LLC (“Parent”). Its principal business address is 176 Newbury Street, #21, Boston, Massachusetts 02116.

Our affiliates are PGBB LLC, a Massachusetts limited liability company (“PGBB”) that was formed on June 7, 2023, PGMW LLC, a Massachusetts limited liability company (“PGWW”) that was formed on June 7, 2023, Sans Sun LLC, a Massachusetts limited liability company that was formed on October 14, 2022, and PGSP LLC, a Massachusetts limited liability company that was formed on November 8, 2023 (“Affiliate(s)”).

Sans Sun LLC (“Sans Suns”) is an approved supplier (and in some instances the designated supplier) of products that you are required to purchase in connection with the operation of your Pure Glow Studio.

Parent owns the Marks (described below) which it has licensed to us so that we may sublicense them to our franchisees. PGWW and PGBB own and operate Pure Glow Studios in the metropolitan Boston area.

The principal business address for each of our Affiliates is 176 Newbury Street, #21, Boston, Massachusetts 02116. Our Affiliates have never offered franchises in this or any other line of business.

## **Description of the Franchise Offered**

We offer franchises for the establishment of upscale studios offering custom, organic airbrush tanning that looks natural, lasts longer than other airbrush tans, and fades beautifully and related skincare, tanning, and related retail products operating in accordance with our System (described below) under the name “Pure Glow” (each a “Pure Glow Studio” “Studio” or “Franchised Business”). Pure Glow Studios offer face only tans, partial body tans, and full body tans, as well as service packages, retail products, and monthly memberships. Pure Glow Studios will have between 800 and 1,200 square feet of space in an upscale retail setting.

The Studios operate under the trade name and mark “Pure Glow” and the additional principal service marks, trademarks, trade names, logos, emblems, and indicia of origin identified in Item 13. These principal marks and all other marks that may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the “Marks.”

We offer you a franchise agreement (the “Franchise Agreement”), attached to this Disclosure Document as Exhibit B, which gives you the right to establish and operate one Studio using the Marks and the System solely at the Premises within the Protected Area.

We may also offer you a development agreement (“Development Agreement”) (See Exhibit J), which grants you the right to open an agreed upon number of Pure Glow Studios in a defined geographic area over an agreed upon period of time. If you sign a Development Agreement in addition to a Franchise Agreement, you will have the right, subject to certain conditions, to establish and operate the number of additional Pure Glow Studios specified in the Development Agreement. Upon establishing each additional outlet under the Development schedule, you may be required to sign a then-current Franchise Agreement which may differ from the current Franchise Agreement included with this Franchise Disclosure Document. We may grant you discounts on Initial Franchise Fees in conjunction with your execution of a Development Agreement. The Pure Glow Studios included with a Development Agreement must be located within the geographic area agreed upon between us (the “Development Area”), the size of which will depend upon the number of additional Pure Glow Studios you will open. You are obligated to open the agreed upon number of Pure Glow Studios pursuant to a Development Agreement.

You need not sign a Franchise Agreement at the same time that you sign a Development Agreement although you will be obligated to sign franchise agreements on or before the deadlines set forth in the Development Agreement. You may be obligated to execute a franchise agreement that differs from the franchise agreement included with this Disclosure Document in connection with your execution of franchise agreements pursuant to a Development Agreement.

Our System includes a proprietary method of interior design, layout, décor, color scheme, fixtures, and furnishings; materials and supplies, including our branded airbrush tanning solution, solution applicators; retail products, methods, uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, improved and further developed (the “System”). Certain aspects of the System are more fully described in this Disclosure Document and the Confidential Operations Manual (the “Manual”), which you should expect to evolve over time and are loaned to you as our franchisee.

## **Market and Competition**

The general market for the organic airbrush tanning (“Pure Glow Services”) is primarily adults who wish to maintain a tanned, healthy image. The market is well-established and competitive.

Your competition will include spas, salons, tanning specific businesses, and other businesses that offer traditional tanning services, spray tanning services, airbrush tanning, or a combination of airbrush and traditional tanning services and retail businesses that sell self-tanning products. These businesses may be local, regional, or national in scope. In addition to competition, local markets for tanning services will be affected by changes in local and national economic conditions and concerns, as well as neighborhood demographics and traffic patterns. The ability of each Studio to compete is dependent on a variety of factors, including demographics, the immediate neighborhood location and characteristics, accessibility and the individual service, marketing, merchandising, capitalization, and diligence of the franchisee.

### **Industry Specific Regulations**

There are no laws or regulations that are specific to the operation of this Pure Glow Studios, but you will have to obtain local business permits and occupancy certificates before opening. you will be obligated to comply with all applicable laws including the Payment Card Industry ("PCI") Data Security Standard ("DSS"). You must also comply with laws that apply generally to all businesses in your state and municipality.

The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and may affect your building construction, site elements, entrance ramps, doors, bathrooms, etc. You must obtain any applicable real estate permits, real estate licenses, and operational licenses. There may be other local or state laws applicable to your business, so we urge you to make further inquiries.

You should consult with your attorney and local, state, and federal government agencies before investing in a franchise to determine all the legal requirements that you must comply with and consider their impact on you and the cost of compliance. It is your responsibility to investigate, satisfy, and stay current on all local, state, and federal laws and regulations since they vary from place to place and can change over time.

## **ITEM 2 BUSINESS EXPERIENCE**

**Chief Executive Officer – Lauren Rampello Becotte.** Ms. Rampello Becotte has been our Chief Executive Officer since our inception in August 2023, and she has been Founder and Chief Executive Officer for our Parent since its inception in January 2015.

**Chief Development Officer - Sean Bock.** Mr. Bock has been our Chief Development Officer since June 2022. Mr. Bock has served as Managing Partner for Leverage Business Development in Phoenix, AZ, since May 2020. From September 2020 to May 2022, Mr. Bock served as the President of Heyday Skincare in New York, NY. From September 2014 to May 2020, Mr. Bock served as Vice President of Franchising & Licensing for Drybar in Irvine, CA.

**Vice President of Operations – Lynn Griffin.** Ms. Griffin has been our Vice President of Operations since October of 2023 in Orange County, CA. From January 2022 to September 2023, she served as Vice President of Operations for Wellbiz Brands, Inc., in Orange County, CA. From April 2021 to December 2021 she served as Vice President of Operations for Drybar Holdings LLC in Orange County, CA. From September 2018 to March 2021, she served as Director of Operations for Drybar Holdings LLC in Orange County, CA.

**Director of Operations - Amanda Hansen.** Ms. Hansen has been our Director of since February of 2024 in Boston, MA. From May 2023 to January 2024, she served as Director of Operations for Wellbiz Brands, Inc., in Orange County, CA. From January 2022 to April 2023 she served as Senior Operations Manager



for Wellbiz Brands, Inc., in Orange County, CA. From July 2017 to December 2022, she served as Retail Operations and Facilities Manager for Drybar Holdings LLC in Orange County, CA.

**Strategic Partner- Maripat Klein Pacino.** Mrs. Pacino has been our Strategic Partner since May 2023. Since December 2018, Mrs. Pacino has owned and operated two Drybar locations in Cleveland, Ohio. From June 2014 through December 2019, Mrs. Pacino was a Principal/Senior Consultant Pharmacist with Simplicity Health, LLC in Cleveland, Ohio.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

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

**ITEM 5  
INITIAL FEES**

**Initial Franchise Fee.** The initial franchise fee is \$42,500 (“Initial Franchise Fee”). The Initial Franchise Fee is payable in a lump sum when you sign the Franchise Agreement.

**Development Fee.** You may but are not obligated to execute a Development Agreement with us. You will pay us a Development Fee in connection with your execution of the Development Agreement (See Exhibit J). The Development Fee is paid to us in exchange for our agreement to grant you a mutually acceptable geographic area agreed (the “Development Area”) in which you will develop and open an agreed upon number of Pure Glow Studios according to a Development Schedule. The size of the Development Area will depend upon the number of Pure Glow Studios you will open. We do not plan to offer more than five (5) studios (including your first studio for which you sign a franchise agreement) for you to develop.

The Initial Franchise Fee and/or Development Fee you pay us will depend upon the number of Pure Glow Studios that you agree to develop and open in the Development Area. The Development Fee will be 100% of the Initial Franchise Fees that you will pay for each Pure Glow Studio. You will be obligated to execute a Franchise Agreement in connection with each Pure Glow Studio according to the Development Schedule.

The chart below reflects the Initial Franchise Fee and Development Fee that you will pay us depending upon the number of Pure Glow Studios that you commit to open in the Development Area:

<b>Total Number of Studios</b>	<b>Per Studio Initial Franchise Fee</b>	<b>Total Initial Franchise Fee/ Development Fee</b>
1	\$42,500	\$42,500
2	\$42,500	\$85,000
3	\$37,500	\$112,500
4	\$37,500	\$150,000
5	\$35,000	\$175,000

Initial Franchise Fees and Development Fees are fully earned by us upon receipt and are not refundable under any circumstances.

**Grand Opening Marketing.** You must spend between \$20,000 and \$25,000 for a grand opening marketing campaign that must include the elements that we require and must be approved by us before it is conducted. We have the right to collect \$0 to \$15,000 from you and we will conduct, or manage, an outside marketing agency, the grand opening marketing campaign on your behalf. If we collect this money from you, it is not refundable.

**Initial Purchases of Airbrush Equipment, Initial Retail Inventory, and Initial Service Inventory.**

Before you open your Studio, you will purchase airbrush equipment and initial inventories of retail and service products from us or our affiliates that you will need to open and operate your Studio. We estimate that your initial purchases of these items will range from \$9,800 to \$16,600.

There are no other payments to or purchases from us or our Affiliate that you must make before your Studio opens.

**ITEM 6  
OTHER FEES**

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
Royalties <sup>(2)</sup>	7% of Gross Sales <sup>(3)</sup>	Payable on the dates and times that we specify in the Manual	Payable in the manner and according to the methods that we establish from time to time. Funds must be made available in your account for withdrawal. You must comply with our payment instructions.
Brand Development Fee	1% of Gross Sales	Payable at the same time and in the same manner as the Royalties	See Item 11 for a discussion of the Brand Fund. With 60 days' prior written notice to you, we may increase the Brand Development Fee up to 3% of Gross Sales
Technology Fee <sup>(4)</sup>	\$125 per month	Payable monthly	Payable at the same time and in the same manner as Royalties and Brand Development Fees. We may increase the Technology Fee upon 30 days prior written notice to you.

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
Local Marketing Expenditure Requirement	The greater of \$1,000 or 3% of your previous year's revenue (divided over 12 months).	You must spend this sum monthly	Payable to local or national digital marketing suppliers or agencies. We have the right to increase the amount you must spend on local marketing upon prior written notice to you. We have the right to direct a portion of this amount to be paid to our national digital marketing agency to be spent on digital marketing within your Protected Area.
Cooperative Marketing Fees <sup>(5)</sup>	As determined by the Regional Co-Op members, but not more than 50% of your local marketing requirement.	As determined by the Regional Co-Op members	If a marketing cooperative is formed for your area, you must join the Regional Co-Op. Any money you contribute to a Regional Co-Op will count toward your local marketing requirement
Initial Training Fee (For New Employees)	No charge for up to 3 people to attend Initial Training Program- Additional people- \$1,500	Before training	If you request that we provide our Initial Training Program to any additional employees, or to new or replacement employees during the term of your Franchise Agreement, you will pay the Initial Training Fee. You will also pay the trainees' expenses, including travel, lodging, meals, and wages. Training for up to three people is included with the Initial Franchise Fee.
Replacement Training	\$2,500 per person	Upon scheduling the Replacement Training	If you replace your General Manager, the replacement General Manager must complete the Initial Training Program. This is the cost that we charge for that program per person

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
Additional On-Site Training	Our then-current per diem rate per trainer, plus expenses Current per diem rate = \$500	15 days after billing	If you request additional training at your Studio, or if we determined that you would benefit from additional on-site training at your Studio, you must then pay our per diem rate per trainer, and reimburse our trainer's costs for providing the on-site training, including travel, lodging, and meals
Refresher Training	\$2,500 per person	Before refresher training	We may state that attendance at a refresher training course is mandatory for you and/or your General Manager. Expenses you must pay for include travel, lodging, meals, and applicable wages
Franchisee Meeting Fee <sup>(6)</sup>	Will not exceed \$1,200 per person. Does not include your out-of-pocket costs paid to third parties.	Before the meeting	We may designate that attendance at a meeting is mandatory for you and/or your General Manager. Expenses you must pay include travel, lodging, meals, and applicable wages. We will charge this fee even if you do not attend.
Interest on Late Payments <sup>(7)</sup>	18% per annum or the highest interest rate allowed by applicable law, whichever is less	On demand	Interest may be charged on all overdue amounts. Interest accrues from the original due date until payment is received in full
Insufficient Funds Fee	\$250 per occurrence	On demand, if incurred	Payable if there are insufficient funds in your account to pay fees due to us. If you incur three (3) insufficient funds fees in any 12-month period, we have the right to terminate your Franchise Agreement
Audit <sup>(8)</sup>	Cost of audit	When billed	Payable only if we find, after an audit, that you have understated Gross Sales by 2% or more or you have understated any amount you owe to us. You must also pay the understated amount plus interest

<b>Type of Fee <sup>(1)</sup></b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
Transfer Fee – Transfer Between Owners	\$1,500	With request for approval of transfer	For any transfer of ownership interests or shares between the owners of the franchise
Transfer Fee	2/3 of our then- current initial franchise fee for a single unit franchise if the transfer is to a new franchisee for the System.  1/3 of our then- current initial franchise fee for a single unit franchise, if the transfer is to an existing franchisee in the System	Upon completion of the transfer	No fee charged for a one-time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise
Renewal Fee	25% of our then current initial franchise fee	Upon renewal of the Franchise Agreement	
Relocation Fee	25% of our then- current initial franchise fee per Studio to be relocated	Upon approval of your relocation request	If you request our approval for you to relocate your Studio
Costs and Attorneys' Fees	The actual attorneys' fees and costs that we incur	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Indemnification	The actual costs we incur in connection with a lawsuit for claims arising from your Franchised Business.	On demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or for costs associated with defending claims that you used the Marks in an unauthorized manner

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
Liquidated Damages <sup>(9)</sup>	The average monthly Royalties you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower	15 days after termination	If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination.
Supplier or Product Testing	Reimbursement of our expenses	Upon demand	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use for your Studio (see Item 8). Also payable if we determine that your Studio is offering items that do not conform to our specifications
Repair, Maintenance, and Remodeling/ Redecorating	The actual costs and expenses we incur in remodeling and redecorating your Studio including the time and cost of our employees and contractors	As incurred	Payable to approved suppliers. You must regularly clean and maintain your Studio and its equipment. We may require you to remodel or redecorate your Studio to meet our then-current image for all Pure Glow Studios. We will not require you to remodel or redecorate your Studio more frequently than every five years.
Insurance Premiums	Reimbursement of our costs, plus 10% administrative fee	On demand, if incurred	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
Management Fee <sup>(10)</sup>	the greater of (i) two times the salary paid to the individual(s) assigned by us to operate the Studio, or (ii) 10% of the Studio's Gross Sales; plus, expenses for travel, lodging, meals, and all other expenses that we incur in managing your Studio.	If incurred	We may step in and manage your Studio in certain circumstances, such as death, disability, or prolonged absence. We will charge a management fee if we manage your Studio, and you must reimburse our expenses. We will collect the Management Fee in the manner using the payment systems established by Franchisor.
Charges for “mystery shopper” quality control evaluation <sup>(11)</sup>	Amounts charged by vendor(s) for such services	Monthly	The mystery shopper program will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items)
Gift Card Program	Actual costs and fees incurred in purchasing and exercising gift cards	As incurred	Payable to approved supplier. You must participate in our gift card program. Gift cards will be available for sale and redemption at any Studio in the System
Unapproved Product or Service Fee	\$250 per day for each day the infraction continues	As incurred	If you offer any product or service at your Studio that we have not approved
Proprietary Tanning Solution, Solution Applicators, and Designated Retail Products	\$3,500-\$7,500 per month as inventory is used or requires replacement	As incurred	You must purchase your continuing supply of the proprietary tanning solution, solution applicators, and designated retail products from our Affiliate
Resale Program Fee <sup>(12)</sup>	4.5% of the purchase price for sale of Studio(s) or ownership interest in Franchisee	Upon transfer	

## Notes:

**1. General.** Unless otherwise specified, all fees are imposed by us and are non-refundable. Generally, all fees are uniformly imposed on our franchisees, however, in certain unique circumstances; we may defer, reduce, or waive a fee for a particular franchisee for a limited period of time.

**2. Royalties.** You will pay us a Royalties of seven percent (7%) of Gross Sales.

**3. Gross Sales.** "Gross Sales" means the aggregate amount of all revenues generated from the sale or delivery of products and services at or from the Studio, and all other income of every kind related to the Studio, whether for cash, credit (and regardless of collection in the case of credit), barter, exchange, or other form of consideration including but not limited to membership fees, service fees, product sales, business interruption insurance, and all amounts that you receive at or away from the Studio in connection with the sale and delivery of services and products. You must report your Gross Sales to us by Tuesday of each week for the previous week ending Sunday. The Royalties and Brand Development Fee will be due and paid in the manner and according to the methods that we establish for payment from time to time. If you do not report the Studio's Gross Sales, we may debit your account for 120% of the last Royalties and Brand Development Fee that we debited. If the fees we debit are less than the fees you owe us, once we have been able to determine the true and correct Gross Sales, we will debit your account for the balance on the day we specify. If the fees we debit are greater than the fees you owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week. Royalties and Brand Development Fees are based upon Gross Sales. If any state imposes a sales or other tax on the Royalties, we have the right to collect this tax from you.

**4. Technology Fee.** You will pay us a Technology Fee for required application, software, maintenance and support, e-mail service, intranet, scheduling, and other technology services that we determine, in our sole discretion, to provide to you. A list of all services you will receive in connection with your Technology Fee is included with the Manual. Currently, the Technology Fee is \$125 per month. We may increase the Technology Fee upon thirty (30) days written notice to you.

**5. Cooperative Marketing Fees.** We do not currently have any regional cooperative marketing groups (each a "Regional Co-op"). We may establish Regional Co-Ops in the future. If we establish a Regional Co-Op in your DMA, the Regional Co-Op may impose a Cooperative Marketing Fee upon you. The Cooperative Marketing Fee will not exceed 50% of the Local Marketing Expenditure. We will have the right to form, change, merge or dissolve any Regional Co-Op. We shall be a member of the Regional Co-op and be entitled to attend and fully participate in Regional Co-op meetings; however, we will not have a vote unless we or our Affiliates operate a Studio in the area covered by the Regional Co-Op. Franchisor or affiliate Studios that are members of a Regional Co-op will vote in the same manner and will have the same voting power as franchisee owned Studios in the Regional Co-Op. Regional Co-op fees will be determined by its members.

**6. Franchise Meeting Fee.** We intend to hold annual franchise meetings ("Franchise Meeting") in the future. When we decide to hold such meeting(s), you will be required to attend and to pay a Franchise Meeting Fee. The Franchise Meeting Fee does not include your travel expenses including airfare, hotel and meals related to your attendance at such franchise meetings. You will be required to pay the Franchise Meeting Fee whether you attend the Franchise Meeting or not. The Franchise Meeting Fee may be increased upon written notice to you.

**7. Interest.** All amounts which you owe us for any reason will bear interest accruing as of their original due date at 18% per annum or the highest commercial contract interest rate the law allows, whichever is



less. We may electronically debit your business checking account automatically for any past-due amounts and interest.

**8. Costs of Audit.** If an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of your Royalties or Brand Development Fee (when a percentage of Gross Sales is required), that exceeds 2% of the amount that you actually reported to us for the period examined; then: (a) you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees; and (b) we may require you to provide us with periodic audited statements. If our examination reveals an understatement of the Gross Sales of your Pure Glow Studio for any period by 2% or more 3 or more times during any 3-year period, or by more than 5% on any one occasion, then in addition to your obligations in subsection (a) above, we may immediately terminate this Agreement without an opportunity to cure. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

**9. Liquidated Damages.** If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalties you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower.

**10. Management Fees.** You will pay us a Management Fee if we are obligated, directly or indirectly, to manage your Studio. The Management Fee is in addition to and not in replacement of any other fees that you are obligated to pay us.

**11. Mystery Shoppers.** We may use an independent service to conduct a “mystery shopper” quality control and evaluation program. You must participate in this program, and we may require that you pay the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement).

**12. Resale Program Fee.** In addition to the Transfer Fee, if a transfer involves the Franchise Agreement and the Studio, or more than a 50% change in your ownership, and the transferee is a person who is a “Lead” of Pure Glow, whereby Pure Glow made the introduction of the transferee to you, then you or the transferee must pay us a “Resale Program Fee”. A “Lead” means a person who contacts us or has been contacted by us (including our authorized representatives or Affiliates) in connection with possibly opening or purchasing a Pure Glow Studio.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (1)	\$42,500	\$42,500	Lump sum	On signing Franchise Agreement	Us
Rent – 3 Months (2)	\$9,000	\$30,000	As arranged	As arranged	Landlord

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Lease and Utility Security Deposits (3)	\$4,000	\$10,000	As arranged	As arranged	Landlord, Utility Companies
Architect, Permits, Engineers, and Licenses (4)	\$18,000	\$27,000	As arranged	As arranged	Architect, Engineer, Designer
Leasehold Improvements (5)	\$260,000	\$420,000	As arranged	As arranged	Contractors, Suppliers
Furniture and Fixtures (6)	\$20,000	\$45,000	As arranged	As arranged	Suppliers
Computers and Other Equipment (7)	\$20,000	\$30,000	As arranged	As arranged	Suppliers
Airbrush Equipment (8)	\$4,800	\$9,600	Lump Sum	Upon invoice	Us or our Affiliates
Signage (9)	\$12,000	\$18,000	As arranged	As arranged	Suppliers
Required Technologies and Software Services (10)	\$400	\$1,000	As arranged	As arranged	Suppliers
Business Licenses and Permits (11)	\$500	\$1,000	As required	As required	Government Agencies
Professional Fees (12)	\$2,000	\$8,000	As arranged	As arranged	Accountant, Attorney
Initial Service Inventory (13)	\$2,500	\$3,500	As arranged	As arranged	Us
Initial Retail Inventory (13)	\$2,500	\$3,500	As arranged	Upon invoice	Us
Insurance – 3 Months (14)	\$500	\$750	As arranged	As incurred	Insurance company
Initial Training Program Expenses (15)	\$500	\$3,000	As arranged	As incurred	Airline, Hotel, Restaurants
Airbrush Tanning Specialist Training (16)	\$1,000	\$3,500	As arranged	As incurred	Various
Grand Opening Marketing (17)	\$20,000	\$25,000	As arranged	As arranged	Us or Suppliers
Additional Funds (18)	\$15,000	\$30,000	As arranged	As needed	Various
<b>Total (18)</b>	<b>\$435,200</b>	<b>\$711,350</b>			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment. All our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items.

**Notes:**

**1. Initial Franchise Fee.** The Initial Franchise Fee is payable in a lump sum when you sign the Franchise Agreement. Initial Franchise Fees and Development Fees are fully earned by us upon receipt and are not refundable under any circumstances.

**2. Rent, Lease and Utility Security Deposits.** Our estimates assume that you will lease space for your Studio. Your Studio must be in an upscale boutique setting in a shopping mall, strip shopping center, or similar location, and you will need approximately 800 to 1,200 square feet of space. Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, your lease may require you to pay common area maintenance charges (“CAM Charges”), your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges (including a shopping center marketing fund). The actual amount you pay under the lease will vary depending on the size of the Studio, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords, and the prevailing rental rates in the geographic region.

**3. Lease and Utility Security Deposits.** Our estimate assumes that you will provide one (1) month of rent as a security deposit to your landlord, and you may need to provide security deposits for your utilities (such as gas, water and/or electric).

**4. Architect, Permits, Engineers, and Licenses.** You must obtain construction plans for the build-out of your Studio according to our specifications. We currently require you to use our designated architect. To assist in the design and construction of your Studio, we have created prototype designs that our architect and your general contractor will utilize. This amount is an estimate of the costs and fees associated with retaining our designated architect.

**5. Leasehold Improvements.** The cost of leasehold improvements will vary depending on many factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (including demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location or whether you must use union labor for the build-out of your Studio. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord or through landlord tenant improvement contributions, and the condition of the space before you take possession of the premises. The low end of our estimate assumes that you have leased space that requires fewer improvements to convert to a Pure Glow Studio and that you are leasing approximately 800 square feet of retail space. The high end of our estimate assumes that you have leased a “vanilla box” space, that more improvements are required, and that you are leasing approximately 1,200 square feet of retail space. **Our estimate does not include any tenant improvement allowance that you may negotiate.**

**6. Furniture and Fixtures.** The furniture and fixtures you will need include reception desk and chair, reception seating, reception area end tables, storage cabinets, product display cases and décor items. The items listed included with this estimated amount are in addition to the costs that you will incur with the leasehold improvements (through your general contractor).

**7. Computers and Other Equipment.** You will be required to purchase the required computer hardware for operation of your Pure Glow Studio. You must purchase or lease the computer system that we designate. This estimate includes one desktop computer, two iPads, modem, router, printer and a one-month subscription and setup fee for your customer relationship manager system, booking and point of sale software and Microsoft office suite for the desktop.

**8. Airbrush and Tanning Equipment.** You must purchase between three and six airbrush machines and applicators for your Pure Glow Studio. This is an estimate of the costs to be incurred to purchase the necessary machines and applicators.

**9. Signage.** These amounts represent an estimate of your cost for interior, temporary construction “blackouts,” window graphics/decals, and exterior signage at your Studio. Your landlord or your local ordinances may employ different restrictions or requirements on interior and exterior signage which may affect your costs. The higher range of this estimate contemplates an opportunity to include signage within the Landlord’s monument and/or other signage opportunities within the shopping center.

**10. Required Technologies and Software Services.** You will pay us a monthly Technology Fee. The monthly Technology fee helps to offset the expenses associated with software, maintenance and support, e-mail service, intranet, scheduling, and other technology services that we determine, in our sole discretion, to provide to you. Currently, the Technology Fee is \$125 per month. We do not believe that you will incur any expenses other than the Technology Fee to maintain or update the required computer hardware and software. We may increase the Technology Fee upon thirty (30) days written notice to you.

**11. Business Licenses and Permits.** These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. These figures do not include occupancy and construction permits which are included in the leasehold improvements estimate. The cost of these permits and licenses will vary substantially depending on the location of the Franchised Business. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

**12. Professional Fees.** These figures represent the estimated cost of hiring an attorney to assist you in evaluating the franchise opportunity, negotiating your lease, forming a business entity, and hiring and setting up your chart of accounts with an accountant.

**13. Initial Inventory.** Our estimate includes \$2,500 to \$3,500 for the cost of your initial inventory of the proprietary organic tanning solution that you must purchase from our Affiliate. It also includes \$4,800 to \$9,600 for airbrush machines and solution applicators for which our Affiliate is the designated supplier.

**14. Insurance.** These figures are estimates of the cost of the quarterly premiums for the insurance you must obtain and maintain for your Studio, as described in Item 8. Insurance premiums may be payable monthly, quarterly, semi-annually, or annually, based on the insurance company’s practices and your creditworthiness.

**15. Training Expenses.** We do not charge a fee for our initial training program (“Initial Training Program”) for up to three (3) people, but you are obligated to pay the travel and living expenses incurred by you and others in attending and participating in the Initial Training Program. These estimates include an estimate of the expenses for travel, lodging, meals, and applicable wages (if any) while you attend the Initial Training Program. Applicable law may require you to pay your trainees’ wages during training. Your costs may vary depending on whether you are required to pay wages, your selection of lodging and dining facilities, and the mode and distance of transportation selected. Our training program lasts for approximately five days.

**16. Technician Training.** You will incur pre-opening costs to train between 2-6 spray technicians 1-2 weeks before you open your Studio. Each spray technician should accrue between 28 to 37 hours of training before they are able to perform services for customers at your Studio.

**17. Grand Opening Marketing.** You must spend between \$20,000 and \$25,000 for a grand opening marketing campaign that will be conducted beginning sixteen (16) weeks before your scheduled opening and continues for twelve (12) weeks after your opening. Your grand opening marketing campaign must include the elements that we require and must be approved by us before it is conducted. The grand opening marketing investment includes a digital marketing plan, public relations, gratis services, wages for your team when promotional events/partnerships are held and print advertising. We have the right to collect \$15,000 from you. If we collect this money from you, we or our marketing agency will conduct the digital marketing campaign for your grand opening.

**18. Additional Funds.** You will need capital to support ongoing expenses, such as payroll, utilities, rent, Royalties, Brand Development Fees, and Local Marketing Expenditures, if these costs are not covered by sales revenue for your first three (3) months of operation. Our estimate does not include any sales revenue you may generate. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after.

**19. Total.** We relied upon our Affiliates' experience in operating Pure Glow Studios in Boston, Massachusetts in preparing these estimates. These amounts do not include any estimates for debt service. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations.

## **DEVELOPMENT AGREEMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Development Fee <sup>(1)</sup>	<b>\$42,500</b>	<b>\$175,000</b>	Lump Sum	At execution of Development Agreement	Us

(1) The Development Fee is non-refundable. The Development Fee is described in greater detail in Item 5 of this Disclosure Document.

(2) The range of estimated Development Fee reflects your purchase of between one (1) and five (5) additional franchise agreements in the Development Area. It does not include the \$35,000 Initial Franchise Fee that you pay for your first Pure Glow Studio.

(3) You are not obligated to execute a Development Agreement or pay us a Development Fee. The Development Fee is only paid if you agree to open additional Pure Glow Studios.

(4) The estimated costs to enter into a Development Agreement with us do not include the estimated costs to open and operate a Pure Glow Studio. That estimate is in a separate chart above. You are required to enter into a Franchise Agreement for one (1) Studio before you enter into a Development Agreement with us and will incur those costs in connection with the opening of that Studio. This range does not include any of the costs you will incur in opening any additional Studios that you are granted the right to open and operate under your Development Agreement.

## **ITEM 8**

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

#### **System Standards**

To ensure that the highest degree of quality and service is maintained at all Pure Glow Studios, you must operate your Pure Glow Studio in accordance with the System including the System Standards. We have developed the System Standards based upon our experience and the experience of our Affiliates. We disclose the System Standards to you in the Manual, via the intranet, and/or otherwise in writing. We may amend, modify, increase, or decrease the System Standards upon our updating of the Manual.

#### **Approved Products, Distributors and Suppliers**

We may develop proprietary or branded services, including airbrush systems, airbrush applications, technology applications, payment systems, proprietary therapeutic skincare services, and related services (“Proprietary Services”) and/or branded and/or proprietary products that you will offer in your Pure Glow Studio (collectively “Proprietary Products”). We reserve the right to require you to purchase Proprietary Products from us or our Affiliates at any time. We also reserve the right to amend, add, modify, delete, or change the list of Proprietary Products or Proprietary Services that you must offer at your Pure Glow Studio. We also have developed standards and specifications for other products, materials and supplies incorporated or used in providing services or the packaging and delivery of products and services authorized for sale at Pure Glow Studios.

For your Pure Glow Studio, you must purchase Proprietary Products only from us, our Affiliates, or a third party designated and licensed by us to prepare and sell such products (“Designated Suppliers”) and purchase all other goods, products, materials and supplies (collectively, “Goods”), as well as advertising materials, furniture, fixtures, equipment, menus, forms, paper and plastic products, packaging or other materials (collectively, “Materials”) that meet the standards and specifications promulgated by us from time to time from manufacturers, distributors, vendors and suppliers approved by us (“Approved Suppliers”). We may require you to use only certain brands (collectively, “Approved Brands”) and prohibit you from using other brands. From time to time, we may modify the list of Approved Brands and you may not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand. Our Affiliate Sans Sun LLC is a Designated Supplier and Approved Supplier of products that you are required to purchase, use, and sell in connection with the operation of your Pure Glow Studio.

From time to time, we may modify the list of Designated Suppliers and/or Approved Suppliers, and you may not, after receipt of such modification in writing, order any Proprietary Products from a supplier who is no longer a Designated Supplier or order any Goods or Materials from a supplier who is no longer an Approved Supplier. We may approve one or more suppliers for any Goods or Materials and may approve a supplier only for certain Goods or Materials. Approval of a supplier or vendor may be conditioned on requirements relating to the product quality, prices, consistency, reliability, financial capability, labor relations, frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by us. These criteria and standards are included in the Manual.

We and our Affiliates, from time to time, may receive payments from suppliers or vendors (including Designated Suppliers and/or Approved Suppliers) on account of such suppliers’ dealings with you and other Pure Glow franchisees, and we may use any amounts received without restriction and for any purpose we and our Affiliates deem appropriate. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Pure Glow Studios or any other group of businesses franchised or operated by us or our Affiliates.

If you propose to purchase any Goods or Materials (that you are not required to purchase from us, a Designated Supplier or an Approved Supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval or request the supplier to submit the request. We have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities, and that such information, specifications, and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval. A charge reflecting the actual costs that we incur, including travel related expenses, video conferencing, product purchases, retention of third-party examination companies, and professional time, inspecting the proposed alternative Goods or Materials and the actual cost of testing the proposed Goods and Materials, must be paid by you. We will notify you within 60 days of your request as to whether you are authorized to purchase such products from that supplier. We reserve the right, at our option, to revoke our approval upon the suppliers' failure to continue to meet any of the foregoing criteria. We will notify you in writing if a previously approved supplier's approval as an alternative supplier is revoked.

The estimated cost to purchase required computer hardware and software for operation of your Pure Glow Studio is \$3,550. This estimate includes one desktop computer, two iPads, a one-month subscription and setup fee for your CRM, booking and point of sale software and Microsoft office suite for the desktop.

Currently our Parent and our Affiliate Sans Sun LLC are the sole approved suppliers for: (i) proprietary airbrush solution and equipment that you must use in your Studio; and (ii) retail skin care, bronzing, and tanning products that you will offer at your Studio. The following officers listed in Item 2 have an ownership interest in us and Sans Sun LLC: Lauren Rampello Becotte, Maripat Klein Pacino, and Sean Bock. None of our officers has an ownership interest in any other approved supplier.

We negotiate purchasing arrangements with Approved Suppliers so that, whenever possible, you can take advantage of the economies of scale offered by being a part of the System. Currently, there are no purchasing or distribution cooperatives. We may receive discounts that are not available to franchisees on the purchase of certain products. We may also receive rebates on products, supplies, and equipment that you purchase from our Approved Suppliers ("Rebates"). In 2023, we received rebates totaling \$0. In the calendar year ended December 31, 2023, rebates received totaled 0% of our total revenue of \$0 for the same time period (see Item 11). If we receive Rebates in the future, they will be calculated based upon the percentage of products, supplies, and equipment purchased by franchisees, flat rates on a product by product basis, or upon other negotiated terms between Approved Suppliers and Franchisor. For the fiscal year ended December 31, 2023, neither we nor our Affiliate earned revenue from Rebates.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional Pure Glow Studios) based upon whether you purchase Proprietary Products from Designated Suppliers or Goods and Materials from Approved Suppliers; however, if you purchase Proprietary Products, Goods or Materials from unapproved suppliers or if you purchase unapproved Goods or Materials, we will have the right to terminate the Franchise Agreement.

All advertising and promotional materials, signs, decorations, paper goods (including all forms and stationery used in the Studio) and other items we designate must bear the Marks in the form, color, location, and manner we prescribe. In addition, all your advertising and promotion in any medium to include internet and social media sites, must be conducted in a dignified manner and must conform to the standards and requirements in the Manual or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or approved them during the 12 months before their proposed use. Any advertising and promotional materials you submit to us for our review will become our property. If we do not approve your submission within 10 days after the day we received the materials, we will be deemed to have not approved the materials.

You must obtain our acceptance of the location for the Studio before entering into a lease or purchase agreement for the location. You must also obtain our acceptance of any contract of sale or lease for the Studio before you sign the contract or lease. We have the right to require you to use a real estate broker we designate to assist you in finding a location for your Studio. You must provide us with a copy of the fully signed lease for the accepted location. We may require you and your landlord to sign an Option for Assignment of Lease which permits us to assume your lease in certain circumstances, including the termination or expiration of your Franchise Agreement (Exhibit B to the Franchise Agreement).

Your Studio must be constructed according to plans that we have approved. We will provide you with sample plans and/or our specifications for a Pure Glow Studio. We also have the right to approve the contractor you select. You must arrange for construction plans to be created that incorporate our requirements into the size and shape of the approved site for your Studio. You may not use the plans or begin building your Studio until we have approved the construction plans, and any changes to the construction plans must also be approved by us before the change may be implemented. Our review is not meant to assess compliance with any applicable laws, regulations or building codes. Our review is only to verify that the construction plans accurately present our trade dress, the Marks and meet our specifications. We have the right to inspect your Studio while it is being constructed. You may not open your Studio for business without our approval.

## **Insurance**

Before you commence activities under the Franchise Agreement, and before the Pure Glow Studio opens, you must obtain, and continue to maintain at all times, in full force and effect at your sole expense that insurance which you (or your risk management advisors) determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Pure Glow Studio, which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by the Manual.

The current minimum requirements for insurance policies and coverage are listed below although more specific details regarding the required insurance are provided in our Manual:

- General and Professional Liability of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (professional liability may not exclude coverage for airbrush-tanning).
- Sexual abuse and molestation coverage with minimum limits of \$100,000/\$300,000.
- Business Property written on a replacement cost basis which also includes coverage for betterments and improvements.
- Business Income actual loss sustained.
- Employment Practices Liability of \$100,000 or more that includes third party coverage.
- Hired and Non-Owned Auto of \$1,000,000.
- Franchisor, its parent, and affiliates, and their respective owners, officers, directors, employees, contractors, successors, and assigns. must be named as additional insured and provided with a waiver of subrogation.
- Worker's compensation as required by law.
- Product liability coverage of \$1,000,000.
- Fire legal liability of at least \$100,000.
- Such other insurance as may be required by us from time to time or by the Landlord of the Pure Glow Studio, and by the state or locality in, which the Pure Glow Studio is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.



The insurance policies described above must: (i) be written on a primary and non-contributory basis; (ii) have a deductible equal to or less than stated above; (iii) grant a Waiver of Subrogation in favor of Franchisor; and (iv) grant Additional Insured status to Franchisor.

The types and amount of insurance listed above represent the minimum coverage you are required to secure prior to opening your Pure Glow Studio. You may secure additional insurance. Additionally, local law and/or your Lease may require additional types of insurance and/or greater amounts of coverage. To the extent that your Lease requires additional policies and/or amounts of coverage, your Lease shall control although you are obligated to have each type of insurance identified above.

All insurance policies must be purchased through an agent or broker on our Approved Supplier list and be written by an insurance company that meets our approval. We may from time to time increase the minimum required coverage and/or require different or additional insurance coverage (including an additional umbrella liability insurance policy) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide you with written notice of such modifications and you must take prompt action to secure the additional coverage or higher policy limits.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 53% to 64% of your total purchases in establishing the Studio, and approximately 50% to 60% of your total purchases in the continuing operation of the Studio.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	5(A)	Items 8 and 11
(b) Pre-opening purchases/lease	6(C)	Items 7, 8 and 11
(c) Site development and other pre-opening requirements	6(B), 6(C)	Items 8 and 11
(d) Initial and ongoing training	11	Items 6, 7 and 11
(e) Opening	6(E), 6(F)	Item 11
(f) Fees	7	Items 5, 6, 7 and 11
(g) Compliance with standards and policies/ operating manual	12	Items 6, 8, 11 and 14
(h) Trademarks and proprietary information	13	Items 13 and 14
(i) Restrictions on products/ services offered	12(B)	Item 16
(j) Warranty and customer service requirements	12(F)	Not applicable
(k) Territorial development and sales quotas	Not applicable	Item 12

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
(l) On-going product/ service purchases	12(B), 12(C)	Items 6 and 8
(m) Maintenance, appearance, and remodeling requirements	12(E)	Item 6
(n) Insurance	12(I)	Items 6, 7 and 8
(o) Advertising	9	Items 5, 6, 7 and 11
(p) Indemnification	23	Item 6
(q) Owner's participation/ management/ staffing	12(H)	Items 11 and 15
(r) Records and reports	8	Item 6
(s) Inspections and audits	8(D)	Items 6, 8 and 11
(t) Transfer	15, 16	Items 6 and 17
(u) Renewal	4(B)	Items 6 and 17
(v) Post-termination obligations	20	Item 17
(w) Non-competition covenants	18	Item 17
(x) Dispute resolution	27	Item 17
(y) Liquidated damages	19(C)	Item 6

**ITEM 10  
FINANCING**

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

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

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

**Our Obligations Prior to Opening:**

Before you open your Pure Glow Studio, we will:

(1) Provide, either directly or through Approved Suppliers or Designated Suppliers of real estate selection and development services, our site selection guidelines, and criteria, and identify sources to obtain demographic information on proposed sites. Currently, our criteria for site selection include population density, demographics, psychographics, and average household income (Franchise Agreement, Section 5(A)).

(2) Approve or disapprove proposed sites within 30 days after our receipt of your completed site evaluation package (if we do not conduct an on-site evaluation of the proposed site) or within 30 days after our on-site evaluation of a proposed site, if applicable. If we do not approve a proposed site in writing during this time period, we will be deemed to have rejected the site. (Franchise Agreement, Section 5(A)). If you and we are unable to agree on a site for your Pure Glow Studio within the time frame identified in

the Franchise Agreement, we may terminate your Franchise Agreement and we will not refund your Initial Franchise Fee.

(3) Provide to you mandatory and suggested specifications and layouts for a Pure Glow Studio, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme. We do not install these items. (Franchise Agreement, Section 5(A)).

(4) Review or authorize an Approved Supplier or Designated Supplier to review your construction plans and specifications or other plans before you begin constructing the Pure Glow Studio solely to confirm that your plans and specifications meet our System Standards. (Franchise Agreement, Section 5(A)(6)).

(5) Supply (or have an Approved Supplier provide) a list of products, supplies, and materials that you must purchase prior to opening your Pure Glow Studio (Franchise Agreement, Sections 12(B) and 12(C)).

(6) Authorize you to open the Pure Glow Studio. (Franchise Agreement, Section 6(F)).

(7) Provide marketing and promotional (brand) guidelines for the Grand Opening Plan and approve marketing materials you will use. (Franchise Agreement, Section 9(A))

(8) We will provide you with online access to our confidential and proprietary Manual. You must operate your Pure Glow Studio in accordance with the Manual and all applicable laws and regulations. The Manual may be amended or modified by us to reflect changes in the System. You must keep the Manual confidential and current, and you may not copy any part of the Manual. We reserve the right to disclose updates to the Manual in writing in any manner, including electronic means such as e-mail, our website, and any intranet platform that we establish in connection with the System. We will update the Manual electronically. Please note that certain portions of the Manual may be provided via update or communications from be set forth on a website or web portal that is controlled and/or registered to us and you will be solely responsible for ensuring compliance with these “online” portions of the Manual as well. Upon request, you may view the Manual before you sign your Franchise Agreement if you sign our then-current Confidentiality Agreement (Exhibit G).

(9) Conduct our Initial Training Program for you (or your Operating Principal) and your General Manager (the person who is managing the day-to-day operations) of the Pure Glow Studio (“General Manager”). Our Initial Training Program is comprised of: (i) “Classroom Training” that you and your management must complete online via webinar or other learning management system we designate to (a) monitor/track participation and progress, and/or (b) test competency levels, if and as we determine appropriate; (ii) additional “Classroom Training” and "On the Job" training that we will provide to you and your initial management at our headquarters or another location that we designate; and (iii) onsite training, assistance and support that you, your management, and other personnel. You must successfully complete the Initial Training Program to our satisfaction before you open your Pure Glow Studio (Franchise Agreement, Section 11(C)).

(10) Franchisor does not generally own and lease the Premises for your Pure Glow Studio to you.

### **Our Obligations after Opening**

After you open your Pure Glow Studio, we will:

(1) Collect, administer, and spend for advertising and promotional purposes monies paid by franchised and company-owned Pure Glow Studios into the Brand Fund, while the Brand Fund is in existence. (Franchise Agreement, Section 9(C)).

(2) Provide marketing and promotional (brand) guidelines for local store marketing, and provide samples of advertising, marketing, and promotional formats, and materials. (Franchise Agreement, Section 9(D)).

(3) We may change or modify the System, including modifications to the Manual, the System, and the System Standards. Changes to the System and/or System Standards may be communicated to you in conjunction with amendments to the Manual or through regular, routine, or specific communications delivered by us. (Franchise Agreement, Sections 10(A), 12(A)).

(4) Provide additional training for you (or your Operating Principal), your managerial personnel, training personnel or other previously trained and experienced staff members. (Franchise Agreement, Section 11(D)).

(5) Provide ongoing advice and consultation to you regarding the operation of the Pure Glow Studio through the Manual, bulletins or other written materials, electronic media, meetings, seminars, conferences, and telephone or in person conversations at our office or the Pure Glow Studio. (Franchise Agreement, Sections 11(D), 11(E)).

(6) Provide you with a list of Approved Brands, Approved Suppliers and/or Designated Suppliers. (Franchise Agreement, Section 12(B)).

(7) Conduct inspections of the Pure Glow Studio as we deem appropriate and necessary. (Franchise Agreement, Section 12(K)).

(8) To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that your Studio offers, including, without limitation, prices for promotions in which all or certain Pure Glow Studios participate. (Franchise Agreement, Section 12(L)).

We do not assist you with any activities related to hiring your employees (other than our assistance in training your staff as described in this Item 11) or with your administrative or accounting functions (except to the extent that the Studio Systems provides such services or functions.) We will train you on Pure Glow Studio protocols and procedures, however processes related to specific employment practices at your Pure Glow Studio must be done by you.

### **Site Inspections**

We intend to conduct regular visits to your Pure Glow Studio to review and discuss the operations, marketing, safety, finance, maintenance, and possible repairs of the Pure Glow Studio. The visits will be conducted by us, or a third party retained by us and will be completed at least once a year. The timing of the visits will be determined by us in our sole discretion. During each visit, our representative will complete a report that provides a recap of the visit as well as a final score associated with whether or not you meet the required standards of running a Pure Glow Studio. A copy of this report will be given to you and filed at our corporate office.

### **Site Selection**

We do not select the site for your Pure Glow Studio. You, with the assistance of Approved Suppliers and Designated Suppliers of real estate site selection and development services, will select the site for your Pure Glow Studio (subject to our approval). If no site has been designated at the time you sign the Franchise Agreement, we will identify your Site Selection Area in the Franchise Agreement. During the Site Approval Period (which is the 90-day period following the date that we sign the Franchise Agreement), you must obtain our approval of the site for the Pure Glow Studio and execute a Lease or purchase agreement for the approved site or, we, at our option, may terminate the Franchise Agreement. The Site Approval Period may be extended for an additional 90 days if you, in our sole discretion, make commercially reasonable efforts to identify and secure a Premises for your Pure Glow Studio during the Site Approval Period but are unsuccessful in securing a suitable location. We have the right to move or modify the Site Selection Area during the Site Approval Period. You should not acquire any interest in a site for your Pure Glow Studio until you have been approved as a franchisee and we have approved the site in writing.

As part of the site development process, a completed site evaluation package containing a scalable “As-Built” floor plan copy of the existing site plan, photographs, demographic information, financial information, and such other information and materials as we may reasonably require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining an ownership or leasehold interest in the site must be generated prior to site approval. Any associated architectural/survey costs shall be at your sole cost and expense as outlined in Item 7.

Within 30 days after completion of the detailed site evaluation package, we may, in our sole discretion, conduct an on-site evaluation of the proposed site. You must reimburse us for all travel, living and other expenses we incur in conducting any on-site evaluations of your proposed site. We will not charge a fee for the first on-site evaluation that we conduct for a particular Pure Glow Studio; however, if we require, or if you request, any additional on-site evaluations with respect to the same Pure Glow Studio, you will pay to us, in addition to our travel expenses, our then-current site evaluation fee.

We will use reasonable efforts to approve or disapprove the proposed site within 30 days after our on-site evaluation. If we do not approve the proposed site in writing in this time period, we will be deemed to have rejected the site. Our approval or rejection of a site may be subject to reasonable conditions as we determine in our sole discretion. Our rejection of a site is final, and the rejected site may not be used for your Pure Glow Studio.

The Lease for your Pure Glow Studio must be for a term of no less than ten (10) years. If you present a lease to us and the term of that Lease is less than ten (10) years, we may reject the site and/or the Lease. If we reject a Lease because the term is less than ten (10) years, you agree that our refusal is reasonable. Your Lease must also include a collateral right of assignment that grants us or our Affiliates the right, if you default under the terms of your Franchise Agreement or the Lease Agreement, to take over the Lease Agreement and assume operations of your Pure Glow Studio.

You must have located and submitted to us, for our review, all information we require regarding the site you propose for your Studio no later than three months after you have signed the Franchise Agreement. We will have 30 days after we receive all required information and materials from you to accept or decline the proposed site as the location for your Pure Glow Studio. If we do not provide our specific acceptance of a proposed site, the site is deemed not accepted. We do not warrant or guarantee that your Studio will be successful at any site that we accept. Our acceptance only means that the site meets our minimum requirements for a Pure Glow Studio, subject to any deviation from our standards as we may permit.

We will provide you with our current written site selection guidelines and any other site selection counseling and assistance we think is advisable. Our criteria for site selection include location of the site and its setting (shopping center, shopping mall, downtown location, etc.); availability of parking; visibility from main

roads; availability, size, and placement of signage; co-tenants in the shopping center or immediate area; accessibility to the site; condition of the premises and how much build-out or construction it will need; proximity to competitive businesses; and availability of utilities. We will use these and other factors in determining the suitability of your proposed site for a Pure Glow Studio. Once the location for your Studio has been determined, your Studio may not be relocated without our prior written consent. You must provide us with a copy of the signed lease for the Premises after we have approved the lease. If you enter into a Development Agreement whereby you agree to execute franchise agreements in the future, our site selection criteria for such Studios will be our then current criteria, which may be different than the criteria in this Disclosure Document.

If you are not able to locate a suitable premises for your Studio within six months after you sign the Franchise Agreement, we may, but are not obliged to provide you with an extension of this timeframe or we may terminate your Franchise Agreement. Upon the execution of your letter of intent with the landlord, you shall engage with our designated architect to complete the construction drawings by the time that your lease is ready to be fully executed.

### **Time between Agreement Signing and Opening**

The typical time from signing the Franchise Agreement to opening the Pure Glow Studio is approximately 12 months. Factors affecting the length of time needed to open the Pure Glow Studio usually include weather conditions, the ability to obtain a Lease, financing or building permits, the estimated delivery date of the Premises from the landlord, and zoning and local ordinances. We estimate that it will take approximately 5 months after you obtain possession of the Premises to receive all required construction permits, complete the construction and build-out of the site after you obtain possession of the Premises for the Pure Glow Studio and receive final inspection approvals and certificate of occupancy.

### **Point of Sale, the Internet, and Email**

You will be required to purchase the required computer hardware and software for operation of your Pure Glow Studio. The initial cost of purchasing and configuring the hardware and software is approximately \$3,550. This estimate includes one desktop computer, two iPads, a one-month subscription and setup fee for your customer relationship manager system, booking and point of sale software and Microsoft office suite for the desktop.

You will pay us a monthly Technology Fee. The monthly Technology fee helps to offset the expenses associated with software, maintenance and support, e-mail service, intranet, scheduling, and other technology services that we determine, in our sole discretion, to provide to you. We will have independent access to the information generated and stored in the systems. Currently, the Technology Fee is \$125 per month. We do not believe that you will incur any expenses other than the Technology Fee to maintain or update the required computer hardware and software. We may increase the Technology Fee upon thirty (30) days written notice to you.

You may not use the Marks on any Internet domain name, e-mail address or in the operation of any Internet website without our prior written consent. You may not distribute products or services using other channels of distribution except as approved by the Franchisor in writing.

### **Advertising**

All your advertising and promotional materials in any medium including internet and social media sites must be conducted in a dignified manner and conform to the standards and requirements in the Manual or otherwise. You may use your own advertising and promotional materials, provided that all materials are

approved by us prior to distribution or placement and that your use of the Trademarks is otherwise in accordance with brand standards and the Franchise Agreement. We are not obligated to spend any amount on advertising in your area or territory.

We do not currently have any regional cooperative marketing groups (each a "Regional Co-op"). We have the right to form, change, dissolve, or merge Regional Co-Ops in the future. If we establish a Regional Co-Op in your DMA, the Regional Co-Op may impose a Cooperative Marketing Fee upon you. The Cooperative Marketing Fee will not exceed 50% of the Local Marketing Expenditure. We shall be a member of the Regional Co-op and be entitled to attend and fully participate in Regional Co-op meetings; however, we will not have a vote unless we or our Affiliates operate a Studio in the area covered by the Regional Co-Op. Franchisor or affiliate Studios that are members of a Regional Co-op will vote in the same manner and will have the same voting power as franchisee owned Studios in the Regional Co-Op. Regional Co-op fees will be determined by its members. We will not require advertising cooperatives to prepare periodic financial statements or operate from written governing documents, but the advertising cooperatives may elect to do so. There are not currently any cooperatives and/or cooperative governing documents for franchisees to review.

### **The Brand Fund**

Pure Glow Studios have a distinct culture, and the image of the System and Pure Glow Studios is an important element of the System. We have established an advertising and marketing fund ("Brand Fund") for the enhancement and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs, and materials as we deem appropriate.

You must contribute 1% of the Net Sales of your Pure Glow Studio on a weekly basis to the Brand Fund (the "Brand Development Fee"). From time to time, we or our suppliers may deposit into the Brand Fund any rebates or similar allowances paid to us by our suppliers although we have no obligation to do so. Pure Glow Studios operated by us, and our affiliates also will contribute to the Brand Fund on the same basis as comparable franchisees.

We did not collect or expend any Brand Fund income during 2023.

We have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that we believe will enhance and protect the System and Marks and will improve and increase public recognition and perception of the System and Marks. We will direct (or hire a third party to direct) all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement, allocation, and coverage (which may be national, regional, or local). Our in-house marketing department may prepare or work with advertising agencies to prepare the advertising materials for the Brand Fund.

You must participate in all advertising, marketing, social media, promotions, research and public relations programs, and national marketing programs (charitable or otherwise) events instituted by the Franchisor or the Brand Fund. Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: **(a)** creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and promotional materials; **(b)** creative development, preparation, production and placement of video, audio, and written materials and electronic media; **(c)** media placement and buying, including all associated expenses and fees; **(d)** administering regional and multi-regional marketing and advertising programs; **(e)** market research and customer satisfaction surveys, including the use of secret shoppers; **(f)** the development and production of premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; **(g)** creative development of new program offerings for Pure Glow Studios; **(h)** creative development of

signage, posters, and individual Pure Glow Studio décor items including wall graphics; **(i)** recognition and awards events and programs; **(j)** system recognition events, including periodic national and regional conventions and meetings; **(k)** website and/or intranet development and maintenance; **(l)** development, implementation, and maintenance of an electronic commerce Website and reservation system and/or related strategies; **(m)** retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and **(n)** social media platform development and management; and **(o)** public relations and community involvement activities and programs. All advertising and promotional materials developed by the Brand Fund will be made available to you through us or an Approved Supplier. We will not use the Brand Fund for the direct solicitation of franchisees; however, advertising, and promotional materials may state that information regarding owning a Pure Glow Studio is available through our website or telephone number.

We will account for the Brand Fund separately from our other funds; however, we will not be required to segregate any Brand Fund monies from our other monies. We will not use the Brand Fund monies for any of our general operating expenses. We and our affiliates may be reimbursed by the Brand Fund for administrative expenses directly related to the Brand Fund's marketing programs, including without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Brand Fund. We may use the Brand Fund to pay the administrative costs of the Brand Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Brand Fund, and we may use the Brand Fund to pay the reasonable salaries and benefits of personnel (including our personnel and our affiliates' personnel) who manage and administer the Brand Fund. We may use the Brand Fund to pay for other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs.

The Brand Fund will not be our asset. Although the Brand Fund is not a trust, we will hold all Brand Development Fees for the benefit of the System and use contributions only for the purposes described in the Franchise Agreement. We will not have any fiduciary obligation to you for administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Development Fees in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Brand Development Fees to pay for the administrative costs of the Brand Fund before using the Brand Fund's other assets.

We will, upon your request, prepare an annual, unaudited statement of Brand Fund's collections and expenses within 120 days after our fiscal year end, which will be available for your review if requested. We may have the Brand Fund audited annually, at the Brand Fund's expense, by an independent certified public accountant. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate.

We intend to use the Brand Fund to maximize and enhance public, franchisee, and employee recognition of the System and the Marks. Although we may use the Brand Fund, or portions of the monies in the Brand Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all Pure Glow Studios, we cannot and do not ensure that Brand Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Brand Development Fees by Pure Glow Studios operating in that geographic area. We do not guarantee or assure that you, your Pure Glow Studio, or any Pure Glow Studio will benefit directly or in proportion to your Brand Fund contribution from the brand enhancement activities of the Brand Fund or the development of advertising and marketing materials or the placement of advertising and marketing.



We may use collection agents and institute legal proceedings to collect Brand Development Fees at the Brand Fund's expense. We also may forgive, waive, settle, and compromise claims by or against the Brand Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to the Brand Fund.

We may at any time defer or reduce contributions of a franchisee to the Brand Fund and, upon 30 days' prior written notice to you, reduce or suspend Brand Development Fees and operations for one or more periods of any length and terminate (and, if terminated, subsequently reinstate) the Brand Fund. If we terminate the Brand Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Brand Development Fees during the preceding 12-month period.

We do not currently have a franchisee council. We may, in the future, establish a council of franchisees. Once established, any franchisee council will serve only in an advisory capacity and will have no operational or management authority. We may dissolve or change the makeup of a later formed council at any time.

## **Training**

### **Initial Training Program**

Before you open the Pure Glow Studio, you (or an owner of Franchisee if Franchisee is an entity) and your General Manager (the person who is managing the day-to-day operations) of the Pure Glow Studio must successfully complete the Initial Training Program in Boston, Massachusetts. The Initial Franchise Fee includes the fees associated with the Initial Training Program for three (3) people. If we have space available in a regularly scheduled program, you also may bring additional employees to the training program at a cost of \$1,500 per person. We offer the Initial Training Program in Boston, Massachusetts on an as needed basis to each new franchisee. The Initial Training Program must be completed to our satisfaction prior to the opening of your Pure Glow Studio by, at minimum, the principal business owner(s), and a General Manager that you designate (if different than the principal owner). You must pay for all travel, living, and other expenses incurred by you and your employees while attending the training.

If you obtain an operating Pure Glow Studio by transfer from another Pure Glow franchisee, you must complete this Initial Training Program before you begin operating that business as a Pure Glow Studio.

If any individual who is required to receive our certification fails to successfully complete the Initial Training Program and receive our certification, then that individual may repeat the program, or you may send a substitute to complete the next available program. We may charge you a tuition fee for substitute, de-certified or additional employees who attend the Initial Training Program. We also may require that any replacement managerial and training personnel satisfactorily complete our training programs within 90 days of being designated as managerial or training personnel. Replacement managerial and training personnel may: **(1)** attend the next training program offered by us; or **(2)** be trained by your training personnel, however, they must be reviewed by our field personnel and receive our certification prior to managing the Pure Glow Studio or training your staff. In addition, subsequent to the opening of the Pure Glow Studio, if you hire additional managerial or training personnel, that individual must receive our certification prior to managing the Pure Glow Studio or training your staff. We may decertify any previously certified individual if we learn or determine that a person is regarded as no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete a training or re-training program to receive our certification.

Our training will be directed by Lauren Rampello Becotte. Training will be conducted by qualified members of our staff, or third-party trainers designated by us. The minimum training that any instructor will have is 100 hours as well as 1+ year of operating experience.

Lauren Rampello Becotte has more than eight (8) years of operational experience and has been with Pure Glow since 2015.

The full Initial Training Program is mandatory for all franchisees. We will not authorize your Pure Glow Studio to open (or, for transfers, begin operating) until you and an adequate number of your employees, as determined by us in our sole discretion, have attended and successfully completed to our satisfaction our Initial Training Program. If you already operate a Pure Glow Studio and you have attended our Initial Training Program during the past 12 months, we may not require you to attend the Initial Training Program.

### **TRAINING PROGRAM**

The following chart summarizes the subjects taught during the Initial Training Program in the operation of a Pure Glow Studio.

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Intro to Pure Glow Franchise System	1	0	Boston, Massachusetts, or another location we designate
Pre-Opening Procedures	2.5	0	Boston, Massachusetts, or another location we designate
Human Resources	3	0	Boston, Massachusetts, or another location we designate
Daily Procedures	1	2	Boston, Massachusetts, or another location we designate
Services and Retail Sales	1.5	2	Boston, Massachusetts, or another location we designate
Customer Service	2	2	Boston, Massachusetts, or another location we designate
Operations - Reception	3	3	Boston, Massachusetts, or another location we designate
Operations – Airbrush Tanning Service	2	6	Boston, Massachusetts, or another location we designate
Facility Cleaning and Maintenance	1	1	Boston, Massachusetts, or another location we designate
Management	2	3	Boston, Massachusetts, or another location we designate
Marketing	1	1	Boston, Massachusetts, or another location we designate
<b>Total Hours</b>	<b>20</b>	<b>20</b>	

## **NOTES:**

1. The primary instructional materials are the Manual and materials provided by third party suppliers, vendors, and affiliates. Our Manual is currently 300 pages long. The Table of Contents of the Manual is attached as Exhibit D to this Disclosure Document.
2. Our Training Program will take place in Boston, Massachusetts. There currently are no fixed (monthly or bi-monthly) training schedules. Training will be provided on an as-needed basis, depending on the number of franchisees or managers requiring training, the timing of new Studios opening, and similar factors. The Initial Training Program we provided must be completed to our satisfaction by all required persons. We may train multiple franchisees and their managers in any training program. Portions of the Classroom Training may be provided to you via webinar or other online/electronic method that allows us to administer, provide, track, report, and deliver e-learning education courses and training via a software application (and, if applicable, confirm that you have passed any corresponding test in connection with such training).
3. In addition to the online/electronic instruction and classes and the portion of our Initial Training Program that is provided at our training facility as described in the training chart above, we will send a representative to your Pure Glow Studio to assist with the grand opening of your Pure Glow Studio (“Opening Training”). This Opening Training will typically take place at or close to the time you are authorized to open your Pure Glow Studio. The Opening Training will include no less than three (3) days of on-site training for your staff members. We will determine the hours of training for your staff members. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you agree to pay our then applicable charges, including fees for our personnel and their travel and living expenses. Please note, however, that (a) certain of the “On-the-Job” training described in the training chart above may be provided or covered during the training we provide at our designated training facility or corporate offices, and (b) certain portions of on-site assistance may be provided instead by remote instruction.
4. Approved Suppliers and Designated Suppliers may provide additional training to you with respect to the products that they distribute to you for sale at your Pure Glow Studio.

### **Ongoing Training**

We may require you (or your Operating Principal), your General Manager, training personnel, and/or other previously trained and experienced staff members to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate. We may also require you to complete additional training if we believe, in our reasonable discretion, that you require additional training to operate your Pure Glow Studio to our standards. Training courses include periodic conventions, regional meetings, and conferences that we specify. Even if you fail to attend the training, we can charge registration or similar fees for these courses. You must pay all travel and living expenses incurred by you and your employees during all training courses and programs. We may also require you and your staff members to utilize on-line training programs that we make available to you and your staff members including various on-line manuals and portals.

We require that your replacement training personnel satisfactorily complete our training programs within 90 days of being designated as training personnel. Replacement training personnel must complete our training program (which may be web based for replacement personnel) or may: (1) attend the next training program offered by us; or (2) be trained by your training personnel, however, they must be reviewed by our field personnel and receive our certification prior to managing the Pure Glow Studio or training your staff.

### **Advisory Councils.**

We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Pure Glow Studios, advertising conducted by the Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council. We may develop by-laws for any advisory council.

If formed, an advisory council will be comprised of our representatives and franchisee representatives and all franchisees are required to participate in council-related activities and meetings, and to pay any dues assessed for the administration of that program. We will also pay dues for our representatives. If you participate on an advisory council, you will pay any expenses you incur related to your participation, such as travel and living expenses to attend council meetings. We may conduct advisory council meetings by conference call or webinar. We do not anticipate establishing an advisory council until there are 12 to 15 franchisees in the System.

## **ITEM 12 TERRITORY**

If a site has not been designated at the time you sign the Franchise Agreement, you will select the site from within the Site Selection Area that we identify in Exhibit 1 to your Franchise Agreement. During the Site Approval Period you must obtain our approval of the site for the Pure Glow Studio and execute a Lease or purchase agreement for the approved site or, we, at our option, may terminate the Franchise Agreement. We have the right to move or modify the Site Selection Area during the Site Approval Period. The Site Selection Area will be determined on a case-by-case basis considering economic, demographic, and geographic information (such as population density) as well as existing site selection areas and/or Protected Areas given to other franchisees. Provided that you are in full compliance with the Franchise Agreement, we and our Affiliates will not operate, or license others to operate, Pure Glow Studios in the Site Selection Area during the Site Approval Period. If you enter into a Development Agreement whereby you agree to execute franchise agreements in the future, our site selection criteria for such Studios will be our then current criteria, which may be different than the criteria in this Disclosure Document.

Once we have approved the Premises, you will have the right to operate a Pure Glow Studio at the selected and approved location in the Site Selection Area (the “Premises”). If you comply with the Franchise Agreement, we will not, during the term of the Franchise Agreement, operate, or license others to operate, a Pure Glow Studio within an area equal to an approximately twelve-minute travel time from the front door of your Pure Glow Studio (the “Protected Area”). We may use additional criteria to describe your Protected Area, including total population, physical or psychological boundaries and any other criteria appropriate to define the Protected Area. The Protected Area will be identified by a map in Exhibit 1 to the Franchise Agreement. In certain areas of the country, the Protected Area may be stated as metes and bounds, zip codes, or other applicable methods of identifying the Protected Area. Notwithstanding the Protected Area defined above, in certain high-density population areas (“High-Density Areas”), the Protected Area may be materially less. Once established, the Protected Area will not be changed. Once you select a Premises for your Pure Glow Studio, your rights with respect to the Site Selection Area shall terminate and your rights shall be limited to the Protected Area.

You will have no right of first refusal or other rights to acquire additional franchises except in conjunction with your execution of a separate franchise agreement. Once established, as long as you are in compliance with the terms of your Franchise Agreement, we will not open or allow others to open a Pure Glow Studio in your Protected Area. You may solicit and accept orders from customers located outside your Protected Area provided that the services are provided at your Pure Glow Studio in your Protected Area.

Notwithstanding the grant of a Protected Area, we reserve the right to: (1) operate (and license others to operate) any type of business other than a Pure Glow Studio at any location inside or outside the Protected Area; (2) operate (and license others to operate) Pure Glow Studios located anywhere outside the Protected Area regardless of proximity to the Pure Glow Studio; (3) provide, offer and sell (and license others to provide, offer and sell) products that are identical or similar to and/or competitive with those provided at or from Pure Glow Studios, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including, without limitation, department stores, Internet, or similar electronic media) both inside and outside the Protected Area; (4) acquire the assets and/or ownership interests of one or more businesses offering tanning services and/or skincare services, and related retail products (“Competing Businesses”) and franchising, licensing or creating similar arrangements with respect to these businesses once acquired wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Area); (5) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competitor that operates Competing Businesses, or by another business, even if such business operates, franchises, and/or licenses Competing Businesses in the Protected Area; and (6) create, place, and/or distribute or authorize others to create, place and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Protected Area. Your rights in the Protected Area do not limit the operation of Pure Glow Studios that are under construction or in operation in the Protected Area. We reserve all rights in the Site Selection Area that we reserve with respect to the Protected Area. We do not impose any restrictions on you or other franchisees to provide goods or services to customers that reside outside of your Protected Area.

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.

There are no minimum sales quotas or other conditions that must be met to maintain your rights in the Protected Area. We may not modify or terminate your rights in the Protected Area unless you are in default under the Franchise Agreement.

You may not operate your Pure Glow Studio at any location other than the Premises and you may not relocate your Pure Glow Studio without our prior written consent. Our consent may be conditioned upon, among other things: your payment of our reasonable expenses actually incurred in connection with consideration of the relocation request; your payment of agreed minimum Royalties during the period when the Pure Glow Studio is not in operation; the new location meeting our requirements and standards for new locations, our review and approval of the proposed location of the Pure Glow Studio after relocation, and your relocation of the Pure Glow Studio within 6 months after we approve your relocation request.

We and our Affiliates may merchandise and distribute goods and services identified by the Marks through methods or channels of distribution other than outlets similar to your Pure Glow Studio. We have no obligation to compensate you for any such sales in the Protected Area. We do not currently intend to operate or franchise businesses to sell goods or services that are the same or similar to those that you will sell although we reserve the right to do so in the future. We reserve all rights to use and license the System other than those we expressly grant you under the Franchise Agreement.

You may not open your Studio for business until: (1) you have complied with all requirements regarding site selection, leasing of the site and construction of the Studio; (2) we determine that your Studio has been constructed, decorated, furnished, equipped and stocked with materials and supplies in accordance with plans and specifications we have approved; (3) the Initial Training Program we provided has been completed to our satisfaction by all required persons; (4) the Initial Franchise Fee and all other amounts due to us have been paid; (5) you have furnished us with all certificates of insurance required by the

Franchise Agreement; (6) you have obtained all required governmental permits, licenses, and authorizations necessary for the operation of your Studio; and (7) you are in full compliance with all the terms of the Franchise Agreement.

If you are not able to open your Studio within twelve (12) months of the date you sign the Franchise Agreement, we may provide you with an extension of this timeframe or we may terminate your Franchise Agreement.

### **ITEM 13 TRADEMARKS**

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos, and indicia of origin designated by us. Under the License Agreement with Parent, we have the exclusive right to use and permit our franchisees to use the name and mark “Pure Glow” in addition to certain related trademarks, service marks and other commercial symbols (the “Marks”) in the development and support of franchises throughout the United States. These Marks may be used only in the manner we authorize and only for the operation of your Franchised Business. The term of the License Agreement is perpetual in duration; however, Parent has the right to terminate the License Agreement if we commit a default of the License Agreement by not policing the standards under which the Marks are used by our franchisees. A termination of the license agreement by Parent may impact your rights to use the Marks.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

Our Parent owns the following principal Marks which have been registered for registration with the U.S. Patent and Trademark Office (“USPTO”) on the Principal Register:

<b>Mark</b>	<b>Registration Date</b>	<b>Registration Number</b>
Pure Glow	December 10, 2019	5929869

For all principal registrations, all necessary affidavits and/or renewal applications have been filed for all marks.

There are currently no effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of this state, or any court; nor is there any pending infringement, opposition, or cancellation proceedings; nor any pending material litigation involving the principal trademarks which may be relevant to their use in any state.

There are no agreements currently in effect which limit our right to use, or to license others to use the Marks, except for the trademark license agreement between us and our Affiliate dated May 9, 2019. Our Affiliate intends to file all affidavits and other documents required to maintain its interest in and to the Marks.

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of our right to use and to license others to use, or your right

to use, the Marks. We have the sole right to direct and control any administrative proceeding, or litigation, involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We may defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of the Marks, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

There are no infringing uses actually known to us that could materially affect your use of the Marks in any state.

We have the right to substitute different Marks for use in identifying the System and the businesses operating under it, at our sole discretion. If we introduce different Marks for use in identifying the System and the businesses operating under it, you will bear the cost of modifying your signs and advertising materials to conform to our new Marks.

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

We do not own any patents that are material to your Pure Glow Studio or the System. We claim trade secret and copyright protection for our Manual, airbrush formulas and formulations, trade dress, and certain business forms, architectural, engineering and construction plans, advertising materials, product specifications, computer programs, newsletters, training materials and operations and accounting materials. We have not registered those materials with the United States Registrar of Copyrights. You may use these items only in the way we specify and only while operating your Pure Glow Studio.

The Manual and these other materials contain the System Standards, which include mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Pure Glow Studio and information on your other obligations under the Franchise Agreement. Our Manual and other materials also contain Confidential Information (as defined below) including the instructions, methods, and techniques used in the management of Pure Glow Studios including equipment standards, marketing and promotion, daily operations, personnel, and financial management. We may modify the Manual periodically to reflect changes in System Standards. The contents of the Manual are confidential, and you may not disclose the Manual to any person other than employees of the Pure Glow Studio who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual.

We possess certain confidential information, some of which constitutes trade secrets under applicable law relating to the development and operation of Pure Glow Studios. Confidential Information includes, among other things: site selection criteria; service techniques, skincare formulas, marketing techniques, management and operation systems and other products, systems, services; training and operations materials

and manuals; and marketing and advertising programs. You do not acquire any interest in the Confidential Information, other than the right to use the Confidential Information as we specify in operating the Pure Glow Studio during the term of the Franchise Agreement. The Confidential Information is proprietary to us. You cannot use the Confidential Information in any unauthorized manner or disclose it to any third person, except as we permit. If we permit you to disclose any Confidential Information to a third party, we can require that the third party sign a confidentiality and nondisclosure agreement, in the form we specify.

We have the right to require you to stop using any patents, copyrights, or other Confidential Information that we may provide to you. If we notify you of our decision to require you and other franchisees to stop using such patents, copyrights, or Confidential Information, you must immediately cease use of such things and information. You will not be entitled to compensation under the Franchise Agreement if we require you to modify or discontinue using the subject matter covered by any patent or copyright utilized in the operation of your Pure Glow Studio. You will bear the cost of modifying your Studio to conform to these requirements if requested by us.

There are currently no effective material determinations of the USPTO, United States Copyright Office, or any court; nor is there any pending infringement, opposition, or cancellation proceedings; nor any pending material litigation involving any patents or trademarks which may be relevant to their use in any state.

There are no agreements currently in effect which limit our right to use, the Manuals, trade secrets, or other intellectual property rights. We are not aware of any patent or copyright infringement that could materially affect your right to utilize the Manuals.

You must promptly notify us of any suspected unauthorized use of any patents, copyrights, or trade secrets, any challenge to the validity of any patents, copyrights, or trade secrets, or any challenge to our ownership of our right to use and to license others to use, or your right to use, any patents, copyrights, or trade secrets that we have licensed to you. We have the sole right to direct and control any administrative proceeding, or litigation, involving patents, copyrights, or trade secrets, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of any patents, copyrights, or trade secrets that we claim ownership of. We may defend you against any third-party claim, suit, or demand arising out of your use of any patents, copyrights, or trade secrets that we have licensed to you. If we, in our sole discretion, determine that you have used the patents, copyrights, or trade secrets, in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the patents, copyrights, or trade secrets, in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of patents, copyrights or trade secrets that we have licensed to you, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the patents, copyrights, or trade secrets, in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

No patents or pending patent applications are material to the franchise.

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

If you are an entity, you will appoint one of your owners (the "Operating Principal") to be our principal point of contact. The Operating Principal will be the person with whom we will communicate on all major policy, financial, management, and operational matters, and the only person that we will recognize as



having authority to communicate for and on your behalf. We require you (or the Operating Principal if you are an entity) to personally participate and assist in managing the day-to-day operations. You may not change the Operating Principal without our prior written consent. You (or the Operating Principal if you are an entity) will be required to complete the Initial Training Program to our satisfaction (prior to undertaking any management responsibilities).

During the first year of your Franchise Agreement, the Operating Principal must serve as the Studio General Manager. After you have been in operation for one year, you may appoint another individual that has completed our Initial Training Program and otherwise meets our standards to be your General Manager.

The Operating Principal must make sure that your Studio is being operated in compliance with our System Standards, the Manual, and your Franchise Agreement at all times. We may waive this requirement if you are executing a Franchise Agreement in connection with your second or subsequent Studios and you and your existing General Manager have demonstrated the ability to manage multiple Studios.

You and any subsequent General Manager must satisfy the educational and business criteria provided in the Manual or other written instructions, must be individually acceptable to us, and must be approved by us to function as General Manager. If a General Manager cannot serve in the position or is not accepted by us, that General Manager must be replaced within 30 days. We impose no limitations as to who you may hire as the General Manager, except that you must comply with all applicable laws and that you must not harm the goodwill associated with the System and the Marks (this requirement may affect who you hire as your General Manager). We do not require that your General Manager have an ownership interest in you, which will be at your discretion. You must maintain a competent, conscientious, and trained staff to adequately and efficiently provide services to your customers.

Your General Manager and other key employees may be required to sign an agreement not to reveal confidential information obtained while employed by you after such employment ends, and not to compete or solicit customers or employees for a Competitive Business while employed by you and for a period of time after their employment ends. Our form of Confidentiality and Non-Solicitation Agreement is attached to the Franchise Agreement as Exhibit G. We will be a third-party beneficiary of each agreement with the independent right to enforce each agreement's terms. You must provide us with a copy of each signed Confidentiality and Non-Solicitation Agreement.

You must operate the Franchised Business in strict conformity with all applicable federal, state, and local laws, ordinances, and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction and may be implemented or interpreted in a different manner. You must learn of the existence and requirements of all laws, ordinances, and regulations applicable to the Franchised Business and to adhere to them and to the then-current implementation or interpretation of them.

Under a Development Agreement, you must designate and retain an individual throughout the term of the Development Agreement to act on behalf of you in all transactions concerning your obligations under the Development Agreement (the "Representative"). If you are an individual, you must perform all obligations of the Representative. The Representative must use reasonable efforts to do the following, during the entire period he serves in that capacity: (1) maintain a direct or indirect ownership interest in the Franchised Business; (2) devote substantial time and reasonable efforts to the supervision and conduct of the Franchised Business and execute the Development Agreement as one of the Principals; and (3) meet our standards and criteria for a Representative as set forth in the Manuals or otherwise in writing by us. If the Representative or any designee is not able to continue to serve in the capacity of Representative or no longer qualifies, you must promptly notify us and designate a replacement.

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

You must use the Studio solely for the operation of a Pure Glow Studio. You must keep your Studio open and in normal operation for the minimum hours and days we specify, subject to applicable law or the terms of your lease. You must not use or permit the use of the Studio for any other purpose, or activity at any time, without first obtaining our written consent. You must operate the Studio in strict conformity with the methods, standards, and specifications we may require in the Manual or in writing. You must not change the standards, specifications, and procedures without our prior written consent.

You must offer for sale all products, materials, and services approved by us and only those products and services approved by us, as they periodically exist. All products and services approved by us must be offered for sale on a continuous basis at your Studio at the time and in the manner required by us. No sale of any product, material, or service except those products, materials, and services approved by us may be solicited, accepted, or made at or from your Studio. If requested by us on at least 30 days’ notice as part of a general program or standardization effort by us, the marketing of a product, material, or service must be discontinued. We have the right to change the types of authorized goods and services and there are no limits on our right to make changes. You must comply with all of our reasonable requirements in that regard, including offering and selling new or different products or services as specified by us.

To the extent permitted by applicable law, we may periodically establish maximum and/or minimum prices for services and products that your Studio offers, including, without limitation, prices for promotions in which all or certain Pure Glow Studios participate.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12. You may not directly solicit customers outside of your Protected Area.

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

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
a. Length of the franchise term	FA: Section 4(A) DA: Section 1	FA: Ten (10) years DA: the last Development Deadline specified in Section 1 of DA
b. Renewal or extension of the term	FA: Section 4(B) DA: Section 6	FA: Two (2) renewal terms of five (5) years each, subject to performance of contractual requirements  DA: You may extend the term by paying an extension fee of \$2,500 per month
c. Requirements for franchisee to renew or	FA: Section 4(B) DA: Section 6 (See	FA: When this Agreement (and the first Successor Term) expires, you will have the option to request

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
extend	Note in b. above)	<p>the right to remain a franchisee at the Premises for two (2) successor terms of five (5) years each (each a "Successor Term").</p> <p>You may extend your rights under the Franchise Agreement after the expiration of the Initial Term of the Franchise Agreement if you:</p> <ul style="list-style-type: none"> <li>● You must give us written notice of your election to remain a franchisee at the Pure Glow Studio not less than 9 months, nor more than 12 months, before the end of the Initial Term or first Successor Term.</li> <li>● You must pay us a Successor Franchise Fee equal to 25% of our then current initial franchise fee (the "Successor Franchise Fee").</li> <li>● Neither you nor any of your Affiliates are in default under this Agreement or any other agreements with us or our Affiliates.</li> <li>● You must have the right to remain in possession of the Premises (or another location acceptable to us) for the Successor Term.</li> <li>● You must renovate and update your Pure Glow Studio to reflect the then-current image of Pure Glow Studios.</li> <li>● You must correct any existing deficiencies of your Pure Glow Studio or in your operation of your Pure Glow Studio and satisfy our then-current System Standards including adding any new products or services that are then being offered in the System, meet our qualifications for new franchisees, and complete any additional certification and training requirements that apply to you, your Operating Principal, your General Manager, managerial and training personnel, and/or your staff (which may involve the payment of training fees);</li> <li>● You must sign, and your owners and all guarantors of your obligations under this Agreement must personally guarantee, our standard form of Franchise Agreement that we</li> </ul>

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		<p>are then offering to new franchisees (or the standard form that we most recently offered, if we are not then offering to new franchisees); and</p> <ul style="list-style-type: none"> <li>You, and your owners and guarantors of your obligations under this Agreement must sign a general release (substantially similar to the form attached hereto as Exhibit F to the FDD) releasing any and all claims against us, and our Affiliates, owners, officers, directors, agents, and employees.</li> </ul> <p>Upon renewal, the Franchise Agreement to be signed may have materially different terms and conditions from the original Franchise Agreement.</p> <p>DA: You may extend the term by paying an extension fee of \$2,500 per month</p>
d. Termination by franchisee	FA: Not Applicable DA: Not Applicable	FA: You may seek to terminate your Franchise Agreement on any ground permitted by law
e. Termination by franchisor without cause	FA: Not Applicable DA: Not Applicable	FA: While we cannot terminate without cause, the definition of cause includes the default or termination of another agreement between you or your affiliate and us or our affiliate.
f. Termination by franchisor with cause	FA: Sections 19(A), 19(B) DA: Section 5	<p>FA: The definition of cause includes the default or termination of a franchise agreement or another agreement between you or your affiliate and us or our affiliate.</p> <p>DA:</p> <ul style="list-style-type: none"> <li>the Insolvency of Franchisee.</li> <li>the default by Franchisee (or any of his Affiliates) of any of his (or their) obligations under, or related to, this Agreement, any franchise agreement or any other agreement with Franchisor or its Affiliates; and</li> </ul> <p>the date on which any franchise agreement previously signed by Franchisee (or any of his Affiliates) and Franchisor, or any other agreement between Franchisee (or any of his Affiliates) and Franchisor (or any of its Affiliates), is terminated.</p>

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
g. “Cause” defined – curable defaults	FA: Section 19(B)(1) DA: Section 5	<p>FA:</p> <ul style="list-style-type: none"> <li>● if you default in the payment of any monies owed to us or our Affiliates when such monies become due and payable and you fail to pay such monies within 5 days after receiving written notice of default or immediately if payment has not been made within 30 days of its due date, then this Agreement will terminate effective immediately upon expiration of that time, unless we notify you otherwise in writing.</li> <li>● Except for those items listed in Section 19(A) or 19(B)(2) of the Franchise Agreement, you will have 30 days after written receipt of notice of default from us within which to remedy any default and provide evidence of that remedy to us. If any default is not cured within that time, this Agreement will terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, you will have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that you promptly begin taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursue those actions to completion. You will be in default under Section 19(B)(1) for any failure to materially comply with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.</li> <li>● The default or termination of another agreement between you or your affiliate and us or our affiliate.</li> </ul> <p>DA:</p> <ul style="list-style-type: none"> <li>● the date of the last Development Deadline specified in Section 1 of this Agreement.</li> <li>● the Insolvency of Franchisee.</li> </ul>

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		<ul style="list-style-type: none"> <li>● the default by Franchisee (or any of his Affiliates) of any of his (or their) obligations under, or related to, this Agreement, any franchise agreement or any other agreement with Franchisor or its Affiliates; and</li> <li>● the date on which any franchise agreement previously signed by Franchisee (or any of his Affiliates) and Franchisor, or any other agreement between Franchisee (or any of his Affiliates) and Franchisor (or any of its Affiliates), is terminated.</li> </ul>
<p>h. “Cause” defined – non-curable defaults</p>	<p>FA: Section 19(A) DA: Section 5</p>	<p>FA:</p> <ul style="list-style-type: none"> <li>● You: (i) do not locate, and sign a Lease or acquisition document for, a site approved by us for the Premises; or (ii) comply with the terms of Section 5; within 12 months of the Effective Date of this Agreement.</li> <li>● you do not open your Pure Glow Studio within the time period prescribed in Section 6(E);</li> <li>● you abandon or fail actively to operate your Pure Glow Studio for a period of three (3) or more consecutive days, unless you close your Pure Glow Studio for a purpose we approve in writing or because of Force Majeure, as defined in Section 25(C).</li> <li>● you become insolvent; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Pure Glow Studio is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Pure Glow Studio is not vacated within 30 days following the order’s entry;</li> <li>● there is a material default by you of any</li> </ul>

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		<p>covenant or obligation set forth in Section 18.</p> <ul style="list-style-type: none"> <li>● any Transfer that requires our prior written consent occurs without your having obtained that prior written consent.</li> <li>● we discover that you made a material misrepresentation or omitted a material fact in the information that you provided to us in connection with our decision to grant a Franchise to you.</li> <li>● you knowingly falsify any report required to be furnished to us; make any material misrepresentation in your dealings with us; or fail to disclose any material facts to us.</li> <li>● if an incident occurs at your Pure Glow Studio that involves one of your employees and we discover that you did not conduct adequate due diligence and criminal background checks on that employee.</li> <li>● we make a reasonable determination that continued operation of your Pure Glow Studio by you will result in an imminent danger to public health or safety.</li> <li>● you lose the right to occupy the Premises.</li> <li>● you, the Operating Principal, your General Manager, or any of your owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect us, our Affiliates, the goodwill associated with the Marks, or the System;</li> <li>● you, or your Operating Principal, your General Manager do not satisfactorily complete the Initial Training Program.</li> <li>● your or any of your owners’ assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any</li> </ul>

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		<p>such law, ordinance, or regulation; you or your owners: (a) remain in default beyond the applicable cure period under, or we terminate, any other agreement with us or our Affiliates (provided that, if the default is not by you, we will provide to you written notice of the default and a 30-day period to cure the default); (b) remain in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to your Pure Glow Studio; (c) remain in default beyond the applicable cure period under any contract with any vendor or supplier to your Pure Glow Studio; or (d) fail to pay when due any taxes or assessments relating to your Pure Glow Studio or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization;</p> <ul style="list-style-type: none"> <li>● you interfere with our relations with other franchisees or third parties and/or negatively impact our ability to operate and/or grant franchises under our System.</li> <li>● you materially default any representation or warranty set forth in Section 30;</li> <li>● You fail to maintain all insurance policies required by Section 12(I) of this Agreement and/or you allow or communicate your intent to allow any policy of insurance required by this Agreement to expire, lapse, cancel or terminate; or</li> <li>● If you have received two (2) or more notices of default within the previous 12-month period, we may send you a notice of termination upon your next default within that 12-month period without providing you an opportunity to cure the default.</li> <li>● The default or termination of another agreement between you or your affiliate and us or our</li> </ul>



Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		<p>affiliate.</p> <p>DA:</p> <ul style="list-style-type: none"> <li>• the Insolvency of Franchisee.</li> <li>• the default by Franchisee (or any of his Affiliates) of any of his (or their) obligations under, or related to, this Agreement, any franchise agreement or any other agreement with Franchisor or its Affiliates; and</li> <li>• the date on which any franchise agreement previously signed by Franchisee (or any of his Affiliates) and Franchisor, or any other agreement between Franchisee (or any of his Affiliates) and Franchisor (or any of its Affiliates), is terminated.</li> </ul>
<p>i. Franchisee’s obligations on termination/non-renewal</p>	<p>FA: Section 20(A) DA: Section 9</p>	<p>FA:</p> <ul style="list-style-type: none"> <li>• Upon termination or expiration of this Agreement:</li> <li>• The rights granted to you in the Protected Area will immediately terminate, and we will have the right to operate, or license others to operate, Pure Glow Studios anywhere in the Protected Area.</li> <li>• You and your owners must continue to abide by the covenants in Section 18.</li> <li>• Within 15 days, or on any later date that we determine the amounts due to us, you must pay to us, and our Affiliates all sums due and owing to us and our Affiliates.</li> <li>• You must immediately discontinue all use of the Marks in connection with your Pure Glow Studio and of any and all items bearing the Marks; remove the Marks from your Pure Glow Studio and from clothing, signs, materials, motor vehicles and other items owned or used by you in the operation of your Pure Glow Studio; cancel all advertising for your Pure Glow Studio that contains the Marks; and take such action as may be necessary to cancel any filings or registrations</li> </ul>

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		<p>for your Pure Glow Studio that contain any Marks.</p> <ul style="list-style-type: none"> <li>● You must immediately cease using any of our Confidential Information (including the Studio Systems or similar technology and digital passwords and identifications that we have licensed or loaned to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the Studio Systems, your client list, your telephone numbers, your email addresses, your social media pages, all copies of the Manual, and any other confidential materials that we have loaned you;</li> <li>● Within 30 days, you must deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark, or otherwise identifying or relating to a Pure Glow Studio that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove these items from Pure Glow Studio;</li> <li>● You agree to promptly notify social media platforms, and internet service providers of the termination or expiration of your right to use any URLs and domain names, or other numbers or names associated with any Mark; to authorize the transfer of these listings to us or to a third party, at our direction; and/or to instruct the domain name registries and internet service providers to forward all calls, e-mails and electronic communications made to names, numbers or addresses we specify; and</li> <li>● If we do not have or do not exercise an option to purchase the Assets of the Pure Glow Studio under Section 21 below, you agree promptly and at your own expense to make the alterations we specify in the Manual (or otherwise) to distinguish your Pure Glow Studio clearly from its former appearance and from other Pure Glow Studios in order to</li> </ul>

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		prevent public confusion. If you fail to promptly make these alterations and modifications, we will have the right (at your expense, to be paid upon your receipt of an invoice from us) to do so without being guilty of trespass or another tort.
j. Assignment of contract by franchisor	FA: Section 15 DA: Section 10.5	<p>FA: We have the absolute, unrestricted right, exercisable at any time, to change our ownership or form and/or transfer and assign all or any part of our rights and obligations under this Agreement to any person or legal entity without your consent. After our transfer or assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.</p> <p>DA: Franchisor may assign its rights under this Agreement, or delegate any of its obligations hereunder, without the consent of Franchisee or any other person.</p>
k. “Transfer” by franchisee – defined	FA: Section 16 DA: Section 10.4	<p>FA: The sale, assignment, transfer, conveyance, gift, pledge, mortgage, or encumbrance of any interest in you, the Franchise Agreement, the Franchise, your Pure Glow Studio, the Assets of your Pure Glow Studio, the Premises, the Lease, or any other assets pertaining to your operations under the Franchise Agreement.</p> <p>DA: Franchisee may not assign or otherwise transfer, by operation of law or otherwise, his rights under this Agreement without the prior written consent of Franchisor, which consent may be withheld by Franchisor in its sole discretion.</p>
l. Franchisor approval of transfer by Franchisee	FA: Section 16(B) DA: Section 10.5	<p>FA: We have the right to approve transfers.</p> <p>DA: Franchisor may assign its rights under this Agreement, or delegate any of its obligations hereunder, without the consent of Franchisee or any other person.</p>
m. Conditions for franchisor approval of transfer	FA: Section 16(B) DA: Section 10.4	<p>FA:</p> <ul style="list-style-type: none"> <li>● You must advise us in writing of any proposed Transfer, submit (or cause the proposed</li> </ul>

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		<p>transferee to submit) a franchise application for the proposed transferee, submit a copy of all contracts and all other agreements or proposals, and submit all other information requested by us, relating to the proposed Transfer.</p> <ul style="list-style-type: none"> <li>● you must pay to us a transfer fee equal to (i) 2/3 of our then current initial franchise fee if you are transferring the Studio to a third party that is not a current Pure Glow franchisee; (ii) 1/3 of our then current initial franchise fee if the transfer is to an existing Pure Glow franchisee; or (iii) \$1,500 if the Transfer is a transfer of ownership interests between existing members of Franchisee.</li> <li>● the proposed transferee meets our then-current standards for new franchisees and has sufficient business experience, aptitude, and financial resources to operate your Pure Glow Studio.</li> <li>● you have paid all amounts owed to us, our Affiliates, and third-party vendors and suppliers, have submitted all required reports and statements, and are not in default of this Agreement.</li> <li>● neither the proposed transferee nor its owners or affiliates have an ownership interest (direct or indirect) in or perform services for a Competing Business (which are defined as businesses that provide tanning services and/or skincare services, and related retail products).</li> <li>● the proposed transferee (or its Operating Principal) satisfactorily completes our Initial Training Program (and any other required training programs we require) and pays any then-current training fees.</li> <li>● the proposed transferee has demonstrated an ability to obtain possessory rights in the Premises.</li> <li>● you have corrected any existing deficiencies of your Pure Glow Studio of which we have notified you, and/or the proposed transferee</li> </ul>

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		<p>agrees to upgrade, remodel, and refurbish your Pure Glow Studio in accordance with our then current requirements and specifications for Pure Glow Studios within the time period we specify following the effective date of the Transfer (we will advise the proposed transferee before the effective date of the Transfer of the specific actions that are required and the time period within which such actions must be taken);</p> <ul style="list-style-type: none"> <li>● if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee’s obligations under promissory notes, agreements, or security interests reserved in your Pure Glow Studio are subordinate to the transferee’s obligation to pay Royalties, Brand Development Fees, and other amounts due to us, our Affiliates, and third-party suppliers and vendors and otherwise to comply with this Agreement; and</li> <li>● you (and your transferring owners) must sign a general release, in a form satisfactory to us, of any and all claims against us and our Affiliates, officers, directors, employees, and agents.</li> <li>● you modify and/or upgrade certain fixtures, equipment, features, and computer hardware or software to our then current standards prior to the closing of the proposed Transfer.</li> <li>● If we approve a proposed Transfer, prior to the Transfer becoming effective:</li> <li>● you or the proposed transferee must pay us the balance of the nonrefundable Transfer Fee, to reimburse us for reasonable expenses associated with reviewing the Transfer. The Transfer Fee will be waived if the proposed transferee: (1) is an Entity formed by you for the convenience of ownership as set forth in Section 16(C).; or (2) has obtained your Pure Glow Studio as a result of your death or permanent incapacity as provided in Section 16(D).</li> <li>● if the franchise candidate for the Transfer comes through the investigation process with a</li> </ul>

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		<p>franchise sales broker that we have retained, then the transferee must pay our then-current Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker’s commission.</p> <ul style="list-style-type: none"> <li>● you and the proposed transferee must sign, at our election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by us to reflect the Transfer or our then-current standard form of franchise agreement for a term ending on the expiration date of the Initial Term of this Agreement. In either event, if the proposed transferee is an Entity, the transferee must complete <b>Exhibit 4</b> as required by Section 14(B). and all individuals who hold or will hold an ownership interest in Franchisee of more than 20% must sign the guaranty attached as Exhibit 5.</li> <li>● the proposed transferee must sign our then-current license agreements or service agreements related to the Studio Systems; and</li> <li>● you (and all of your owners) must, at our request, sign a written guaranty pursuant to which you will remain liable for all obligations to us incurred before the date of the Transfer.</li> </ul> <p>DA: Franchisee may not assign or otherwise transfer, by operation of law or otherwise, his rights under this Agreement without the prior written consent of Franchisor, which consent may be withheld by Franchisor in its sole discretion.</p>
n. Franchisor’s right of first refusal to acquire Franchisee’s business	FA: Section 16(G) DA: Not Applicable	FA: We have the right, exercisable within 10 days after receipt of the notice specified in Section 16(B)(1) to send written notice to you that we intend to purchase the interest proposed to be transferred.
o. Franchisor’s option to purchase franchisee’s business	FA: Section 21 DA: Not Applicable	FA: Upon expiration or termination, we can buy all or a portion of the assets of your Franchised Business
p. Death or disability of franchisee	FA: Section 16(D) DA: Section 10.4	FA: Franchise must be assigned to an approved transferee within 90 days.

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
		DA: Franchisee may not assign or otherwise transfer, by operation of law or otherwise, his rights under this Agreement without the prior written consent of Franchisor, which consent may be withheld by Franchisor in its sole discretion.
q. Non-competition and non-solicitation covenants during the term of the Franchise Agreement	FA: Section 18 DA: Section 9	FA: Includes prohibition on owning or operating a business which sells the same or substantially similar products and services at or from the location of your Pure Glow Spa and/or in a defined geographic area surrounding it. DA:
r. Non-competition and non-solicitation covenants after the franchise is terminated or expires	FA: Section 18 DA: Section 9	Includes prohibition on owning or operating a business which sells the same or substantially similar products and services at or from the location of your Pure Glow Spa and/or in a defined geographic area surrounding it for a specified period of time
s. Modification of the agreement	FA: Section 26 DA: Section 10.7	FA: The Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Manual as amended.  DA: no amendment, modification or waiver of any condition, provision or term of this Agreement will be valid or of any effect unless made in writing, signed by the parties, and specifying with particularity the nature and extent of the amendment, modification, or waiver.
t. Integration/merger clause	FA: Section 24 DA: Section 10.8	FA: Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable federal and/or state law). No other representations or promises will be binding. Any representation or promises outside of this Franchise Disclosure Document and other agreements may not be enforceable. Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.  DA: This Agreement, including the exhibits, contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect to that subject matter.
u. Dispute resolution by	FA: Section 27	FA: Before you or we may bring an action in

Provision	Section in Franchise Agreement (“FA”)/ Development Agreement (“DA”)	Summary
arbitration or mediation	DA: Section 10.11	<p>court against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes.</p> <p>DA: Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes.</p>
v. Choice of forum	FA: Section 27(C) DA: Section 10.11.3	<p>FA: the federal or state court having jurisdiction where our principal offices are located at the time suit is filed (subject to applicable state law).</p> <p>DA: federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your Pure Glow Studio is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.</p>
w. Choice of law	FA: Section 27(B) DA: Section 10.11.2	<p>FA: Massachusetts (subject to applicable state law).</p> <p>DA: the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of Massachusetts, without regard to its conflict of laws rules.</p>

**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.



**HISTORICAL REVENUE AND EXPENSES AT TWO (2) COMPANY OWNED  
PURE GLOW STUDIOS FOR FISCAL YEAR 2023**

	Wellesley	% of Gross Revenue	Back Bay	% of Gross Revenue
<b>REVENUE</b>				
Retail Product Sales	\$8,374.02	5.93%	\$24,124.29	3.61%
Services Sales	\$132,886.30	94.07%	\$642,637.68	96.38%
<b>Total Revenue</b>	<b>\$141,260.32</b>	<b>100.00%</b>	<b>\$666,761.97</b>	<b>100.00%</b>
<b>EXPENSES</b>				
Cost Of Goods Sold- Retail	\$3,038.22	2.15%	\$12,152.85	1.82%
Cost Of Goods Sold- Services	\$7,693.48	5.45%	\$34,272.08	5.14%
<b>Total Cost of Goods Sold</b>	<b>\$10,731.70</b>	<b>7.60%</b>	<b>\$46,424.93</b>	<b>6.96%</b>
<b>GROSS PROFIT</b>	<b>\$130,528.62</b>		<b>\$620,337.04</b>	
<b>Operating Expenses</b>				
Personnel Costs	74,514.36	52.75%	\$174,031.87	26.10%
Marketing Costs	\$17,481.07	12.38%	\$16,671.56	2.50%
Facility Costs	\$45,358.92	32.11%	\$70,907.86	10.63%
G&A	\$15,433.19	10.93%	\$44,402.31	6.66%
Royalty and Brand Fund (Imputed)	\$11,300.83	8%	\$53,340.96	8%
<b>Total Operating Expenses</b>	<b>\$164,088.29</b>	<b>68.50%</b>	<b>\$359,354.56</b>	<b>53.89%</b>
<b>NET INCOME (with Franchise Costs)</b>	<b>\$(33,559.75)</b>	<b>-23.76%</b>	<b>\$260,982.48</b>	<b>39.14%</b>
<b>Total Tanning Rooms</b>	2		3	
<b>Total Square Footage</b>	710		470	

- (1) In 2023, the two Studios were owned and operated by Parent. The table reflects historical gross revenues and expenses for these two Studios as reflected on our Parent's 2023 tax return. These are the only Studios that are open as of the date of this Disclosure Document.
- (2) The Back Bay location opened in October of 2015 and the Wellesley location opened in July of 2020.
- (3) The financial performance representation above reflects historical Revenue and Expenses for two (2) Pure Glow Studios for fiscal year 2023 (1/1/2023-12/31/2023).
- (4) Total Revenue is the sum of Retail Product Sales and Services Sales.

- (5) Percentage of Revenue reflects the percentage of Total Revenue that the particular item of revenue or expenses reflects.
- (6) Cost of Goods Sold is the cost of products paid to a distributor, manufacturer, or retailer.
- (7) Gross Profit is Total Revenue minus Total Cost of Goods Sold.
- (8) The included Operating Expenses are personnel (labor) costs, marketing (advertising) costs, facility (rent and related expenses) costs, general and administrative expenses, and imputed royalty and brand fund fees. Royalties and Brand Fund Fees are imputed in the financial performance representation because these company owned studios do not pay those fees to us.
- (9) Personnel Costs consist of hourly wages for employees and studio manager, payroll taxes, bonuses, and overtime, if applicable. Distributions to the Founder, who estimates that she spent less than five percent (5%) of her time performing functions on behalf of the Studios, are not included in Personnel Costs.
- (10) Facility Costs consist of rent, studio maintenance expenses, utilities, cleaning fees, and minor repairs performed at the Studios.
- (11) General and Administrative expenses (“G&A”) consists of office expenses, office supplies, professional fees, recruiting, insurance, payroll processing, technology fees, merchant services, and travel related expenses.
- (12) The included Studios do not pay royalties or brand fund fees. We have imputed the Royalties and Brand Fund Fees that these Studios would have paid to us if they were obligated to pay such fees to us.
- (13) Net Income is calculated by subtracting Total COGS and Total Operating Expenses from Total Revenue.
- (14) The two Pure Glow Studios in this financial performance representation are not identical. The square footage and number of tanning rooms are identified for each Studio in the chart.
- (15) The square footage for the two reflected Pure Glow Studios are 710 and 470 square feet, respectively. The square footage for the prototypical Pure Glow Studio offered by this Disclosure Document will range 800 and 1,200 square feet.
- (16) This financial performance representation is based upon financial reports maintained by our Parent. All figures used in preparing this financial performance representation are on file and in our records. Written substantiation of the financial performance representation included in this Item 19 is available upon reasonable request.
- (17) The Pure Glow Studios included in this financial performance representation are the only Pure Glow Studios in operation at the time that this financial performance representation is made.
- (18) **Some Pure Glow Studio have earned the above results. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such

representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to Franchisor's management by contacting Lauren Rampello Becotte at 176 Newbury Street, 2nd Floor, Boston, Massachusetts 02116 and (617) 207-7765, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For years 2021-2023**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	2	2	0
	2022	2	2	0
	2023	2	2	0
Total Outlets	2021	2	2	0
	2022	2	2	0
	2023	2	2	0

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2021-2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
All States	2021	0
	2022	0
	2023	0
<b>Total</b>	2021	0
	2022	0
	2023	0

**Table No. 3**  
**Status of Franchised Outlets**  
**For years 2021-2023**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminations	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
All States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
<b>Total</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

**Table No. 4**  
**Status of Company-Owned and Affiliate-Owned Outlets**  
**For years 2021-2023**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
MA	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
<b>Total</b>	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2

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

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	1	1	0
Massachusetts	1	1	1
Michigan	1	1	0
Texas	1	1	0
<b>Total</b>	<b>4</b>	<b>4</b>	<b>1</b>

A list of the names of all franchisees and the addresses and telephone numbers of their Studios are provided in Exhibit C to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a Studio terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit C to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Pure Glow System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Pure Glow System.

### **ITEM 21 FINANCIAL STATEMENTS**

We have not been in business for three years or more and cannot include all financial statements generally required by this Item 21. Attached to this Disclosure Document as Exhibit E are: (i) an audited financial statement dated August 15, 2023 for the period beginning June 13, 2023 (inception) and ending June 30, 2023 and (ii) an audited financial statements for the period beginning June 13, 2023 (inception) and ending December 31, 2023.

Our fiscal year end is December 31<sup>st</sup>.

### **ITEM 22 CONTRACTS**

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

- Exhibits
- B. Franchise Agreement
- F. General Release

- G. Confidentiality Agreement
- H. Addenda Required by Certain States and Small Business Administration
- I. Franchisor Compliance Questionnaire
- J. Development Agreement

**ITEM 23**  
**RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

**PGFC LLC**, a Massachusetts Corporation  
176 Newbury Street, 2nd Floor  
Boston, Massachusetts 02116  
Telephone:(617)207-7765  
Sean Bock, Chief Development Officer  
Email: franchise@pureglow.com

**Exhibit A**  
**Directory of State Agencies, Administrators,**  
**and Agents for Service of Process**

**DIRECTORY OF FRANCHISE REGULATORS, STATE ADMINISTRATORS,**  
**AND AGENTS FOR SERVICE OF PROCESS**

Federal Franchise Regulators:  
Federal Trade Commission  
Division of Marketing Practices  
Seventh and Pennsylvania Avenues, N.W., Room 238  
Washington, DC 20580  
202-326-2970

**List of State Administrators**

**CALIFORNIA:**

Department of Financial Protection and  
Innovation  
1-866-275-2677

**Los Angeles**

320 West 4th Street, Suite 750  
Los Angeles, CA 90013-2344  
(213) 576-7500

**Sacramento**

2101 Arena Blvd.  
Sacramento, CA 95834  
(916) 445-7205

**San Diego**

1350 Front Street, Room 2034  
San Diego, CA 92101-3697  
(619) 525-4233

**San Francisco**

One Sansome Street, Suite 600  
San Francisco, CA 94104  
(415) 972-8559

**HAWAII:**

Commissioner of Securities  
Department of Commerce and  
Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

**ILLINOIS:**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

**INDIANA:**

Securities Commissioner  
Securities Division, Room E-111  
302 West Washington Street  
Indianapolis, IN 46204  
(317) 232-6681

**MARYLAND:**

Office of the Attorney General, Division  
of Securities  
200 St. Paul Place  
Baltimore, MD 21202-2020  
(410) 576-6360

**MICHIGAN:**

Kathryn Barron  
Franchise Administrator Antitrust  
and Franchise Unit  
Consumer Protection Division  
Department of Attorney General  
670 Law Building  
525 W. Ottawa Street  
Lansing, MI 48913  
(517) 373-7117

**MINNESOTA:**

Commissioner  
Department of Commerce  
85 7th Place East, Suite #280  
St. Paul, MN 55101  
(651) 539-1600

**NEW YORK:**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Fl  
New York, NY 10005  
212-416-8222

**NORTH DAKOTA:**

North Dakota Securities Department  
State Capitol, 5th Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510  
(701) 328-2910

**OREGON:**

Div. of Finance & Corp. Securities  
(608) 266-8557  
Department of Consumer & Business  
Services, Room 410  
350 Winter Street, NE  
Salem, OR 97301-3881

(503) 378-4140

**RHODE ISLAND:**

Department of Business Regulation  
Securities Division  
Bldg. 69, First Floor  
John O. Pasture Center  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9585

**SOUTH DAKOTA:**

Franchise Administrator  
Division of Insurance  
Securities Regulation  
124 South Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-3563

**VIRGINIA:**

State Corporation Commission  
Division of Securities &  
Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, VA 23219  
(804) 371-9051

**WASHINGTON:**

Securities Division  
Department of Financial Institutions  
150 Israel Road, SW  
Tumwater, WA 98501  
(360) 902-8760

**WISCONSIN:**

Division of Securities  
Bureau of Regulation & Enforcement  
Department of Financial Institutions, 4<sup>th</sup>  
Floor  
345 W. Washington Avenue  
Madison, WI 53703

## List of Agents for Service of Process

### **CALIFORNIA**

Commissioner of  
Department of Financial Protection and Innovation  
2101 Arena Blvd.  
Sacramento 95834  
www.dfpi.ca.gov and Ask.DFPI@dfpi.ca.gov.

### **HAWAII**

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

### **ILLINOIS**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

### **INDIANA**

Securities Commissioner  
Indiana Secretary of State  
201 State House  
Indianapolis, IN 46204

### **MARYLAND**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, MD 21202-2020  
410.576.6360

### **MASSACHUSETTS**

Lauren Rampello Becotte  
53 Beacon Street  
Natick, MA 01760

### **MICHIGAN**

Michigan Department of Commerce  
Corporations and Securities Bureau  
6546 Mercantile Way  
Lansing, MI 48910

### **MINNESOTA**

Minnesota Commissioner of Commerce  
85 7th Place East, Suite #280  
St. Paul, MN 55101  
651-539-1600

### **NEW YORK**

New York Secretary of State  
99 Washington Avenue  
Albany, NY 12231-0001

### **NORTH DAKOTA**

Securities Commissioner of North Dakota  
State Capitol, 5th Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505

### **OREGON**

Director of the Department of Consumer and  
Business Services  
350 Winter Street NE, Room 410  
Salem, OR 97301-3881

### **RHODE ISLAND**

Director of Department of Business Regulation  
Securities Division  
John O. Pastore Center, Bldg. 69, 1<sup>st</sup> Floor  
1511 Pontiac Avenue  
Cranston, RI 02920  
(401) 462-9585

### **SOUTH DAKOTA**

Director  
Division of Insurance  
Securities Regulation  
124 S. Euclid Suite 104  
Pierre, SD 57501  
(605) 773-3563

### **VIRGINIA**

Clerk, Virginia State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, VA 23219  
(804) 371.9733

### **WASHINGTON**

Director, Securities Division  
Department of Financial Institutions  
150 Israel Road, SW  
Tumwater, WA 98501

### **WISCONSIN**

Wisconsin Commissioner of Securities  
Department of Financial Institutions, 4th Floor  
345 W. Washington Avenue  
Madison, WI 53703



**Exhibit B  
Franchise Agreement**

**PGFC LLC  
FRANCHISE AGREEMENT**

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**FRANCHISEE**

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**DATE OF AGREEMENT**

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**BUSINESS ADDRESS**

**Exhibit B**  
**Franchise Agreement**

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**EXHIBITS TO FRANCHISE AGREEMENT**

- EXHIBIT 1- FRANCHISE INFORMATION
- EXHIBIT 2- FORM OF COLLATERAL ASSIGNMENT OF LEASE
- EXHIBIT 3- AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
- EXHIBIT 4- LISTING OF OWNERSHIP INTERESTS
- EXHIBIT 5- AGREEMENT TO BE BOUND AND TO GUARANTEE

# Pure Glow Franchise Agreement

THIS **FRANCHISE AGREEMENT** (“Agreement”) is made and entered into as of \_\_\_\_\_ (“Effective Date”) by and between **PGFC LLC**, a Massachusetts limited liability company (“PGFC,” “Franchisor” “we,” “us,” or “our”), and \_\_\_\_\_ a \_\_\_\_\_ (“you” or “your” or “Franchisee”).

## 1. PREAMBLES.

(A) We and our parent, subsidiaries, and affiliates (“Affiliates”) have invested considerable time, effort, and money to develop a unique system (“System”) for the operation of a business operating under the name “Pure Glow” that offers custom, organic spray tanning that looks natural, lasts longer than other spray tans, and fades beautifully convenient membership opportunities, and related retail products using state-of-the-art technology, design and branding in a safe, clean and friendly environment (each a “Pure Glow Studio” or a “Studio” or a “Franchised Business”).

(B) The distinguishing characteristics of the System include, without limitation, our interior and exterior design, special décor elements, layout, furnishings, fixtures, color schemes, display units, graphics and designs, signs, quality of equipment and inventory; procedures for operations; proprietary computer software; proprietary tanning solutions, skincare products, quality and uniformity of services and products offered, staff and customer recruitment and retention programs, local, regional and national events, procedures for management training and assistance, advertising and promotional programs, and business formats, methods, procedures, designs, layouts, standards, and specifications, which we may change, improve and further develop from time to time.

(C) We identify the System by the “Pure Glow” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols, and designs (collectively, “Marks”), which we have designated, or may in the future designate, for use with the System. The Marks are owned by our parent, Pure Glow Tanning LLC (“Parent”) and licensed to us for use by Pure Glow Studios pursuant to this Agreement and other franchise agreements.

(D) You would like to obtain a license to use the System and the Marks and to operate a franchised Pure Glow Studio at the location specified in Exhibit 1 (“Premises”), subject to the terms and conditions of this Agreement and in strict compliance with the high and uniform standards of quality, operations and service established by us for the System (“System Standards”).

(E) You acknowledge the importance of the System Standards and the necessity of developing and operating your Pure Glow Studio in strict conformity with this Agreement, the System Standards, and the Pure Glow confidential operations manual (“Manual”).

(F) We are willing to grant to you the opportunity to develop and operate a Pure Glow Studio at the Premises subject to the terms and conditions of this Agreement.

## 2. GRANT OF FRANCHISE.

(A) Grant. Subject to the terms of this Agreement, we grant you a license (“Franchise”) to operate a Pure Glow Studio at the Premises and to use the System and Marks in the operation of the Pure Glow Studio at the Premises. If you have not identified and received our approval of the Premises before you sign this Agreement, the Premises will be identified and included on Exhibit 1 as described in Section 5(A).

**(B)** Relocation. You may not operate your Pure Glow Studio at any site other than the Premises and you may not relocate your Pure Glow Studio without our prior written consent, which may be withheld by us in our sole discretion. We have the right to charge you for all reasonable expenses that we incur in considering your request to relocate your Pure Glow Studio.

**(C)** Forms of Agreement. Over time, we will enter into agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

**(D)** Best Efforts. You agree at all times to perform your obligations under this Agreement faithfully, honestly, and diligently, to use your best reasonable efforts to promote your Pure Glow Studio and the System, and to operate your Pure Glow Studio in accordance with our System Standards.

### **3. FRANCHISE RIGHTS.**

**(A)** Your Protected Area. Except as limited by Section 3(D) below, and provided that you are in full compliance with this Agreement, we and our Affiliates will not operate, or license others to operate Pure Glow Studios in the geographic area identified and describe in Exhibit 1 as the Protected Area during the term of this Agreement. If no site has been designated at the time you sign this Agreement, you will select the site from within the Site Selection Area that we identify in Exhibit 1 to your Agreement (the "Premises"). During the Site Approval Period (as defined in Section 5(A)(2)), you must obtain our approval of a site for your Pure Glow Studio and execute a Lease or purchase agreement for the approved site or, we, at our option, may terminate this Agreement. We have the right to move or modify the Site Selection Area during the Site Approval Period. The Site Selection Area will be determined on a case-by-case basis considering economic, demographic, and geographic information (such as population density) as well as existing site selection areas and/or Protected Areas given to other franchisees. Provided that you are in full compliance with the Agreement, we and our Affiliates will not operate, or license others to operate, Pure Glow Studios in the Site Selection Area during the Site Approval Period.

**(B)** Once we have approved the Premises, you will have the right to operate a Pure Glow Studio at the Premises. If you comply with the Agreement, we will not, during the term of the Agreement, operate, or license others to operate, a Pure Glow Studio within an area equal to an approximately twelve-minute travel time from the front door of your Pure Glow Studio (the "Protected Area"). We may use additional criteria to describe your Protected area, including total population, physical or psychological boundaries and any other criteria appropriate to define the Protected Area. Notwithstanding the Protected Area defined above, in certain high-density population areas ("High-Density Areas"), the Protected Area may be materially less. Once established, the Protected Area will not be changed.

**(C)** The restrictions contained in this Section 3 do not apply to Pure Glow Studios under construction or in operation in the Site Selection Area (as defined by Section 5(A)) or Protected Area as of the date of this Agreement. If the Premises have not been approved in writing by us as of the Effective Date, your Protected Area will be determined by us after you execute a Lease for your Pure Glow Studio (the "Lease"), or otherwise secure the Premises in a manner approved by us, and at such time, the Protected Area will be attached to and incorporated into Exhibit 1.

**(D)** Rights We Reserve. Except as expressly granted to you in Section 3, we and our Affiliates retain all rights with respect to Pure Glow Studios, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to the right to: (1) operate (and license others to operate) any type of business other than a Pure

Glow Studio branded business at any location inside or outside the Protected Area; (2) provide, offer and sell (and license others to provide, offer and sell) products that are identical or similar to and/or competitive with those provided at or from Pure Glow Studios, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including, without limitation, the Internet or similar electronic media) both inside and outside the Protected Area; (3) operate (and license others to operate) Pure Glow Studios located anywhere outside the Protected Area regardless of proximity to your Pure Glow Studio; (4) acquire the assets and/or ownership interests of one or more Competing Businesses (which are defined as businesses that provide tanning services and/or skincare services, and related retail products) and franchising, licensing or creating similar arrangements with respect to these businesses once acquired wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Area); (5) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competitor that operates Competing Businesses, or by another business, even if such business operates, franchises and/or licenses Competing Businesses in the Protected Area; and (6) create, place, and/or distribute or authorize others to create, place and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Protected Area. The rights granted to you in the Protected Area do not limit the operation of Pure Glow Studios that are under construction or in operation in the Protected Area. We reserve all rights in the Site Selection Area that we reserve with respect to the Protected Area.

#### **4. TERM.**

**(A)** Initial Term. The initial term of this Agreement (“Initial Term”) and the Franchise granted by this Agreement will begin on the Effective Date and expire at midnight on the day preceding the 10th anniversary of the date your Pure Glow Studio first opens for business unless this Agreement is terminated at an earlier date pursuant to Section 19. We will complete and forward to you a notice to memorialize the date your Pure Glow Studio first opened for business.

**(B)** Successor Terms. When this Agreement (and the first Successor Term) expires, you will have the option to request the right to remain a franchisee at the Premises for two (2) successor terms of five (5) years each (each a "Successor Term"). The qualifications and conditions for each Successor Term are described below:

**(1)** You must give us written notice of your election to remain a franchisee at the Pure Glow Studio not less than 9 months, nor more than 12 months, before the end of the Initial Term or first Successor Term.

**(2)** You must pay us a Successor Franchise Fee equal to 25% of our then current initial franchise fee (the "Successor Franchise Fee").

**(3)** Neither you nor any of your Affiliates are in default under this Agreement or any other agreements with us or our Affiliates.

**(4)** You must have the right to remain in possession of the Premises (or another location acceptable to us) for the Successor Term.

**(5)** You must renovate and update your Pure Glow Studio to reflect the then-current image and standards for Pure Glow Studios.

**(6)** You must correct any existing deficiencies of your Pure Glow Studio or in your operation of your Pure Glow Studio and satisfy our then-current System Standards including adding any new products or services that are then being offered in the System, meet our qualifications for new

franchisees, and complete any additional certification and training requirements that apply to you, your Operating Principal, your General Manager, managerial and training personnel, and/or your staff (which may involve the payment of training fees);

(7) You must sign, and your owners and all guarantors of your obligations under this Agreement must personally guarantee, our standard form of Franchise Agreement that we are then offering to new franchisees (or the standard form that we most recently offered, if we are not then offering to new franchisees); and

(8) You, and your owners and guarantors of your obligations under this Agreement must sign a general release (substantially similar to the form attached hereto as Exhibit F to the FDD) releasing any and all claims against us, and our Affiliates, owners, officers, directors, agents, and employees.

## **5. DEVELOPMENT PROCEDURES.**

### **(A) Site Selection.**

(1) This Section 5 will not be applicable if the Premises have been approved in writing by us as of the Effective Date.

(2) If the Premises have not been designated as of the Effective Date, you will select a location from within an area that we identify in Exhibit 1 (“Site Selection Area”). Within 90 days after the Effective Date (“Site Approval Period”), you must obtain our written consent of a location in the Site Selection Area and execute a Lease for (or otherwise secure) that approved location for your Pure Glow Studio. We, in our sole discretion, reserve the right to move or modify the Site Selection Area during the Site Approval Period. Provided that you are in full compliance with this Agreement, we and our Affiliates will not operate, or license others to operate, Pure Glow Studios in the Site Selection Area during the Site Approval Period. We reserve all rights in the Site Selection Area that we reserve in the Protected Area, as described in Section 3(D). The restrictions on our development or operation of Pure Glow Studios in the Site Selection Area contained in this Section 5(A) shall not apply to Pure Glow Studios under construction or in operation in the Site Selection Area as of the Effective Date of this Agreement.

(3) You will retain an Approved Supplier or Designated Supplier of real estate site selection services to assist you in identifying a location for your Pure Glow Studio in the Site Selection Area. Generally, the property owner of the selected location will pay all fees due and payable to the Approved Supplier or Designated Supplier of real estate site selection services but if the property owner does not pay for such services, you may be obligated to pay them directly.

(4) You assume all cost, liability, and expense for locating, securing, and developing a Premises for your Pure Glow Studio and constructing and equipping your Pure Glow Studio in accordance with our System Standards at an approved location. We may appoint an Approved Supplier or Designated Supplier of real estate services who is familiar with our site selection guidelines and criteria and who will assist in locating a Premises for your Pure Glow Studio. You must obtain our written consent of the location before you make any binding commitments related to the site. If you have not presented an approvable site during the Site Approval Period, we may, in our sole discretion, terminate this Agreement pursuant to Section 19.

(5) Once you have identified a potential site, you must submit to us, in the form that we specify, a completed site evaluation package which must include an “As-Built” AutoCAD floor plan copy of the existing site plan, photographs, demographic information, financial information, and such other

information and materials as we may reasonably require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining an ownership or leasehold interest in the site.

(6) Within 30 days after we receive the detailed site evaluation package, we, in our sole discretion, may conduct an on-site evaluation of the proposed site. You must reimburse us for all travel, living and other expenses we incur in conducting any on-site evaluations of your proposed site. We do not charge a site evaluation fee for the first on-site evaluation that we conduct with respect to your Pure Glow Studio, however, if we require, or if you request, any additional on-site evaluations, you will pay to us, in addition to our travel expenses, our then-current site evaluation fee.

(7) We will use reasonable efforts to approve or disapprove the proposed site within 30 days after our receipt of your detailed site evaluation package if we do not conduct an on-site evaluation or, if we conduct an on-site evaluation, within 30 days after the on-site evaluation. If we do not approve the proposed site in writing in this time period, we will be deemed to have rejected the site. Our approval or rejection of a site may be subject to reasonable conditions as we determine in our sole discretion. Upon our approval of a site, and after you secure the site, we will insert its address into Exhibit 1, and it will be the Premises.

(8) You are responsible for selecting the site for your Pure Glow Studio. You acknowledge and agree that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the site's suitability for a Pure Glow Studio or any other purpose. Our approval indicates only that we believe that the site meets our then-current site selection criteria. Applying criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site we approve fails to meet your expectations. You acknowledge and agree that: (a) your submission of a proposed site for our acceptance is based on your own independent investigation of the site's suitability for your Pure Glow Studio; and (b) our site-selection assistance is primarily for our benefit to assure us that we will have a minimally acceptable site upon the expiration or termination of this Agreement.

(9) Once you select a Premises for your Pure Glow Studio, your rights with respect to the Site Selection Area shall terminate and your rights shall be limited to the Protected Area.

**(B) Lease of Premises.**

(1) If you propose to lease or sublease the Premises for your Pure Glow Studio, you must provide us with a copy of the Lease for the Premises (for a term, including renewal terms, for at least the Initial Term) no less than 10 days before you intend to execute the Lease for the site of your Pure Glow Studio. The Lease must not contain any covenants or other obligations that would prevent you from performing your obligations under this Agreement. Unless waived in writing by us, any Lease must contain provisions that satisfy the following requirements during the entire term of the Lease, including any renewal terms:

(a) The initial term of the Lease must be no less than ten (10) years.

(b) The property owner ("Landlord") consents to your use of the proprietary signs and the Marks prescribed by us, and upon the expiration or earlier termination of the Lease, consents to permit you, at your expense, to remove all such items, so long as you make repairs to the Premises caused by such removal.

(c) The Landlord agrees to provide us (at the same time sent to you) a copy of all amendments, assignments, and notices of default pertaining to the Lease and the Premises.

(d) We will have the right to enter the Premises to make any modifications or alterations necessary to protect the System and the Marks, to cure, within the time periods provided by the Lease, any default under the Lease, all without being guilty of trespass or other tort, and to charge you for any related costs.

(e) The Landlord agrees that you will be solely responsible for all obligations, debts, and payments under the Lease.

(f) The Landlord agrees that, following the expiration or earlier termination of this Agreement, you will have the right to make those alterations and modifications to the Premises as may be necessary to clearly distinguish to the public the Premises from a Pure Glow Studio and also make those specific additional changes as we reasonably may request for that purpose. The Landlord also agrees that, if you fail to make these alterations and modifications within 10 days after the expiration or earlier termination of this Agreement, we will have the right to do so without being guilty of trespass or other tort so long as we make repairs to the Premises caused by such removal.

(g) The Landlord agrees not to amend or otherwise modify the Lease in any manner that would affect any of the foregoing requirements without our prior written consent, which consent will not be unreasonably withheld.

(h) The Landlord agrees to consent to your collaterally assigning the Lease to us or our designee, granting us the option, but not the obligation, to assume the Lease from the date we take possession of the Premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the Landlord. Our current form of Collateral Assignment of Lease is attached to this Agreement as Exhibit 2.

(2) You acknowledge that our review of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Pure Glow Studio operated at the Premises. Our review will indicate only whether we believe that the terms of the Lease meet our then-acceptable criteria.

## **6. CONSTRUCTION OF YOUR PURE GLOW STUDIO.**

(A) **Project Management.** You must retain an Approved Supplier or Designated Supplier of project management services to assist you in the development and construction of your Pure Glow Studio. You shall timely pay all fees that are due and owing to such party as agreed to in writing between you and the Approved Supplier or Designated Supplier of project management services.

### **(B) Construction Plans.**

(1) You are responsible for developing and constructing your Pure Glow Studio. We will provide you with mandatory and suggested specifications and layouts for a Pure Glow Studio, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme. You acknowledge that the layouts and drawings are proprietary to us. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act (“ADA”) or similar rules governing public accommodations for persons with disabilities. It is your responsibility to prepare a site survey and all required construction plans and specifications to suit the Premises and to make sure that these plans and specifications comply with the



ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions.

(2) You must retain our Designated Supplier of architectural services to develop construction drawings of your Pure Glow Studio. Required stamped drawings include architectural, mechanical, plumbing, and electrical plans. In addition, you must obtain structural and fire protection and any other plans as may be required by applicable state and local agencies.

(3) You agree to send to us, upon our request, construction plans and specifications or other plans for our review before you begin constructing your Pure Glow Studio and all revised or “as built” plans and specifications during construction. We may inspect the Premises while you are developing your Pure Glow Studio.

(C) Development of your Pure Glow Studio. You agree to do the following, at your own expense, to develop your Pure Glow Studio at the Premises:

(1) secure all financing required to develop and operate your Pure Glow Studio.

(2) procure insurance coverage for your activities under this Agreement as required by Section 12(I) of this Agreement and the Manual.

(3) obtain all required building, utility, sign, health, sanitation, occupancy, business, and other permits and licenses.

(4) construct all required improvements to the Premises and furnish and decorate your Pure Glow Studio according to our approved plans and specifications.

(5) obtain all customary contractors’ sworn statements and partial and final waivers of liens for construction, remodeling, decorating, and installation services.

(6) purchase or lease from Designated Suppliers and Approved Suppliers, and install all required fixtures, furniture, equipment, and interior and exterior signs.

(7) purchase from Designated Suppliers and Approved Suppliers an opening inventory of authorized and approved products, materials, and supplies necessary to commence operations at your Pure Glow Studio.

(8) If you build or develop any portion of your Pure Glow Studio outside of our specifications without receiving our prior written consent, we will have the right to delay the opening of your Pure Glow Studio until you, at your sole expense, bring the development of your Pure Glow Studio within full compliance with our specifications.

(D) Studio Systems. Prior to opening your Pure Glow Studio, you must purchase and install our required computer, router, network, hardware, and associated software including required appointment and accounting software (the “Studio Systems”).

(E) Opening your Pure Glow Studio. You agree to open your Pure Glow Studio no later than 12 months after the Effective Date of this Agreement.

(F) We will not authorize the opening of your Pure Glow Studio unless each of the following conditions have been met:

(1) We are satisfied that your Pure Glow Studio was constructed and/or renovated and equipped substantially in accordance with our standards and specifications.

(2) You have hired and trained a staff as required by Section 11(B);

(3) You have received a Certificate of Occupancy and all required state and local government certifications, permits, and licenses necessary for the operation of a Pure Glow Studio, including licenses and certifications for your staff and other personnel.

(4) You (or your Operating Principal as defined in Section 14(D)) and your General Manager (if any) have satisfactorily completed our Initial Training Program.

(5) You have paid the Initial Franchise Fee (as defined in Section 7(A)) and any other amounts then due to us.

(6) You have signed all agreements required prior to opening, including, but not limited to, the Lease and any software license agreement(s).

(7) You have complied with our requirements for the Grand Opening Plan as described in Section 9(A);

(8) Neither you nor any of your Affiliates are in default under or in violation of any agreements with us, any of our Affiliates or any suppliers; and

(9) You have provided us with copies of certificates for all insurance policies required by Section 12(I) or such other evidence of insurance coverage and payment of premiums as we reasonably may request.

**7. FEES.** All fees payable pursuant to this Section 7 are due in full on or before the due date set forth in this Agreement.

(A) **Initial Franchise Fee.** The initial franchise fee is \$35,000 ("Initial Franchise Fee"). The Initial Franchise Fee is payable in a lump sum when you sign the Agreement and is not refundable under any circumstances.

(B) **Ongoing Royalties.** You agree to pay to us, in the manner provided below (or as the Manual otherwise prescribes), nonrefundable and continuing Royalties ("Royalties") of seven percent (7%) of the Gross Sales of your Pure Glow Studio for the right to use the System and the Marks.

(C) **Gross Sales.** "Gross Sales" means the aggregate amount of all revenues generated from the sale or delivery of products and services at or from the Studio, and all other income of every kind related to the Studio, whether for cash, credit (and regardless of collection in the case of credit), barter, exchange, or other form of consideration including but not limited to membership fees, service fees, product sales, business interruption insurance, and all amounts that you receive at or away from the Premises.

(D) **Technology Fee.** You agree to pay us, in the manner provided below (or as the Manual otherwise prescribes), a nonrefundable and continuing Technology Fee ("Technology Fee"). The Technology Fee provides you access, maintenance, and support for required software, applications, e-mail service, music, integrations, collaboration, intranet, and other technology services that we determine, in our sole discretion, to provide to you. A list of all services you will receive in connection with your Technology

Fee is included with the Manual. Currently, the Technology Fee is \$125 per month. We may increase the Technology Fee upon thirty (30) days written notice to you.

**(E)** Management Fees. You will pay us a management fee ("Management Fee") if we are obligated, directly or indirectly, to manage your Studio. The Management Fee is in addition to and not in replacement of any other fees that you are obligated to pay us. The current Management Fee we charge you is the greater of (i) two times the salary paid to the individual(s) assigned by us to operate the Studio, or (ii) 10% of the Studio's Gross Sales; plus, expenses for travel, lodging, meals, and all other expenses that we incur in managing your Studio. The Management Fee is payable during any period that our appointed manager manages your Studio. The Management Fee will be in addition to the Royalties and Brand Development Fees due to us. We will collect the Management Fee in the manner using the payment systems established by us from time to time. We may increase the Management Fee upon thirty (30) days written notice to you.

**(F)** Insufficient Funds Fee. You will pay us a fee of \$250 per attempt to withdraw funds from your account if there are insufficient funds in your account to pay any amounts due or payable to us or our Affiliates.

**(G)** Mystery Shopper Fee. We may use an independent service to conduct a "mystery shopper" quality control and evaluation program. You must participate in this program, and pay the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement).

**(H)** Advertising Contributions and Expenses. You will spend and/or contribute the amount we specify. The exact amount of the Brand Development Fee and Local Store Marketing expenditures you are required to make and/or are set forth in Section 9.

**(I)** Late Report Fee. We may charge a late report fee of \$250 for each week following the due date that you do not submit any report to us that is required by Section 8. The amount of the Late Report Fee may be changed upon written notice to you.

**(J)** Resale Program Fee. In addition to the Transfer Fee, if a transfer involves the Agreement and the Studio, or more than a 50% change in your ownership, and the transferee is a person who is a "Lead" of Pure Glow, then you or the transferee must pay us a "Resale Program Fee". A "Lead" means a person who contacts us or has been contacted by us (including our authorized representatives or Affiliates) in connection with possibly opening or purchasing a Pure Glow Studio.

**(K)** Unapproved Products and Services. If you do not comply with the obligations set forth in Section 12(B), we may, in addition to the other remedies provided in this Agreement, charge you \$250 per day that you are offering products or services that are not approved for sale by us.

**(L)** Interest. All amounts which you owe us for any reason will bear interest accruing as of their original due date at 18% per annum or the highest commercial contract interest rate the law allows, whichever is less. We may electronically debit your business checking account automatically for any past-due amounts and interest. You acknowledge that this Section 7(L) is not an agreement to accept any payments after they are due or a commitment to extend credit to, or otherwise finance your operation of, your Pure Glow Studio.

**(M)** Partial Payments. No payment by you or acceptance by us of any monies under this Agreement for a lesser amount than due will be treated as anything other than a partial payment on account.

Notwithstanding any designation by you, we will have sole discretion to apply any payments by you to any of your past-due indebtedness to us.

**(N)** Method of Payment. All products and services sold at the Studio will be administered, recorded, and completed through the Studio Systems that Franchisor requires Franchisee to use in the operation of the Studio. The requirements for distribution of payments for products and services will be set forth in the Manual. Franchisor reserves the right to modify the frequency or method of payment of the Royalties and Brand Fund Fee upon thirty (30) days prior notice to Franchisee. If Franchisor exercises the foregoing right, Franchisee shall be required to comply with any reporting and payment systems or requirements that Franchisor establishes. If Franchisee fails to provide Franchisor any necessary information or documentation with respect to payment and reporting systems, Franchisee must pay Franchisor a fee of \$250 per week that that failure continues.

**(O)** Reports. If Franchisee fails to submit to Franchisor by 5:00 p.m. (Boston, Massachusetts time) on Monday of each week, an operating statement, in the form specified by Franchisor, which includes Net Sales figures for the prior week, as required by Section 8(B), the amount drawn against Franchisee's bank account for the Royalties and Brand Development Fees with respect to the prior week will be the amount drawn the previous week plus 20%, as an estimate of the prior week's Royalties and Brand Development Fees, and Franchisee may be assessed a \$250 late charge per delinquent operating statement per week, or part thereof (until each delinquent operating statement has been delivered), which amount may be increased by Franchisor from time to time.

**(P)** Taxes. Franchisee must pay to Franchisor an amount equal to any sales, gross receipts or similar taxes assessed against, or payable, by Franchisor and calculated on the Initial Franchise Fee, Royalties, Brand Development Fees, equipment and signage purchases or other payments required to be paid according to this Agreement, unless the tax is an income tax or an optional alternative to an income tax otherwise payable by Franchisor. Such amount will be due and payable within 10 days after receipt of Franchisor's invoice.

**(Q)** If Franchisee fails to deliver or provide to Franchisor any statement, report or other document or information required to be delivered (for example, certificates of insurance and financial statements), by the applicable deadline, Franchisee will be assessed a \$250 late charge per delinquent statement, document or other information per week, or part thereof (until each delinquent statement, document or other information has been delivered or provided), which amount may be increased by Franchisor from time to time.

**(R)** Right of Offset. Franchisor shall have the right to offset any amount owed by Franchisee to Franchisor and/or its Affiliates under or in connection with this Agreement against any payments owed by Franchisor to Franchisee under this Agreement or any related agreement. Such offsets shall be in addition to any other rights or remedies available under this Agreement and applicable law.

## **8. RECORDKEEPING AND REPORTS.**

**(A)** Recordkeeping. You must keep and maintain, in accordance with any procedures that we prescribe in the Manual or otherwise, complete, and accurate books and records pertaining to your Pure Glow Studio sufficient to fully report to us. We reserve the right to require that you maintain a fiscal year different than the calendar year and one that is consistent with our fiscal year. You agree that we are authorized to use computerized data capture and retrieval systems that meet our specifications and that all data collected by our data capture and retrieval systems shall belong to us.

**(B) Reports and Financial Statements.** You must, at your expense, submit to us, in the form prescribed by us, financial and operational reports and records at the times and in the manner specified in the Manual. You also must submit to us, in the form prescribed by us, a profit and loss statement and balance sheet for your Pure Glow Studio within 60 days after the end of each fiscal year (as defined by us from time to time). You must sign each report attesting that it is true, correct, and complete and, with respect to the profit and loss statement, uses accounting principles applied on a consistent basis that accurately and completely reflect your financial condition. We may disclose data derived from your reports, however, upon receipt of a written request from you or if required by law, we will not disclose your identity in any materials that we circulate publicly. If, in our reasonable judgment, your reports are deficient in substance or presentation, we may require that you submit to us year-end financial statements prepared by an independent accountant and/or copies of your federal, state, and local income tax returns.

**(C) Public Filings.** If you are or become a publicly-held entity in accordance with other provisions of this Agreement, you must, at your expense, submit to us copies of all reports (including responses to comment letters) or schedules that you may file with the U.S. Securities and Exchange Commission (certified by your chief executive officer to be true, correct, complete and accurate) and copies of any press releases you may issue, within 3 days of the filing of those reports or schedules or the issuance of those releases.

**(D) Our Right to Audit.**

**(1)** We have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy, and audit your books, records, sales, and income tax records and returns, and such other forms, reports, information, and data as we reasonably may designate, applicable to the operation of your Pure Glow Studio (an "Audit"). If an Audit discloses an understatement of Gross Sales of your Pure Glow Studio, you agree to pay to us, within 10 days after receiving the Audit report, the Royalties and Brand Development Fees due on the amount of the understatement, plus any interest on the understated amounts from the date originally due until the date of payment. If an Audit discloses that you have not expended the required amount of your Gross Sales on Local Store Marketing (which amount may be modified by us from time to time in accordance with Section 9(B)), you shall contribute to the Brand Fund the amounts that you should have expended to reach the Local Store Marketing requirement within 30 days after completion of our Audit of your Pure Glow Studio. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of your Royalties or Brand Development Fee (when a percentage of Gross Sales is required), that exceeds 2% of the amount that you actually reported to us for the period examined; then: (a) you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees; and (b) we may require you to provide us with periodic audited statements. If our examination reveals an understatement of the Gross Sales of your Pure Glow Studio for any period by 2% or more 3 or more times during any 3-year period, or by more than 5% on any one occasion, then in addition to your obligations in subsection (a) above, we may immediately terminate this Agreement without an opportunity to cure. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

**(2)** If you fail to give us, on a timely basis, the records, reports, and other information required by this Agreement or, upon our request, copies of the same, we or our designee will have access at all reasonable times (and as often as necessary) to your books and records (including those contained on the Studio Systems) for the purpose, among other things, of preparing the required records, reports and other information. You promptly will reimburse us or our designee for all costs and expenses associated with our obtaining and/or preparing such records, reports, or other information.

## **9. MARKETING.**

**(A) Grand Opening Marketing.** You must spend between \$20,000 and \$25,000 for a grand opening marketing campaign that will be conducted beginning sixteen (16) weeks before your scheduled opening and continue for twelve (12) weeks after your opening (“Grand Opening Plan”). The Grand Opening Plan must include the elements that we require and must be approved by us before it is conducted. The Grand Opening Plan includes a digital marketing plan, public relations, gratis services, wages for your team when promotional events/partnerships are held and print advertising. We have the right to collect \$15,000 from you and we, or our marketing agency, will conduct the digital marketing campaign for your Grand Opening Plan. If we collect this money from you, it is not refundable. You agree to comply with our guidelines for the Grand Opening Plan. You must spend at least the amount that we specify for your Grand Opening Plan; however, you may spend more than the required amount. The Grand Opening Plan expenditures are in addition to the advertising contributions and expenditures that you must make pursuant to Sections 9(C) and 9(D) below.

**(B) Marketing Contributions and Expenditures.** During the Term, you must: (1) contribute to the Brand Fund pursuant to Section 9(C), (2) make Local Store Marketing expenditures pursuant to Section 9(D); and (3) contribute to the Regional Co-op pursuant to Section 9(E) if a Regional Co-op has been established in the Designated Market Area (“DMA”) in which your Pure Glow Studio is located. We have the right to periodically re-allocate and/or increase the amount you contribute to the Brand Fund and the amount you spend on Local Store Marketing.

### **(C) Brand Fund.**

**(1)** We have established an advertising and marketing fund (“Brand Fund”) for the enhancement and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs, and materials as we deem appropriate. We currently charge you a Brand Development Fee of one percent (1%) of Gross Sales. Your required Brand Development Fee will not exceed three percent (3%) of the Gross Sales of your Pure Glow Studio. The Brand Development Fee will be payable in the same manner as the Royalties. Pure Glow Studios operated by us, and our Affiliates also will contribute to the Brand Fund on the same basis as comparable franchisees. From time to time, we or our suppliers may deposit rebates or similar allowances paid to us by our suppliers although we have no obligation to do so.

**(2)** We will have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that we designate that we believe will enhance and protect the System and Marks and will improve and increase public recognition and perception of the System and Marks. We will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.

**(3) Participation in Promotional and Charitable Programs.** Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: (a) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and promotional materials; (b) creative development, preparation, production and placement of video, audio, written materials, and electronic media; (c) media placement and buying, including all associated expenses and fees; (d) administering regional and multi-regional marketing and advertising programs; (e) market research and customer satisfaction surveys, including the use of secret shoppers; (f) the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; (g) creative development of new program offerings for Pure Glow Studios; (h) creative development of signage, posters, and individual Pure Glow Studio décor items including wall graphics; (i) recognition and awards events

and programs; (j) System recognition events, including periodic national and regional conventions and meetings; (k) Website, internet, and/or intranet development and maintenance (in this Agreement, “website” means one or a group of World Wide Web pages and related application usually containing hyperlinks to each other and made available online by an individual, company, educational institution, government, or organization); (l) development, implementation, and maintenance of an electronic commerce Website, application, and reservation system and/or related strategies; (m) retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and (n) public relations and community involvement activities and programs. You agree to participate in all advertising, marketing, promotions, research, and public relations programs instituted by the Brand Fund.

(4) We will account for the Brand Fund separately from our other funds; however, we are not required to segregate Brand Fund monies from our other monies. We will not use the Brand Fund for any of our general operating expenses. We and our Affiliates may be reimbursed by the Brand Fund for administrative expenses directly related to the Brand Fund’s marketing programs, including without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Brand Fund. We may use the Brand Fund to pay the administrative costs of the Brand Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Brand Fund, and we may use the Brand Fund to pay the reasonable salaries and benefits of personnel (including our personnel and our Affiliates’ personnel) who manage and administer the Brand Fund. We may use the Brand Fund to pay for other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs.

(5) The Brand Fund will not be our asset. Although the Brand Fund is not a trust, we will hold all Brand Development Fees for the benefit of the System and use contributions only for the purposes described in this Section 9(C). We do not owe any fiduciary obligation to you for administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Development Fees in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Brand Development Fees to pay for the administrative costs of the Brand Fund before using the Brand Fund’s other assets.

(6) Upon your written request within 90 days after our fiscal year end, we will prepare an annual, unaudited, statement of Brand Fund collections and expenses. We may also, in our sole discretion, prepare such financial statements. We may but are not obligated to have the Brand Fund audited annually, at the Brand Fund’s expense, by an independent certified public accountant. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 9(C).

(7) We intend the Brand Fund to maximize and enhance public, franchisee, and employee recognition of the System and the Marks. Although we may use the Brand Fund, or portions of the monies in the Brand Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all Pure Glow Studios, we cannot and do not ensure that Brand Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Brand Development Fees by Pure Glow Studios operating in that geographic area. We do not guarantee or assure that you, your Pure Glow Studio, or any Pure Glow Studio will benefit directly or in proportion to your Brand Development Fee from the brand enhancement activities of the Brand Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

**(8)** We have the right, but not the obligation, to use collection agents and institute legal proceedings to collect Brand Development Fees at the Brand Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to the Brand Fund. We have the sole right to enforce the obligations of franchisees who contribute to the Brand Fund, and neither you nor any other franchisees who contribute to the Brand Fund will be deemed a third-party beneficiary with respect to the Brand Fund obligations of other franchisees or have any right to enforce the obligation of any franchisee to contribute to the Brand Fund.

**(9)** We may at any time defer or reduce contributions of a Pure Glow Studio franchisee to the Brand Fund and, upon 30 days prior written notice to you, reduce or suspend Brand Development Fees and operations for one or more periods of any length and terminate (and, if terminated, subsequently reinstate) the Brand Fund. If we terminate the Brand Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to our franchisees, and to us and our Affiliates, in proportion to their, and our, respective Brand Development Fees during the preceding 12-month period.

**(D) Local Store Marketing.**

**(1)** You will develop, on a quarterly basis, a Local Store Marketing plan for the Pure Glow Studio (the "Local Store Marketing Plan"). The Local Store Marketing Plan will include materials that we will provide to you that outline the key activations, promotional materials, outreach templates, and marketing initiatives to assist you in maximizing local awareness and traffic to your Studio. You must comply with all requirements of the Local Store Marketing plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, participation in and use of approved online and social media networks and tools, and compliance with all promotional recommendations and guidelines. After opening your Pure Glow Studio, in addition to your Brand Development Fee, you must spend no less than \$400 per month on activating your Local Store Marketing Plan ("Local Marketing Expenditure"). We may require that some or all of your Local Marketing Expenditure be expended with designated companies, partners, search engines, aggregators, etc. You may expend additional amounts on Local Store Marketing provided that such expenditures otherwise comply with the Local Store Marketing Plan. You will also be required to execute additional local marketing programs that we specify or designate from time to time. If there are other Pure Glow Studios in your market area, we may require that you spend additional Local Store Marketing expenditures cooperatively with us and/or other franchisees in your market area. We may increase the Local Marketing Expenditure upon 30 days prior written notice to you.

**(2)** Your local marketing and promotion must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our Website's domain name in the manner we designate. We may specify third parties that you must use for the design and development of your local marketing and promotional materials, and you will be required to pay those third parties for their services. You may not develop, maintain, or authorize any Website that mentions or describes you or your Pure Glow Studio or displays any of the Marks. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

**(3)** You may purchase local advertising and promotional materials from us, or any source approved by us. Periodically, we may provide you samples of advertising, marketing, and promotional formats, and materials at no cost. If you purchase these materials from us, in addition to paying the invoice cost of the materials, you must pay any related shipping, handling, and storage charges. If



purchased from a source other than us or our Affiliates, these materials must comply with federal and local laws and regulations and with the guidelines for advertising and promotion promulgated from time to time by us and must be submitted to us or our designee at least 10 days prior to first use for approval (except with respect to prices to be charged by you), which we may grant or withhold in our sole discretion. If we do not approve your submission within 10 days after the day we received the materials, we will be deemed to have not approved the materials.

(4) In no event will your advertising and promotional materials contain any statement or material which, in our sole discretion, may be considered: (a) in bad taste or offensive to the public or to any group of persons; (b) defamatory of any person or an attack on any competitor; (c) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or (d) inconsistent with our public image of that of the System. You acknowledge and agree that any and all copyright in and to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must execute such documents (and, if necessary, require your independent contractors to execute such documents) as may be deemed reasonably necessary by us to give effect to this provision.

(5) You must actively participate in all marketing and advertising programs designated by Us or the Brand Fund including social media programs (e.g., Yelp, Google Places, Facebook, Twitter, and Instagram) and comply with all guidelines set forth by us regarding the use of these programs as set forth in the Manual.

**(E) Regional Co-op.**

(1) We may, in our sole discretion, establish a regional advertising cooperative ("Regional Co-op") in any DMA. The Regional Co-op shall be organized and governed in a form and manner and shall commence operations on a date approved in advance by us in writing. We may, if we so elect, prepare bylaws to be used by the Regional Co-op and may require the Regional Co-op to incorporate.

(2) If we establish a Regional Co-Op in your DMA, the Regional Co-op will determine the fees charged to its members ("Cooperative Marketing Fees") provided that the Regional Co-Op Marketing Fee will not exceed 50% of the Local Marketing Expenditure. We shall be a member of the Regional Co-op and be entitled to attend and fully participate in Regional Co-op meetings; however, we will not have a vote unless we or our Affiliates operate a Studio in the area covered by the Regional Co-Op. Franchisor or Affiliate Studios that are members of a Regional Co-op will vote in the same manner and will have the same voting power as franchisee owned Studios in the Regional Co-Op. Regional Co-op fees will be determined by its members. In no event shall you be required to be a member of more than one Regional Co-op with respect to your Pure Glow Studio. You shall submit your Cooperative Marketing Fee to the Regional Co-op as determined by the Regional Co-op and Franchisor. Monies in the Regional Co-op may be spent for the purposes determined by a majority vote of the Regional Co-op.

(3) Each Regional Co-op shall be organized, if at all, for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by its members in local advertising. All advertising, marketing and promotions shall be submitted to us prior to first use as provided in Section 9(D)(3) and shall adhere to the standards set forth in Section 9(D)(4).

(4) We shall be a member of the Regional Co-op and be entitled to attend and fully participate in Regional Co-op meetings; however, we shall not have a vote unless we or our Affiliates operate a Pure Glow Studio in the area covered by the Regional Co-op. If the members of the Regional Co-op are unable or fail to determine the manner in which Regional Co-op monies should be spent, we may

assume this decision-making authority following 10 days' advance written notice to the members of the Regional Co-op. We, or our designee, may grant to any franchisee an exemption for any length of time from the requirement of membership in any Regional Co-op, upon written request of such a franchisee stating reasons supporting an exemption. Decisions regarding a request for exemption shall be final. We or our designee shall have the right to terminate (and subsequently restart) any Regional Co-op. Upon termination, all monies in that Regional Co-op shall be spent for advertising and/or promotional purposes.

**(F)** Loyalty Program. We may operate a customer loyalty program that awards customers loyalty points upon the occurrence of certain events. These points may be used by customers in exchange for discounted or free services and retail products at your Pure Glow Studio. You must participate and pay the fees associated with any Loyalty Program that we implement.

**(G)** Telephone Communication. For each Pure Glow Studio you open or acquire, we will provide you a telephone number that is local to your Protected Area (the "Local Pure Glow Number"). You acknowledge and agree that you are not the owner of the Local Pure Glow Number, or any other telephone number allocated or assigned to you by Franchisor. Local Pure Glow Numbers are not transferable to other carriers without our express written consent. We reserve the right to cancel, substitute, or change Local Pure Glow Numbers allocated to you in our sole discretion.

**(H)** Promotional and Charitable Events. You must participate in all giveaways, promotions, contests, public relation events, and charitable or nonprofit events that we require of franchisees. These promotions may require, among other things, you to make donations of money, time, and people to required promotional or charitable events and partners. These donations will be made at the time and in the manner, we require, which will be provided in the Manual.

## **10. MANUAL**

**(A)** We will loan you during the term of this Agreement or make available to you via other means (internet, intranet, etc.) one copy of our Manual, which may include computer software, digital files, web links, other electronic media, and information distributed electronically and/or written materials or allow you access to the Manual. The Manual contains the System Standards, which include mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Pure Glow Studio and information on your other obligations under this Agreement. We may modify the Manual periodically to reflect changes in System Standards.

**(B)** You agree to keep your passwords and/or log-in information with respect to web-based or electronic copies thereof current and in a secure location at your Pure Glow Studio. If there is a dispute over the contents of the Manual, our master electronic copy of the Manual controls. You agree that the contents of the Manual are confidential and that you will not disclose the Manual to any person other than employees of your Pure Glow Studio who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual.

**(C)** At our option, we may post some or all of the Manual on the internet or intranet to which you will have access. If we do so, you agree to monitor and access the Website for any updates to the Manual or System Standards. Prior to accessing any online training instructional system, you must agree to abide by our terms of use, which we may revise from time to time. Any passwords or other digital identifications necessary to access the Manual via a website, internet, intranet, or other online training instructional system will be deemed to be part of the Confidential Information.

## **11. TRAINING AND ASSISTANCE**

### **(A) Initial Training Program**

(1) Before you open your Pure Glow Studio, you (or the Operating Principal of Franchisee if Franchisee is an entity) and your General Manager must complete, to our satisfaction and certification, our initial training program (the "Initial Training Program"), which will address the material aspects of operating a Pure Glow Studio (the "Initial Training Program"). If you obtain an operating Pure Glow Studio by transfer from another Pure Glow Studio franchisee, you must complete the Initial Training Program before you begin operating that business as a Pure Glow Studio. We will provide the Initial Training Program at our corporate headquarters in Boston, Massachusetts, a designated training facility of our choice and/or at an operating Pure Glow Studio. You agree to pay for all travel, living and other expenses which you (or your Operating Principal) and your employees incur and for your employees' wages and workers' compensation insurance while they attend the Initial Training Program.

(2) We do not charge a fee for providing the Initial Training Program to you, your Operating Principal and one management level employee who will be responsible for training your staff. Additional people may attend the Initial Training Program, subject to availability if you pay a fee of \$1,500 per additional person attending the Initial Training Program (the "Additional Initial Training Program Fee"). If any individual who is required to receive our certification fails to successfully complete the Initial Training Program and receive our certification, then that individual may repeat the Initial Training Program, or you may send a substitute to complete the next available program. We reserve the right to charge you a fee for providing any subsequent training program to these individuals or for training any of your substitute personnel.

(3) All of your managerial and training personnel must receive our certification, prior to managing your Pure Glow Studio or training your staff. We may, at any time during the term of this Agreement, decertify any previously certified individual if we learn or determine that a person is no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete training or a re-training program to receive our certification.

### **(B) Training by You.**

(1) You must conduct such initial and continuing training programs for the staff of your Pure Glow Studio as we may require from time to time, including those training programs required in order for your staff members to be certified for the position(s) for which each staff member was hired. We will authorize you to open your Pure Glow Studio only after an adequate number of your staff members, as determined by us in our sole discretion, have attended and received certification in your initial training program.

(2) We may periodically visit your Pure Glow Studio to ensure that your training personnel continue to meet our standards. If we determine, in our sole discretion, that your training personnel are not adequately training your staff, then your training personnel and staff members designated by us must attend and successfully complete our Initial Training Program. We may, in our sole discretion, determine that you are no longer qualified to train your own staff members. In that event your staff members will be required to attend our Initial Training Program prior to beginning to work at your Pure Glow Studio. You will be required to pay a tuition fee for your training personnel and staff who we require to attend our training program in addition to paying all travel, living and other expenses incurred by your employees while attending the training program.

**(C)** Opening Training. We will send a representative to your Pure Glow Studio to assist with the grand opening of your Pure Glow Studio (“Opening Training”). The Opening Training will include no less than three (3) days of on-site training for your staff members. You will not be required to pay any additional costs for any of the travel or living expenses incurred by our representative while providing the Opening Training to you. However, if you reschedule the opening of your Pure Glow Studio, you must reimburse us for any travel costs we incur in changing the travel schedules of our personnel. We will determine the hours of training for your staff members. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you agree to pay our then applicable charges, including fees for our personnel and their travel and living expenses. The current per diem on-site training fee is \$500 per day per training personnel.

**(D)** Ongoing Training.

**(1)** We may require you and your personnel to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify including franchise meetings. Even if you fail to attend, we can charge reasonable registration or similar fees for these courses and meetings (“Franchise Meeting Fee”). The Franchise Meeting Fee is currently \$1,200 per person. We may increase the Franchise Meeting Fee upon written notice to you.

**(2)** We require that your replacement training personnel satisfactorily complete our training programs within 90 days of being designated as training personnel. Replacement training personnel may: (a) attend the next training program offered by us; or (b) be trained by your training personnel, however, they must be reviewed by our field personnel and receive our certification prior to managing your Pure Glow Studio or training your staff. Currently, the fees associated with the training of replacement personnel are \$300 per day per person participating in the training program. You agree to pay all travel and living expenses incurred by you and your employees and/or our employees during all training courses and programs.

**(3)** We may also require you and/or your managers and employees to complete additional training if we believe, in our reasonable discretion, that you require additional training to operate your Pure Glow Studio to our standards (“Refresher Training”). Refresher Training will occur, in our discretion, either at your Pure Glow Studio, at a Pure Glow Studio selected by us, or at our flagship Studio in Boston, Massachusetts. The current cost of Refresher Training is \$2,500 per person plus reasonable travel expenses incurred by our employees if we are required to travel in connection with providing the Refresher Training.

**(E)** General Guidance. We will provide ongoing advice and consultation to you regarding the operation of your Pure Glow Studio through the Manual, bulletins or other written materials, electronic media, telephone, and in person.

## **12. SYSTEM STANDARDS**

**(A)** Compliance with System Standards.

**(1)** You acknowledge that each and every detail of the appearance, layout, décor, cleanliness, safety standards, services and operation of your Pure Glow Studio is essential to us and to other Pure Glow franchisees to preserve the goodwill of the Marks and all Pure Glow Studios. You agree to cooperate with us by operating and maintaining your Pure Glow Studio safely and securely and according to all of our System Standards (whether contained in the Manual or another written communication to you), as we periodically modify and supplement them. You agree that System Standards we prescribe in the

Manual, or otherwise communicate to you in writing or another tangible form (for example, via a website, intranet, or internet), are part of this Agreement as if fully set forth within its text.

(2) We periodically may modify the System (including System Standards) and these modifications may obligate you to invest additional capital in your Pure Glow Studio and/or incur higher operating costs. We may require you to integrate new, updated services and products into your Pure Glow Studio. You agree to accept, integrate, and use or display in your Pure Glow Studio any such changes or modifications to the System as if they were a part of the System at the time this Agreement was executed, and you agree to make such expenditures as the changes or modifications in the System may reasonably require. This includes but is not limited to refurbishing or remodeling the Premises or any other aspect of your Pure Glow Studio, hiring additional personnel, buying new equipment, adding new services and products, or otherwise modifying the nature of your operations, as if those changes or modifications were part of the System as of the Effective Date.

(3) If you or your owners, employees, designees, or independent contractors develop any new concepts, treatments, services, products, processes or improvements relating to the System, you shall promptly notify us and provide us with all information regarding the new concept, treatments, services, products, processes or improvements, all of which shall become our property and which may be incorporated into the System as a “work made for hire” without any payment to you or your owners, employees, designees or independent contractors. If any designee or independent contractor develops any new concepts, processes, or improvements relating to the System on your behalf, you shall obtain covenants that you own (as a “work made for hire”) such concepts, processes, or improvements (and all components) and have the right to transfer to us such concepts, processes, or improvements. You, at your own expense, shall promptly take all actions deemed necessary or desirable by us to vest in us ownership of such concepts, processes, or improvements. To the extent that any item does not qualify as a “work made-for-hire” for us, by this Section you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item. We will make no payment to you for any such item, or for our subsequent use (or our franchisees’ subsequent use) of such item.

**(B) Approved Products, Services, Distributors and Suppliers.**

(1) You acknowledge that the reputation and goodwill of Pure Glow Studios are based upon and can only be maintained by the delivery of high-quality services and products under the Marks. You agree that you will, at your Pure Glow Studio: (a) provide all services and products that we specify from time to time and only in the manner we prescribe; (b) not provide any services or products we have not approved; (c) offer for sale and sell all products only at retail and from the Premises and you will not offer or sell any products at wholesale or transfer products to any other business or other business not operating under the System; and (d) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing, provided, however, that you may continue to sell discontinued products for up to 3 months after their discontinuance unless we determine that they are a public hazard or are detrimental to the public image of our System. You will also immediately stop providing any service if we determine that it is a public hazard or detrimental to the public image of our System.

(2) We have developed and may continue to develop certain proprietary or branded products that will be prepared by or for us or our Affiliates according to our proprietary designs (collectively “Proprietary Products”). We also have developed standards and specifications for other products, materials and supplies incorporated or used in providing services and the packaging and delivery of products authorized for sale at Pure Glow Studios. You agree that you will: (a) purchase those Proprietary Products only from us or a third party designated and licensed by us to prepare and sell such products (collectively

“Designated Suppliers”); and (b) purchase from manufacturers, distributors, vendors and suppliers approved by us (collectively “Approved Suppliers”) all other goods, products, materials and supplies (collectively “Goods”), as well as advertising materials furniture, fixtures, equipment, forms, or retail skincare products, professional skin and body care, and supplies associated with providing the organic spray tanning that looks natural, lasts longer than other spray tans, and fades beautifully and related skincare, tanning, and bronzing retail products (“Pure Glow Services”) at your Pure Glow Studio (collectively “Materials”) that meet the standards and specifications promulgated by us from time to time. We have the right to require that you use only certain brands (collectively “Approved Brands”) and to prohibit you from using other brands. We may from time to time modify the list of Approved Brands (including certain skincare products), and you will not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand.

(3) We may from time to time modify the list of Designated Suppliers and/or Approved Suppliers, and you must not, after receipt of such modification in writing, order any Proprietary Products from a supplier who is no longer a Designated Supplier or order any Goods or Materials from a supplier who is no longer an Approved Supplier. We may approve one or more suppliers for any Goods or Materials and may approve a supplier only for certain Goods or Materials. We reserve the right to charge Designated Suppliers a license fee for the right to manufacture Proprietary Products for use in a Pure Glow Studios.

(4) From time to time, we and our Affiliates may receive payments from suppliers (including Designated Suppliers and Approved Suppliers) on account of such suppliers’ dealings with you and other franchisees and may use any amounts received without restriction and for any purpose we and our Affiliates deem appropriate. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Pure Glow Studios or any other group of businesses franchised or operated by us or our Affiliates. Approval of a supplier may be conditioned on requirements relating to the product quality, prices, consistency, reliability, financial capability, labor relations, frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by us.

(5) If you propose to purchase any Goods or Materials (that you are not required to purchase from us, an Affiliate of ours or an Approved Supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval or request the supplier to do so itself. We have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier’s facilities, and that such information, specifications, and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test must be paid by you. We will notify you within 60 days of your request as to whether you are authorized to purchase such products from that supplier. We reserve the right, at our option, to re-inspect the facilities and products of any such Approved Supplier and to revoke our approval upon the suppliers’ failure to continue to meet any of the foregoing criteria.

(6) You must at all times maintain an inventory of approved Goods and Materials sufficient in quality and variety to realize the full potential of your Pure Glow Studio. We may, from time to time, conduct market research and testing to determine consumer trends and the salability of new products and services. You agree to cooperate in these efforts by participating in our customer surveys and market research programs if requested by us. All customer surveys and market research programs will be at our sole cost and expense or charged to the Brand Fund unless such survey or program has been approved by you and you have approved its proportionate cost. You must not test any new product or service without first being requested to by us and signing a test letter agreement in a form satisfactory to us.

(7) You must utilize our Approved Supplier of music at your Pure Glow Studio at your expense. Currently, the costs associated with our Approved Supplier of music are included in your Technology Fee.

(8) We and our Affiliates disclaim all express or implied warranties concerning any approved Goods, Materials, Proprietary Products, Proprietary Services, or other goods, materials, or services, including, without limitation, any warranties as to merchantability, fitness for a particular purpose, availability, quality, pricing, or profitability. You acknowledge that we and our Affiliates may, under appropriate circumstances, receive fees, commissions, rebates, royalties, or other consideration from suppliers based on sales to you and we may use any amounts received without restriction and for any purpose we and our Affiliates deem appropriate. We may charge non-approved suppliers reasonable testing or inspection fees.

(C) Studio Systems.

(1) You agree to purchase from us, or an Approved Supplier of our choice, and use the Studio Systems we specify, which includes such equipment, computer hardware, routers, high speed Internet and/or communications connections, printers and related accessories or peripheral equipment as we specify in the Manual or otherwise. The Studio Systems may include web-based scheduling, reservation, and payment systems. You must provide all assistance, maintenance, and support required to utilize the Studio Systems at your Studio. You agree that any data and information generated, collected, retrieved, maintained, or polled from your Studio Systems belongs to us. You must maintain and use the Pure Glow Studio email address that we assign to you.

(2) You acknowledge that the Studio Systems are designed to accommodate a finite amount of data and operate with certain performance parameters, and that, as these limits are reached, or as technology or software is developed in the future, we may, in our sole discretion, mandate that you (at your expense): (a) add memory, accessories or peripheral equipment or additional, new or substitute software to the your computers and related hardware and software; and (b) replace or upgrade the Studio Systems with a larger system capable of assuming and discharging the electronic and/or digital related tasks and functions specified by us. You acknowledge that we may desire to make substantial modifications to the Studio Systems or to require installation, subscription, or adoption of entirely different systems during the term of this Agreement. Within 60 days after you receive notice from us, you agree to obtain, subscribe, download, and/or install the new or updated systems that we designate. If we install these components for you, you must pay our then-current installation fees and any travel, living and other expenses incurred by our personnel.

(3) You agree that we or our Affiliates may condition any license of proprietary software to you, or your use of technology that we or our Affiliates develop or maintain, on your signing a software license agreement or similar document that we or our Affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our Affiliates may charge you fees for any proprietary software or technology that we or our Affiliates license to you and for other maintenance and support services that we or our Affiliates provide during the term of this Agreement.

(4) You must obtain a maintenance service agreement with an Approved Supplier of technology support services and use and maintain the Studio Systems according to our System Standards, you will have sole and complete responsibility for: (a) the acquisition, operation, maintenance, and upgrading of the Studio Systems; (b) the manner in which your Studio Systems interface with our and any third party's computer system; and (c) any and all consequences if the Studio Systems is not properly operated, maintained, and upgraded. You may not install any software (including, but not limited to, virus

and spam filters and firewalls) other than authorized upgrades or make any hardware modifications to the Studio Systems without our prior written consent.

(5) To ensure full operational efficiency and communication capability between our computers and your computer, you agree, at your expense, to keep your computers in good maintenance and repair and to make additions, changes, modifications, substitutions and replacements to your computer hardware, software, telephone and power lines and other computer-related facilities as directed by us, and on the dates and within the times specified by us in our sole discretion. Upon termination or expiration of this Agreement, all computer software, storage media, drives, hardware, and software must be returned to us in good operating condition, excepting normal wear and tear.

**(D) Non-Cash Payment Systems.**

(1) You must accept all forms of payment that we specify including but not limited to membership credits or points, debit cards, credit cards, stored value, loyalty cards, gift cards, or other non-cash payment systems specified by us or as set forth in our Manual to enable customers to purchase products and services.

(2) You must participate in and honor the terms of any membership, discount, loyalty, or promotional program (including gift card, loyalty, and discount programs that are applicable to the Pure Glow System as a whole, specific markets, or certain Pure Glow Studios only) that we offer to the public on your behalf and shall be responsible for the fees payable in conjunction with the operation of these programs. You agree that you will take all action necessary (including the supply to us of all information and the purchase of any supplies, equipment, or services) to participate in any discount or promotional programs.

**(E) Condition and Appearance of your Pure Glow Studio.**

(1) You must routinely maintain and continuously operate your Pure Glow Studio and all furniture, fixtures, equipment, furnishings, floor coverings, interior and exterior signage, building interior and exterior, interior, and exterior lighting, landscaping, and parking lot surfaces in first-class condition and repair in accordance with the requirements of the System, including all ongoing necessary remodeling, redecorating, refurbishing and repairs. In that regard, you agree to undertake, without limitation, the following actions during the term of this Agreement: (a) frequent safety inspection of the Premises including, but not limited to, all equipment, tables, products, and other items used in the operation of your Pure Glow Studio; (b) thorough cleaning, repainting, and redecorating of the interior and exterior of the Premises at intervals we prescribe including resurfacing of the parking lot, roof repairs, and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment, technology, and décor; (c) interior and exterior repair of the Premises; and (d) repair or replacement of damaged, worn out, obsolete or unsafe equipment or technology.

(2) You will place or display at the Premises (interior and exterior) only those signs, emblems, photographs, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve. You must not make any material alterations to your Pure Glow Studio that may, in our reasonable discretion, negatively impact operations or the image of the System without our prior written consent. It is your responsibility to keep the Premises, equipment used at the Premises, your staff, and your customers safe and secure. We may from time to time provide information to you regarding safety and security, but we have no obligation to do so.

(3) If, at any time in our reasonable judgment, the general state of repair, condition, appearance or cleanliness of the Premises of your Pure Glow Studio or its fixtures, furnishings, equipment,



technology, or signs does not meet our System Standards, we have the right to notify you, specifying the action you must take to correct the deficiency. You will have 30 days to make these corrections. If you do not initiate action to correct such deficiencies within this 30-day period, we have the right, in addition to all other remedies, to enter the Premises and do any required maintenance or refurbishing on your behalf, at your expense, and you agree to reimburse us on demand for any expenses we incur in that connection. If we make a reasonable determination that the continued operation of your Pure Glow Studio by you will result in imminent danger to public health or safety, we may terminate this Agreement pursuant to Section 19(A)(10) or, in our sole discretion, we may require you to close your Pure Glow Studio temporarily to make the necessary repairs or alterations.

**(4)** Upon receipt of notice from us, you agree to remodel, expand, redecorate, reequip and/or refurbish the Premises and your Pure Glow Studio to conform your Pure Glow Studio to the image of the System for new Pure Glow Studios. If any single modification exceeds \$10,000, then you will have 6 months to comply with such modifications. Except as described below, we will not require a major redesign of your Pure Glow Studio that will cost more than \$10,000 more than twice during the Initial Term of this Agreement. In the event we determine, in our sole discretion, that you cannot amortize the cost of the major redesign over the remaining years of the Initial Term, we may agree to extend the Initial Term of this Agreement. If a major redesign of the Premises is required by the Americans with Disabilities Act or any new safety standards that are enacted by PGFC or any governmental or regulatory agency, you will be required to complete that redesign, regardless of the cost of compliance.

**(F) Maximum Operation of your Pure Glow Studio.**

**(1)** During the term of this Agreement, you must use the Premises solely for the operation of your Pure Glow Studio and you must maintain sufficient inventories, adequately staff each shift with qualified employees, and continuously operate your Pure Glow Studio at its maximum capacity and efficiency for the minimum number of days and hours set forth in the Manual or as we otherwise prescribe in writing. As of the Effective Date, your Pure Glow Studio must be open and available for services and products and customer service calls seven (7) days and 84 hours per week.

**(2)** You must immediately resolve any customer complaints regarding the quality of service, products, and/or cleanliness of your Pure Glow Studio or any similar complaints. When any customer complaints cannot be immediately resolved, you must use commercially reasonable efforts to resolve the customer complaints as soon as practical and you must, whenever feasible, give the customer the benefit of the doubt. If we, in our sole discretion, determine that our intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if we, in our sole discretion, believe that you have failed adequately to address or resolve any customer complaints, we may, without your consent, resolve any complaints and charge you an amount sufficient to cover our reasonable costs and expenses in resolving the customer complaints, which amount you must pay to us immediately on demand.

**(G) Compliance with Laws and Good Business Practices.** You must secure and maintain in force all required licenses, permits and certificates relating to the operation of your Pure Glow Studio and any other licenses applicable to your management and personnel. You must operate your Pure Glow Studio in full compliance with all applicable laws, ordinances, and regulations, including, without limitation, government regulations relating to occupational hazards, health, worker's compensation, and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You must notify us in writing within 5 days of the commencement of any proceeding or the issuance of any decree of any court or government agency that may adversely affect the operation of your Pure Glow Studio or your financial condition or give rise to liability or a claim against you or us. You must follow and abide by the crisis management information contained in the Manual.

**(H) Management and Staffing of your Pure Glow Studio.**

**(1)** Your Pure Glow Studio must at all times be under the on-premises supervision of you or your Operating Principal, General Manager, or a manager of your Pure Glow Studio that we have approved and who has completed and been certified by our Initial Training Program. You must keep us informed at all times of the identity of any supervisory employee(s) acting as managers of your Pure Glow Studio. Your managerial personnel must devote their full time and commercially reasonable efforts to the management and supervision of your Pure Glow Studio.

**(2)** You, your Operating Principal, and/or General Manager must manage and provide general oversight of your Pure Glow Studio. You or your Operating Principal must remain active in overseeing the operations of your Pure Glow Studio, including, without limitation, regular, periodic visits to your Pure Glow Studio and sufficient communications with us to ensure that the operations of your Pure Glow Studio comply with the System Standards promulgated by us from time to time in the Manual or otherwise in written or oral communications to you.

**(3)** If your Operating Principal does not meet our qualifications and requirements regarding experience in the spa industry, you will be required, prior to opening your Pure Glow Studio for business, to retain a General Manager that meets our qualifications and requirements. Our qualifications and requirements are identified in our Manual.

**(4)** Your Pure Glow Studio must at all times be operated by the number of staff members and managerial personnel that we designate or as required by any applicable government regulations. You must hire all employees of your Pure Glow Studio and be exclusively responsible for the terms of their employment and compensation, and for the proper training of such employees in the operation of your Pure Glow Studio, in human resources, and customer relations. You must establish at your Pure Glow Studio a training program for all employees that meets our standards.

**(5)** You must conduct appropriate criminal background checks and due diligence on all employees of your Pure Glow Studio to determine that your employees meet the high ethical standards necessary for working in a professional environment. You must comply with all state and local laws and regulations regarding the staffing and on-premises management of personnel including, but not limited to, any required licenses and any regulations dealing with providing tanning services and skincare services. You must employ only suitable persons of good character and reputation who will at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of Pure Glow Studios and the System and, while on duty, comply with the dress attire, personal appearance and hygiene standards set forth in the Manual.

**(I) Insurance.**

**(1)** You will be responsible for all loss or damage arising from or related to your development and operation of your Pure Glow Studio, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the Premises, or in connection with the development and/or operation of your Pure Glow Studio. You must obtain from a PGFC approved broker or carrier, and maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of your Pure Glow Studio, which shall include, at a minimum, the following:

**(a)** Commercial General Liability insurance written on an occurrence form, including but not limited to the following coverage levels: \$1,000,000 Each Occurrence; \$1,000,000

Personal & Advertising Injury \$2,000,000 General Aggregate; and \$1,000,000 Products/Completed Operations Aggregate.

(b) Professional Liability: \$1,000,00 Each Claim; \$2,000,000 Aggregate

(c) Sexual Abuse / Misconduct / Molestation: \$1,000,000 Each Claim; \$1,000,000 Aggregate

(d) Employment related practices liability insurance, including third party coverage: \$1,000,000 per occurrence; \$1,000,000 aggregate. Such insurance must include a deductible of no more than \$10,000 unless we approve a higher deductible in writing.

(e) Commercial automobile insurance written on a combined single limit basis for bodily injury and property damage: \$1,000,000 per accident. Such insurance shall include coverage for hired, and non-owned automobiles and shall include additional insured and waiver of subrogation endorsements in favor of Franchisor.

(f) Commercial umbrella or excess liability that, at a minimum, sits over the Commercial General Liability, Commercial automobile insurance, and Employers liability policies: \$2,000,000 per occurrence; \$2,000,000 aggregate.

(g) Property insurance coverage: Coverage for replacement costs of all Franchisee-owned contents and tenant improvements, and business interruption insurance for a period adequate to re-establish normal business operations, not to be less than twelve months. All property-related coverage shall be written on special causes of loss forms with deductibles not to be greater than \$5,000 per occurrence.

(h) Workers' compensation: (Coverage A) with statutory limits complying with the laws of the applicable state, and employer's liability; (Coverage B) with limits not less than \$1,000,000 per accident, \$1,000,000 disease policy limit, and \$1,000,000 disease per employee. Such insurance shall include a waiver of subrogation endorsement in favor of Franchisor.

(i) Such other insurance as may be required by us from time to time or by the Landlord of the Pure Glow Studio, and by the state or locality in which the Pure Glow Studio is located. All required insurance coverages may be obtained by separate primary policies, or in combination with umbrella or excess liability policies.

(2) The insurance policies described above must: (i) be written on a primary and non-contributory basis; (ii) have a deductible equal to or less than stated above; (iii) grant a Waiver of Subrogation in favor of Franchisor; and (iv) grant Additional Insured status to Franchisor.

(3) The types and amount of insurance listed above represent the minimum coverage you are required to secure prior to opening your Pure Glow Studio. You may secure additional insurance. Additionally, local law and/or your Lease may require additional types of insurance and/or greater amounts of coverage. To the extent that your Lease requires additional policies and/or amounts of coverage, your Lease shall control although you are obligated to have each type of insurance identified above.

(4) All insurance policies must be purchased through an agent or broker on our Approved Supplier list and be written by an insurance company that meets our approval. We may from time to time increase the minimum required coverage and/or require different or additional insurance coverage (including an additional umbrella liability insurance policy) at any time to reflect inflation,

identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide you with written notice of such modifications and you must take prompt action to secure the additional coverage or higher policy limits. All insurance policies must name us and any Affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation, or expiration.

**(5)** At least 10 days prior to commencing construction of your Pure Glow Studio (or, if you are acquiring an existing Pure Glow Studio, 10 days prior to the transfer of ownership interests) and annually thereafter, you promise to submit to us a copy of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and your Pure Glow Studio on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus ten percent (10%) of such payments by us for our time incurred in obtaining such insurance.

**(J)** Notification of Claims. You must notify us in writing within 5 days of receipt of notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or occurrence of any accident or injury which may adversely affect the operation of your Pure Glow Studio or your financial condition or give rise to liability or a claim against you or us.

**(K)** Right to Inspect your Pure Glow Studio. You acknowledge and agree that we have the right, upon reasonable notice to you, to inspect your Pure Glow Studio (the "Inspection"). Our right to inspect your Pure Glow Studio shall include the right to conduct reasonable inspections of your operations, marketing, safety systems and programs, financial systems, maintenance, and necessary repairs of your Pure Glow Studio. A report and score may be generated as part of the Inspection. A copy of the report and score will be provided to you as well as to the PGFC corporate office. A failing score on an Inspection shall be a default of the Agreement and, subject to the terms of Section 19(C), be grounds for termination of the Franchised Agreement.

**(L)** Pricing. To the fullest extent permitted by law, we may impose minimum, maximum, or required pricing for services or products offered or sold from or at your Studio.

### **13. MARKS**

**(A)** Ownership and Goodwill. Your right to use the Marks is derived only from this Agreement and is limited to your operating your Pure Glow Studio at the Premises according to this Agreement and all System Standards we prescribe during the term of this Agreement. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your Pure Glow Studio under this Agreement). You may not at any time during or after this Agreement's term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

**(B)** Limitations on Your Use of Marks.

**(1)** You agree to use the Marks as the sole identification of your Pure Glow Studio, except that you agree to identify yourself as its independent operator in the manner we prescribe. Unless you obtain our prior written consent, you may not use any Mark, any derivatives of the Marks or similar mark: **(a)** as part of any corporate or legal business name; **(b)** with any prefix, suffix, or other modifying

words, terms, designs, or symbols (other than logos we have licensed to you); (c) in selling any unauthorized services or products; or (d) in any other manner that we have not expressly authorized in writing.

(2) You may not use any Mark in advertising the transfer, sale, or other disposition of your Pure Glow Studio or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at your Pure Glow Studio and on forms, advertising, supplies, and other materials we designate. You must ensure that the Marks bear the “®,” “™,” or “SM” symbol, as we prescribe from time to time. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

(C) Use of Marks on Internet. You may not use the Marks on any Internet domain name, e-mail address, Internet Website, or social media platform without our prior written consent. We may grant or withhold our consent in our sole discretion. We may, upon written notice to you, require you to retain a Designated Supplier of social media, public relations, and digital marketing services (“Social Media Services”). There may be a fee payable to such Designated Supplier in connection with Social Media Services. You will be required to retain and utilize such Designated Supplier(s) upon written notice from us.

(D) Notification of Infringements and Claims. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark or of any person’s claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs in taking any action that we have asked you to take.

(E) Discontinuance of Use of Marks. If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute Marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing your Pure Glow Studio’ signs or any printed collateral, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark.

(F) Indemnification for Use of Marks. We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Mark(s) in compliance with this Agreement, the Manual, and any other directives from us. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

## **14. YOUR ORGANIZATIONAL STRUCTURE**

(A) Representations.

(1) If you are a corporation, a limited liability company or a partnership (“Entity”), you make the following representations and warranties: (a) you are duly organized and validly existing under the laws of the state of formation; (b) you are qualified to do business in the state, county, and city

in which your Pure Glow Studio is located; (c) execution of this Agreement and the development and operation of your Pure Glow Studio is permitted by your governing documents; (d) unless waived in writing by us, your Articles of Incorporation, Articles of Organization or written partnership agreement must at all times provide that your activities are limited to the development and operation of Pure Glow Studios and other businesses operated by you that are franchised by us or our Affiliates; and (e) all interests in you are owned as set forth in attached Exhibit 4; (f) each person owning 20% interest in Franchisee has executed a guaranty agreement (Exhibit 5) undertaking to be bound by the provisions of the Agreement.

**(2)** If you are an individual, a group of individuals, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (a) each individual has signed this Agreement; (b) each individual will be jointly and severally bound by, and personally liable for the timely and complete performance and default of, each and every provision of this Agreement; and (c) notwithstanding any transfer for convenience of ownership, each individual will continue to be jointly and severally bound by, and personally liable for the timely and complete performance and default of, each and every provision of this Agreement.

**(B)** **Governing Documents.** If you are an Entity, then you must provide us with copies of your organizational and governing documents (“governing documents”). When any of these governing documents are modified or changed, you must promptly provide copies to us. You must maintain a current list of all of your owners, members, or partners (and the percentage ownership of each owner, member, or partner). You must comply with Section 16(B). prior to any change in ownership interests and sign and deliver to us a revised Exhibit 4 to reflect any permitted changes in the information that Exhibit 4 now contains. If you are an Entity, you must maintain stop-transfer instructions against the transfer on your records of any voting securities, membership interests or ownership interests. If you are a publicly held corporation these requirements will apply only to the stock owned by your shareholders who own in excess of 10% of you.

**(C)** **Personal Guaranty.** Each of your owners who hold an ownership interest in you of more than 20% at any point during the term of this Agreement must sign a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached as Exhibit 5.

**(D)** **Operating Principal.**

**(1)** If you are an entity, you will appoint one of your owners (the "Operating Principal") to be our principal point of contact. The Operating Principal will be the person with whom we will communicate on all major policy, financial, management, and operational matters, and the only person that we will recognize as having authority to communicate for and on your behalf. You may not change the Operating Principal without our prior written consent.

**(2)** We require you (or the Operating Principal if you are an entity) to personally manage the day-to-day operations of your Studio during the first year it is open to the public. After you have been in operation for one year, you may appoint an individual that has completed our Initial Training Program and otherwise meets our standards to be your General Manager. Regardless of the appointment of a General Manager you must ensure that your Studio is being operated in compliance with our System Standards, the Manual, and your Agreement at all times. We may waive the one (1) year management requirement if you are executing an Agreement in connection with your second or subsequent Studios and you and your existing General Manager(s) have demonstrated the ability to manage multiple Studios.

**(3)** You (or the Operating Principal if you are an entity) and your General Manager must complete the Initial Training Program to our satisfaction (prior to undertaking any management

responsibilities). We will not unreasonably withhold our approval of a General Manager you propose after the first year of operations, provided the General Manager has completed our Initial Training Program and otherwise demonstrates an understanding of our System Standards and specifications for daily operations of a Studio.

(4) Your Studio must, at all times, be managed by at least one (1) individual who has successfully completed our Initial Training Program. In the event that you operate more than one Studio, you must have a trained General Manager at each of your Studios. You must keep us informed at all times of the identity of any personnel acting as General Manager and obtain our approval before substituting a new General Manager at any of your locations.

(5) If the Operating Principal no longer qualifies as such, you must designate another qualified person to act as Operating Principal within 30 days after the date the prior Operating Principal ceases to be qualified. Your designee to become the Operating Principal must successfully complete our Initial Training Program and any additional training we require within 30 days after being designated as your Operating Principal.

(E) General Manager.

(1) You (or the Operating Principal if you are an entity) and your General Manager must complete the Initial Training Program to our satisfaction (prior to undertaking any management responsibilities). Your General Manager must devote full time and commercially reasonable efforts to the management and supervision of your Pure Glow Studio and must not engage in any other business or activity, other than operation of your Pure Glow Studios, which requires substantial management responsibility. The General Manager must be approved by us and must successfully complete and be certified in our training programs. If the General Manager no longer qualifies as such, you must designate another qualified person to act as General Manager within 30 days after the date the prior General Manager ceases to be qualified. Your designee to become the General Manager must successfully complete and be certified by us in the Initial Training Program and any additional training that we require within 30 days after being designated as your General Manager.

(2) We will not unreasonably withhold our approval of any General Manager you propose provided the General Manager has completed our Initial Training Program and otherwise demonstrates an understanding of our System standards and specifications for daily operations of a Studio.

(3) If the franchisee is a business entity, we do not require the General Manager to own an interest in the entity, but the General Manager must sign our prescribed form of Confidentiality Agreement. Your Studio must, at all times, be managed and staffed with at least one (1) individual who has successfully completed our Initial Training Program. In the event that you operate more than one Studio, you must have a trained General Manager at each Studio you own and operate. You must keep us informed at all times of the identity of any personnel acting as General Manager and obtain our approval before substituting a new General Manager at any of your locations.

**15. TRANSFER BY US.** We have the absolute, unrestricted right, exercisable at any time, to change our ownership or form and/or transfer and assign all or any part of our rights and obligations under this Agreement to any person or legal entity without your consent. After our transfer or assignment of this

Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

## **16. TRANSFER BY YOU**

**(A)** Transfer Generally. You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual or Entity which directly or indirectly controls you may sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in you, this Agreement, the Franchise, your Pure Glow Studio, the Assets of your Pure Glow Studio, the Premises, the Lease or any other assets pertaining to your operations under this Agreement (collectively "Transfer") without our prior written consent. Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having our prior written consent will have no effect with regard to us and will constitute a material default of this Agreement, for which we may terminate this Agreement without providing you an opportunity to cure the default.

### **(B) Conditions for Approval of Transfer.**

**(1)** You must advise us in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, submit a copy of all contracts and all other agreements or proposals, and submit all other information requested by us, relating to the proposed Transfer. Along with that required information, you must pay to us a transfer ("**Transfer Fee**"). The Transfer Fee will be: (i) 2/3 of our then current initial franchise fee if you are transferring the Studio to a third party that is not a current Pure Glow franchisee; (ii) 1/3 of our then current initial franchise fee if the transfer is to an existing Pure Glow franchisee; or (iii) \$1,500 if the Transfer is a transfer of ownership interests between existing members of Franchisee. We will not charge a Transfer Fee for a one-time transfer from individual(s) franchisee to an entity formed for convenience of ownership of the franchise. The Transfer Fee is non-refundable, however, if the proposed Transfer transaction does not close, then we shall apply the Transfer Fee against the transfer fee for any subsequent Transfer that you close within the 12-month period following your initial Transfer application. If we do not exercise our right of first refusal (as set forth in Section 16(G)), the decision as to whether or not to approve a proposed Transfer will be made by us in our sole discretion and will include those factors deemed relevant by us. These factors may include, but will not be limited to, the following:

**(2)** the proposed transferee meets our then-current standards for new franchisees and has sufficient business experience, aptitude, and financial resources to operate your Pure Glow Studio.

**(3)** you have paid all amounts owed to us, our Affiliates, and third-party vendors and suppliers, have submitted all required reports and statements, and are not in default of this Agreement.

**(4)** neither the proposed transferee nor its owners or Affiliates have an ownership interest (direct or indirect) in or perform services for a Competing Business (as defined in Section 18(B)(1)).

**(5)** the proposed transferee (or its Operating Principal) satisfactorily completes our Initial Training Program (and any other required training programs we require) and pays any then-current training fees.

**(6)** the proposed transferee has demonstrated an ability to obtain possessory rights in the Premises.



(7) you have corrected any existing deficiencies of your Pure Glow Studio of which we have notified you, and/or the proposed transferee agrees to upgrade, remodel, and refurbish your Pure Glow Studio in accordance with our then current requirements and specifications for Pure Glow Studios within the time period we specify following the effective date of the Transfer (we will advise the proposed transferee before the effective date of the Transfer of the specific actions that are required and the time period within which such actions must be taken);

(8) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Pure Glow Studio are subordinate to the transferee's obligation to pay Royalties, Brand Development Fees, and other amounts due to us, our Affiliates, and third-party suppliers and vendors and otherwise to comply with this Agreement; and

(9) you (and your transferring owners) must sign a general release, in a form satisfactory to us, of any and all claims against us and our Affiliates, officers, directors, employees, and agents.

(10) you modify and/or upgrade certain fixtures, equipment, features, and computer hardware or software to our then current standards prior to the closing of the proposed Transfer.

(11) If we approve a proposed Transfer, prior to the Transfer becoming effective:

(a) you or the proposed transferee must pay us the balance of the nonrefundable Transfer Fee, to reimburse us for reasonable expenses associated with reviewing the Transfer. The Transfer Fee will be waived if the proposed transferee: (1) is an Entity formed by you for the convenience of ownership as set forth in Section 16(C); or (2) has obtained your Pure Glow Studio as a result of your death or permanent incapacity as provided in Section 16(D).

(b) if the franchise candidate for the Transfer comes through the investigation process with a franchise sales broker that we have retained, then the transferee must pay our then-current Initial Franchise Fee. This enables us to pay the additional costs we incur, including the payment of the broker's commission.

(c) you and the proposed transferee must sign, at our election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by us to reflect the Transfer or our then-current standard form of franchise agreement for a term ending on the expiration date of the Initial Term of this Agreement. In either event, if the proposed transferee is an Entity, the transferee must complete Exhibit 4 as required by Section 14(B) and all individuals who hold or will hold an ownership interest in Franchisee of more than 20% must sign the guaranty attached as Exhibit 5.

(d) the proposed transferee must sign our then-current license agreements or service agreements related to the Studio Systems; and

(e) you (and all of your owners) must, at our request, sign a written guaranty pursuant to which you will remain liable for all obligations to us incurred before the date of the Transfer.

(12) Following the effective date of the Transfer:

(a) you and your transferring owners agree not to engage in any of the activities proscribed in Section 18(B). below, for the Restricted Period in the Restricted Area; and

**(b)** you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Pure Glow Studios you own and operate) identify yourself or themselves or any business as a current or former Pure Glow Studio or as one of our franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Pure Glow Studio in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us.

**(C)** **Transfer for Convenience of Ownership.** If you are an individual or a partnership and you would like to Transfer this Agreement to a corporation or limited liability company formed exclusively for the convenience of ownership, the requirements of Section 16(B). will apply to such a Transfer; however, you will not be required to pay a Transfer Fee. Our approval also will be conditioned on the following: (1) the corporation or limited liability company must be newly organized; (2) prior to the Transfer, we must receive a copy of the documents specified in Section 14(B). and the transferee must comply with the remaining provisions of Section 14; (3) you must own all voting securities of the corporation or membership interests of the limited liability company or, if you are owned by more than one individual, each person must have the same proportionate ownership interest in the corporation or the limited liability company as prior to the Transfer; and (4) you and your owners must agree to remain personally liable under this Agreement as if the Transfer to the corporation or limited liability company did not occur.

**(D)** **Transfer upon Your Death or Permanent Incapacity.** If the Transfer is a transfer of ownership interests in you following the death or permanent incapacity (as reasonably determined by us) of one of your owners, that person's executor, administrator, or other personal representative must apply to us in writing within 90 days after death or declaration of disability for consent to Transfer this person's interest to a third party that we have approved. We do not charge a Transfer Fee under this Section 16(D). That Transfer must be completed within a reasonable time, not to exceed 6 months from the date of death or disability and is subject to all of the terms and conditions in this Section 16. A failure to Transfer your interest in this Agreement or the Operating Principal's ownership interest in you within this time period will constitute a default of this Agreement.

**(E)** **No Rights to Grant a Security Interest.** You may not grant any security interest in your business entity, your Pure Glow Studio, the Premises, or the Assets without our prior written consent. Our approval may be conditioned, in our sole discretion, on the written agreement by the secured party that, in the event of a default by you under any agreement related to the security interest, we will have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of the fair market value of the secured assets.

**(F)** **Effect of Consent to Transfer.** Our consent to any Transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Pure Glow Studio' or the transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand your and your transferee's full compliance with this Agreement.

**(G)** **Our Right of First Refusal.**

**(1)** We have the right, exercisable within 10 days after receipt of the notice specified in Section 16(B)(1) to send written notice to you that we intend to purchase the interest proposed to be transferred. We may assign our right of first refusal to someone else either before or after we exercise it. Our right of first refusal will not apply with regard to Transfers for Convenience of Ownership under Section 16(C). If the Transfer is proposed to be made pursuant to a sale, we or our designee may purchase the interest proposed to be transferred on the same economic terms and conditions offered by the third-party. Closing on our purchase must occur within 60 days after the date of our notice to the seller electing to purchase the interest. If we cannot reasonably be expected to furnish the same consideration as the third-

party, then we may substitute the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, we will designate, at our expense, an independent appraiser, and the appraiser's determination will be final. Any material changes in the terms of the offer from a third party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer.

(2) If a Transfer to which our right of first refusal applies is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within 30 days after our notice to the transferor of the appraisers' determination of fair market value.

(3) If we elect not to exercise our rights under this Section 16(G), the transferor may complete the Transfer after complying with this Section 16. Closing on the Transfer must occur within 60 days of our election (or such longer period as applicable law may require); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. The Transfer is conditional upon our determination that the Transfer was completed on terms substantially the same as those offered to us. You must provide to us copies of all fully executed agreements and any other information we request relating to the Transfer.

(H) Public Offering. Securities or partnership interests in you may be sold, by private or public offering, only with our prior written consent (whether or not our consent is required under any other provision of this Section), which consent will not be unreasonably withheld. In addition to the requirements of Section 16(B), prior to the time that any public offering or private placement of securities or partnership interests in you is made available to potential investors, you at your expense, must deliver to us a copy of the offering documents. You, at your expense, also must deliver to us an opinion of your legal counsel and an opinion of one other legal counsel selected by us (both of which shall be addressed to us and in a form acceptable to us) that the offering documents properly use the Marks and accurately describe your relationship with us and/or our Affiliates. The indemnification provisions of Section 23 shall also include any losses or expenses incurred by us and/or our Affiliates in connection with any statements made by or on behalf of you in any public offering or private placement of your securities.

**17. GENERAL RELEASE.** You (on behalf of yourself and your subsidiaries and affiliates), all individuals who execute this Agreement and all guarantors of your obligations under this Agreement (collectively "Franchisee Releasers") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "Pure Glow Franchising Releasees"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "Released Claims"), which you or any Franchisee Releaser now own or hold or may at any time have owned or held, including, without limitation, Released Claims arising under federal, state and local laws, rules and ordinances, and Released Claims arising out of, or relating to this Agreement and all other agreements between you or any Franchisee Releaser and any Pure Glow Franchising Releasee, the sale of a franchise to you or any Franchisee Releaser, the development and operation of your Pure Glow Studio and the development and operation of all other Pure Glow Studios operated by you or any Franchisee Releaser that are franchised by any Pure Glow Franchising Releasee. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document or its exhibits or otherwise impair or affect any Released Claims arising after the date of this Agreement. You (on behalf of the Franchisee Releasers) expressly agree that, with respect to this release, any and all rights granted under

Section 1542 of the California Civil Code are expressly waived, to the extent applicable. That Section reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

## **18. COVENANTS**

(A) Confidential Information. During and after the Term, you may not communicate, divulge, or use for any purpose other than the operation of your Pure Glow Studio any Confidential Information, knowledge, trade secrets or know-how which may be communicated to you or which you may learn by virtue of your relationship with us (“Confidential Information”). You may divulge Confidential Information only to your professional advisers and to your employees who must have access to the information to operate your Pure Glow Studio. All Confidential Information, relating to us, our business plans, or the System are deemed confidential for purposes of this Agreement, except information that you can demonstrate came to your attention by lawful means prior to our disclosure; or which, at the time of our disclosure to you, had become a part of the public domain. You must require your Operating Principal and key employees and any other person or entity you wish to disclose any Confidential Information to sign agreements, in a form acceptable to us, that they will maintain the confidentiality of the disclosed information. The agreements must identify us as a third-party beneficiary with the independent right to enforce the agreements.

### **(B) Restrictions.**

(1) You acknowledge and agree that: (a) pursuant to this Agreement, you will have access to the Confidential Information; (b) the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; (c) in developing the System, we and our Affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and the Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Pure Glow Studios if our franchisees were permitted to hold interests in “Competing Businesses” (which are defined as businesses that provide tanning services and/or skincare services, and related retail products). You acknowledge that restrictions on your right to hold interests in or perform services for Competing Businesses will not hinder your activities. You and your owners expressly acknowledge that you each possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the restrictions contained in this Section will not deprive you of your personal goodwill or ability to earn a living.

(2) You therefore agree that, during the term of this Agreement and for the “Restricted Period” following the expiration or earlier termination of this Agreement, you and your owners will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, limited liability company, or other entity:

(a) own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record,

beneficially, or otherwise) or be or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in a Competing Business;

(b) knowingly employ or seek to employ any person then employed by us or employed by any Pure Glow Studio franchisee as a manager or higher-level position, or otherwise directly or indirectly induce such person to leave his or her employment without our prior written consent; or

(c) divert or attempt to divert, by direct or indirect inducement or otherwise, any actual or potential business or customer of any Pure Glow Studio to a Competing Business.

(3) For purposes of this Agreement, the term "Restricted Period" shall be two (2) years from the date the Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Agreement expires or is terminated.

(4) During the term of this Agreement, there is no geographical limitation on the restrictions contained in this Section 18(B). During the Restricted Period, these restrictions will apply at the Premises; within the Protected Area; within a 5-mile radius of the outer boundaries of the Protected Area; and within 5 miles of any other Pure Glow Studio in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement (the "Restricted Area"); or (ii) the date on which all persons restricted by Section 18(B) begin to comply with Section 18(B).

(5) If, at any time during the Restricted Period, you or your owners fail to comply with your obligations contained in this Section 18(B), that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section 18(B). These restrictions also apply after Transfers, as provided in Section 16(B)(12) above. Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 18(B).

(6) If any restriction in this Section 18(B) is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

(7) You agree to obtain similar covenants from the personnel and persons we specify, including your officers, directors, managers, and other employees who attend our training programs or have access to Confidential Information and your immediate family members (which include spouses and domestic partners and such other persons as we may specify following our review of your franchise application and proposed operations and ownership structure). We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

## **19. TERMINATION**

(A) Termination by Franchisor Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, we may terminate this Agreement and the rights granted

by this Agreement, upon written notice to you without an opportunity to cure upon the occurrence of any of the following events:

(1) You: (i) do not locate, and sign a Lease or acquisition document for, a site approved by us for the Premises; or (ii) comply with the terms of Section 5; within 12 months of the Effective Date of this Agreement.

(2) you do not open your Pure Glow Studio within the time period prescribed in Section 6(E).

(3) you abandon or fail actively to operate your Pure Glow Studio for a period of three (3) or more consecutive days, unless you close your Pure Glow Studio for a purpose we approve in writing or because of Force Majeure, as defined in Section 25(C).

(4) you become insolvent; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Pure Glow Studio is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Pure Glow Studio is not vacated within 30 days following the order's entry;

(5) there is a material default by you of any covenant or obligation set forth in Section 18.

(6) any Transfer that requires our prior written consent occurs without your having obtained that prior written consent.

(7) we discover that you made a material misrepresentation or omitted a material fact in the information that you provided to us in connection with our decision to grant a Franchise to you.

(8) you knowingly falsify any report required to be furnished to us; make any material misrepresentation in your dealings with us; or fail to disclose any material facts to us.

(9) if an incident occurs at your Pure Glow Studio that involves one of your employees and we discover that you did not conduct adequate due diligence and criminal background checks on that employee.

(10) we make a reasonable determination that continued operation of your Pure Glow Studio by you will result in an imminent danger to public health or safety.

(11) you lose the right to occupy the Premises.

(12) you, the Operating Principal, your General Manager, or any of your owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect us, our Affiliates, the goodwill associated with the Marks, or the System;

(13) you, or your Operating Principal, your General Manager and/or any management personnel of your Pure Glow Studio do not satisfactorily complete the Initial Training Program (after we provide a second opportunity as provided in Section 11(A));

**(14)** your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; you or your owners: (a) remain in default beyond the applicable cure period under, or we terminate, any other agreement with us or our Affiliates (provided that, if the default is not by you, we will provide to you written notice of the default and a 30-day period to cure the default); (b) remain in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to your Pure Glow Studio; (c) remain in default beyond the applicable cure period under any contract with any vendor or supplier to your Pure Glow Studio; or (d) fail to pay when due any taxes or assessments relating to your Pure Glow Studio or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization;

**(15)** you interfere with our relations with other franchisees or third parties and/or negatively impact our ability to operate and/or grant franchises under our System.

**(16)** you materially default any representation or warranty set forth in Section 30;

**(17)** You fail to maintain all insurance policies required by Section 12(I) of this Agreement and/or you allow or communicate your intent to allow any policy of insurance required by this Agreement to expire, lapse, cancel or terminate; or

**(18)** If you have received two (2) or more notices of default within the previous 12-month period, we may send you a notice of termination upon your next default within that 12-month period without providing you an opportunity to cure the default.

**(B)** Termination Following Expiration of Cure Period

**(1)** Except for those items listed in preceding Section 19(A) or 19(B)(2), you will have 30 days after written receipt of notice of default from us within which to remedy any default and provide evidence of that remedy to us. If any default is not cured within that time, this Agreement will terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, you will have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that you promptly begin taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursue those actions to completion. You will be in default under this Section 19(B)(1) for any failure to materially comply with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.

**(2)** Notwithstanding the provisions of preceding Section 19(B)(1), if you default in the payment of any monies owed to us or our Affiliates when such monies become due and payable and you fail to pay such monies within 5 days after receiving written notice of default or immediately if payment has not been made within 30 days of its due date, then this Agreement will terminate effective immediately upon expiration of that time, unless we notify you otherwise in writing.

**(3)** Termination Following Inspection. We (or our designee) may periodically conduct inspections of your Pure Glow Studio to evaluate your compliance with the System and this Agreement. Following each Inspection, we will provide you with an Inspection report and Inspection score on the Inspection and those conditions at your Pure Glow Studio that must be rectified. If you fail to achieve a passing score on an Inspection, the Inspection report will constitute a notice of default. If you fail to achieve a passing score on the next Inspection (which we will conduct at least 30 days after your receipt of the

Inspection report for the prior Inspection), we may terminate this Agreement, without opportunity to cure, by providing you written notice of termination along with the Inspection report.

(C) Liquidated Damages. If we terminate your Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalties you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower.

## **20. OBLIGATIONS UPON TERMINATION OR EXPIRATION**

(A) Your Obligations. Upon termination or expiration of this Agreement:

(1) The rights granted to you in the Protected Area will immediately terminate, and we will have the right to operate, or license others to operate, Pure Glow Studios anywhere in the Protected Area.

(2) You and your owners must continue to abide by the covenants in Section 18.

(3) Within 15 days, or on any later date that we determine the amounts due to us, you must pay to us, and our Affiliates all sums due and owing to us and our Affiliates.

(4) You must immediately discontinue all use of the Marks in connection with your Pure Glow Studio and of any and all items bearing the Marks; remove the Marks from your Pure Glow Studio and from clothing, signs, materials, motor vehicles and other items owned or used by you in the operation of your Pure Glow Studio; cancel all advertising for your Pure Glow Studio that contains the Marks; and take such action as may be necessary to cancel any filings or registrations for your Pure Glow Studio that contain any Marks. You must comply with this Section 20(A). before any items bearing the Marks are offered for sale or auction by you or your Franchisors or lienholders.

(5) You must immediately cease using any of our Confidential Information (including the Studio Systems or similar technology and digital passwords and identifications that we have licensed or loaned to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the Studio Systems, your client list, your telephone numbers, your email addresses, your social media pages, all copies of the Manual, and any other confidential materials that we have loaned you;

(6) Within 30 days, you must deliver to us all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark, or otherwise identifying or relating to a Pure Glow Studio that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove these items from Pure Glow Studio;

(7) You agree to promptly notify social media platforms, and internet service providers of the termination or expiration of your right to use any URLs and domain names, or other numbers or names associated with any Mark; to authorize the transfer of these listings to us or to a third party, at our direction; and/or to instruct the domain name registries and internet service providers to forward all calls, e-mails and electronic communications made to names, numbers or addresses we specify; and

(8) If we do not have or do not exercise an option to purchase the Assets of the Pure Glow Studio under Section 21 below, you agree promptly and at your own expense to make the alterations we specify in the Manual (or otherwise) to distinguish your Pure Glow Studio clearly from its former



appearance and from other Pure Glow Studios in order to prevent public confusion. If you fail to promptly make these alterations and modifications, we will have the right (at your expense, to be paid upon your receipt of an invoice from us) to do so without being guilty of trespass or another tort.

**(B)** Evidence of Compliance. You must furnish to us, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by you or by your chief executive officer if you are a corporation; by your manager if you are a limited liability company; or by your general partner if you are a partnership) satisfactory to us of your compliance with Section 20(A).

**(C)** Prohibition from Engaging in Future Conduct. Upon termination or expiration of this Agreement and your satisfaction of the covenants set forth in Section 18, you agree that you will not, except with respect to a business franchised by us or our Affiliates which is then open and operating pursuant to an effective franchise agreement: (1) operate or do business under any name or in any manner that might tend to give the public the impression that you are connected in any way with us or our Affiliates or have any right to use the System or the Marks; (2) make, use or avail yourself of any of the materials or Confidential Information furnished or disclosed by us or our Affiliates under this Agreement or disclose or reveal any such materials or Confidential Information or any portion of those materials or Confidential Information to anyone else; or (3) assist anyone not licensed by us or our Affiliates to construct or equip a business substantially similar to a Pure Glow Studio.

**(D)** Continuing Obligations. All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding the expiration or termination and until the obligations are satisfied in full or by their nature expire.

**(E)** No Exclusive Remedy. No right or remedy conferred upon or reserved to us in this Section 20 is exclusive of any other right or remedy provided or permitted by law or equity.

## **21. OUR OPTION TO PURCHASE CERTAIN ASSETS OF YOUR PURE GLOW STUDIO**

**(A)** Scope. Upon the expiration or termination of this Agreement for any reason, we will provide written notice to you, within 30 days after the effective date of termination or expiration, if we intend to exercise our option to purchase from you some or all of the Assets. As used in this Agreement, the term "Assets" means and includes, without limitation, leasehold improvements, equipment, technology, vehicles, furnishings, fixtures, signs, and inventory (non-perishable products, materials, and supplies) used in your Pure Glow Studio, real estate interests (including the fee simple rights or the Lease), and any licenses necessary to operate your Pure Glow Studio. We will have the unrestricted right to assign this option to purchase the Assets. We or our assignee will be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: (1) ownership, condition, and title; (2) liens and encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise.

**(B)** Purchase Price. The purchase price for the Assets ("Purchase Price") will be their fair market value (or, for leased assets, the fair market value of your lease of such leased assets), determined as of the effective date of purchase in a manner that accounts for customary depreciation and condition of the Assets; provided, however, that the Purchase Price will take into account the termination of this Agreement. Further, the Purchase Price for the Assets will not contain any factor or increment for any of the Marks, or other trademarks, service marks, or commercial symbols used in connection with the operation of your Pure Glow Studio nor any goodwill or "going concern" value for your Pure Glow Studio. We may exclude from the Assets purchased in accordance with this Section any equipment, technology, vehicles, furnishings, fixtures, signs, and inventory that we do not desire to purchase, are not approved as meeting then-current

standards for a Pure Glow Studio, or for which you cannot deliver a Bill of Sale in a form satisfactory to us.

(C) **Certified Appraisers.** If we and you are unable to agree on the fair market value of the Assets within 30 days after your receipt of our notice of our intent to exercise our option to purchase the Assets, the fair market value will be determined by two professionally certified appraisers, one selected by you and one selected by us. If the valuations set by the two appraisers differ by more than 10%, the two appraisers will select a third professionally certified appraiser who also will appraise the fair market value of the Assets. The average value set by the appraisers (whether two or three appraisers as the case may be) will be conclusive and will be the Purchase Price. The appraisers will be given full access to your Pure Glow Studio, the Premises, and your books and records during customary business hours to conduct the appraisal and will value the Assets to be purchased in accordance with the standards of this Section 21. The appraisers' fees and costs will be borne equally by you and us.

(D) **Exercise of Option.** Within 10 days after the Purchase Price has been determined, we may exercise our option to purchase the Assets by notifying you in writing ("Purchase Notice"). The Purchase Price will be paid in cash or cash equivalents at the closing of the purchase ("Closing"), which will take place no later than 60 days after the date of the Purchase Notice. For a period of 30 days after the date of the Purchase Notice ("Due Diligence Period"), we will have the right to conduct such investigations as we deem necessary and appropriate to determine: (1) the ownership, condition and title of the Assets; (2) liens and encumbrances on the Assets; (3) environmental and hazardous substances at or upon the Premises; and (4) the validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise. You will give us and our representatives access to your Pure Glow Studio and the Premises at all reasonable times for the purpose of conducting inspections of the Assets, provided that such access does not unreasonably interfere with your operations of your Pure Glow Studio. Prior to the end of the Due Diligence Period, we will notify you in writing of any objections that we have to any finding disclosed in any title search, lien search, survey, environmental assessment, or inspection. If you cannot or elect not to correct any such title defect, environmental objection, defect in the working condition of the Assets or any other objection, we will have the option to either accept the condition of the Assets as it exists or rescind our Purchase Notice, on or before the Closing.

(E) **Leased Premises.** If the Premises are leased, you agree to use reasonable efforts to affect a termination of the existing Lease for the Premises. If the Lease for the Premises is assigned to us or we sublease the Premises from you, we will indemnify and hold you harmless from any ongoing liability under the Lease from the date we assume possession of the Premises, and you will indemnify and hold us harmless from any liability under the Lease prior to and including that date.

(F) **Premises Owned by You.** If you own the Premises, we, at our option, may purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with you on terms comparable to those for which similar commercial properties in the area are then being leased; or remove the Assets from the Premises in a manner consistent with the Lease Agreement. The initial term of the Lease between you and us under such circumstances must be at least 10 years with two (2) options to renew of 5 years each, and the rent must be the fair market rental value of the Premises. If you and we cannot agree on the fair market rental value of the Premises, then local real estate appraisers (selected in the manner described in Section 21(C)) will determine the rental value.

## **22. RELATIONSHIP OF THE PARTIES**

(A) **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint

venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, personnel, and others as the owner of your Pure Glow Studio under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

**(B)** No Liability for Acts of Other Party. We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of your Pure Glow Studio or the business you conduct under this Agreement. Neither party, by virtue of this Agreement, will have any right, power, or authority to act or create an obligation, express or implied, on behalf of the other party. Each party assumes responsibility for the actions of their employees and will be solely responsible for the supervision, daily direction, and control, wage rates, withholding income taxes, disability benefits, or the manner and means through which the rights and obligations under this Agreement shall be performed.

**(C)** Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your Pure Glow Studio, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

## **23. INDEMNIFICATION**

**(A)** You agree to indemnify, defend, and hold harmless us, our Affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (“Indemnified Parties”) against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of your Pure Glow Studio, the business you conduct under this Agreement, or your default of this Agreement, including, without limitation, those claims alleged to be or found to have been caused by the Indemnified Parties’ negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction.

**(B)** For purposes of this Section 23, “claims” include all obligations, damages (actual, consequential, or otherwise), and costs that the Indemnified Parties reasonably incur in defending any claim against it, including, without limitation, reasonable accountants’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. The Indemnified Parties may defend any claim against them at your expense and agree to settlements or take any other remedial, corrective, or other actions. We have the right to designate attorneys that you must retain to defend any claims subject to this Section 23.

**(C)** This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. The Indemnified Parties need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this Section 23. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 23.

## **24. SEVERABILITY AND CONSTRUCTION**

(A) Severability. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

(B) Alteration to Agreement by Rule of Law. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

(C) No Third-Party Beneficiaries. Except as otherwise provided in Section 23, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us and you as the parties to this Agreement and our Affiliates and such of our heirs, successors and assigns, any rights, or remedies under or by reason of this Agreement.

(D) Interpretation. No provision of this Agreement should be interpreted in favor of, or against any party because of the party that drafted this Agreement.

(E) Our Discretion. Whenever we have expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests. This also applies if we are deemed to have a right and/or discretion. Our judgment of what is in the best interests of the System, at the time our decision is made or its right or discretion is exercised, can be made without regard to whether: (1) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; (2) our decision or the action taken promotes our financial or other individual interest; (3) our decision or the action taken applies differently to you and one or more other franchisees or our company-owned or affiliate-owned operations; or (4) our decision or the action taken is adverse to your interests. We will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations under this Agreement. Nothing in the Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

## **25. CONSENTS, APPROVALS AND WAIVERS**

(A) Consents. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us for that approval or consent, and any approval or consent received, in order

to be effective and binding upon us, must be obtained in writing and be signed by one of our authorized officers.

**(B)** Waivers. We and you may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice. We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare a default and to terminate this Agreement before the expiration of its term) because of: any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement, or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Pure Glow Studios; the existence of agreements for other Pure Glow Studios which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any default of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction.

**(C)** Variance by Reason of Force Majeure. If the performance of any obligation by any party under this Agreement is prevented, hindered, or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties will be relieved of their respective obligations (to the extent that the parties, having exercised commercially reasonable efforts, are prevented, hindered, or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure must give prompt written notice of such Force Majeure event to the other party by setting forth the nature of the Force Majeure and an estimate as to its duration. As used in this Agreement, the term "Force Majeure" means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Your inability to obtain financing (regardless of the reason) may not constitute Force Majeure.

**26. ENTIRE AGREEMENT.** We and you acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, you and we will deal with each other in good faith. This Agreement and its attachments, the Manual, and the documents referred to in this Agreement constitute the entire, full, and complete agreement between the parties concerning your rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings, or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and its attachments, the Manual, and the documents referred to in this Agreement (including our Franchise Disclosure Document). Nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied in this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by you and us

and executed in writing. Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

## **27. DISPUTE RESOLUTION**

**(A) Mediation.** Before you or we may bring an action in court, against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. Notwithstanding anything to the contrary, this Section 27(A) will not bar you or us from obtaining judicial or injunctive relief for claims that are based solely on demands for monies owed, or from obtaining injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks. The mediation proceeding will be conducted within 30 miles of our then-existing principal business location.

**(B) Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of Massachusetts, without regard to its conflict of laws rules, provided, however, that: (1) the provisions of Section 18 shall be interpreted and construed under the laws of the jurisdiction in which your Pure Glow Studio is located.

**(C) Consent to Jurisdiction and Venue.** You and we agree that, to the extent any disputes cannot be resolved directly between us, you will file any suit against us only in the federal or state court having jurisdiction where our principal offices are located at the time the suit is filed. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your Pure Glow Studio is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

**(D) Waiver of Certain Damages and Rights.** You and we waive, to the fullest extent permitted by law, any right or claim of any punitive or exemplary damages against each other and agree that, in the event of a dispute between us, we each will be limited to the recovery of actual damages sustained. You and we waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits and the right to trial by jury.

**(E) Reimbursement of Costs and Expenses.** If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you agree to reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

**(F) Rights and Remedies Cumulative.** No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or

remedy. The provisions of this Section 27 shall survive the expiration or earlier termination of this Agreement.

**(G)** Limitations of Claims. Any and all claims and actions arising out of or relating to this Agreement, the relationship between you and us, or your operation of your Pure Glow Studio, must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) 2 years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Our claims attributable to underreporting of sales and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

**(H)** Injunctive Relief. You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, your failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our Affiliates, and the System. Therefore, you agree that, in the event of a default or threatened default of any of the terms of this Agreement by you, we will be entitled to injunctive relief (both preliminary and permanent) restraining that default and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us will be in addition to, and not in lieu of, all remedies and rights that you otherwise may have arising under applicable law or by virtue of any default of this Agreement.

## **28. MISCELLANEOUS**

**(A)** Gender and Number. All references to gender and number will be construed to include such other gender and number as the context may require.

**(B)** Captions. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

**(C)** Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original.

**(D)** Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted will be the day or month of the designated action, event, or notice. Days will be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically will be extended to the next day that is not a Saturday, Sunday, or national holiday.

**(E)** Delegation of Performance. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

**(F)** Compliance with Anti-Terrorism Laws. You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. The term “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, the rules, orders, and guidelines

promulgated by the Office of Foreign Assets Control (“OFAC”) and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, will constitute good cause for immediate termination of this Agreement, as provided in Section 19(A)(14) above.

**29. NOTICES AND PAYMENTS.** No notice, demand, request or other communication to the parties will be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and: (A) if to us, is sent to 176 Newbury Street, #21, Boston, Massachusetts 02116 (Attn: Legal Department); or (B) if to you, is sent to the address and to the individual specified on Exhibit 4 or is sent to the Premises of your Pure Glow Studio. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first refusal of delivery) and may be: (1) delivered personally; (2) transmitted by facsimile or electronic mail to the e-mail address(es) or number(s) set forth above (or in Exhibit 4) with electronic confirmation of receipt; (3) mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or (4) mailed via overnight courier.

**30. ACKNOWLEDGMENTS.** You represent, acknowledge, and warrant to us (and you agree that these representations, acknowledgements, and warranties will survive termination of this Agreement) that:

(A) you have independently investigated the Pure Glow Studio franchise opportunity and recognize that, like any other business, the nature of the business of Pure Glow Studios may, and probably will, evolve and change over time.

(B) an investment in a Pure Glow Studio involves business risks that could result in the loss of a significant portion or all of your investment.

(C) your business abilities and efforts are vital to your success.

(D) attracting customers for your Pure Glow Studio will require you to make consistent marketing efforts in your community through various methods, including media advertising, direct mail advertising, and display and use of in-store promotional materials.

(E) you must maintain a high level of customer service and adhere strictly to the System and our System Standards, and that you are committed to maintaining System Standards.

(F) you have not received from us or any person or entity representing or claiming to represent us, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Pure Glow Studio, and that any financial information that may appear in our Franchise Disclosure Document is not a representation or guarantee as to potential volume, sales, income, or profits that you may achieve at a Pure Glow Studio;

(G) in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us.

(H) you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights under this Agreement.



(I) you have read this Agreement and understand and accept that this Agreement’s terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Pure Glow Studio, and to protect and preserve the goodwill of the Marks.

(J) you understand we may license others to operate businesses that offer skincare services and tanning services as well as related retail products at Pure Glow Studios and other businesses with similar and different names and marks, and these businesses may operate in close proximity to your Pure Glow Studio.

(K) we have not made any representation, warranty, or other claim regarding this franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement.

(L) you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Pure Glow Studio franchise opportunity, and that we have not refused to answer any questions, inquiries, or requests.

(M) you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or chosen not to do so; and

(N) we may modify the offer of our franchise opportunity to other franchisees in any manner and at any time, and these offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**PGFC LLC**

**FRANCHISEE**

\_\_\_\_\_

\_\_\_\_\_

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

**EXHIBIT 1  
TO THE PURE GLOW STUDIO FRANCHISE AGREEMENT**

**FRANCHISE INFORMATION**

1. **Location of the Pure Glow Studio (the "Premises") (Section 2(A)):** The Pure Glow Studio will be located at: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If the Premises have not been approved in writing by us as of the Effective Date, we will insert the address of the Premises after you execute a Lease, or otherwise secure the approved site for your Pure Glow Studio.

2. **The Site Selection Area (Section 5(A)).** If the Premises have not been determined as of the Effective Date, we will identify the Site Selection Area on a map attached to this Exhibit 1. Your rights in the Site Selection Area are subject to the limitations described in Section 5 of the Agreement. Any boundaries contained in the description of the Site Selection Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries and will terminate immediately, without any further action, upon your identification of a Premises for your Pure Glow Studio.

3. **The Protected Area is reflected on a map titled PROTECTED AREA attached to this Exhibit 1.**

4. **The Initial Franchise Fee (Section 7(A)):**

**FRANCHISEE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
By

\_\_\_\_\_  
Its

\_\_\_\_\_  
Date

**SITE SELECTION AREA**

Your rights in the Site Selection Area are subject to the limitations described in Section 5(A) of the Agreement. Any boundaries contained in the description of the Site Selection Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries.

**The Site Selection Area is depicted in the map above:**

**FRANCHISEE**

**PGFC LLC**

**Initials:**

**Initials:**

**PROTECTED AREA**

Your rights in the Protected Area are subject to the limitations described in Section 3. Any boundaries contained in the description of the Protected Area will be considered fixed as of the date that you execute a Lease.

**Franchisee’s Protected Area is depicted in the map above:**

**FRANCHISEE**

**Initials:** \_\_\_\_\_

**PGFC LLC**

**Initials:** \_\_\_\_\_

**EXHIBIT 1  
TO THE PURE GLOW STUDIO FRANCHISE AGREEMENT**

**LEASE RIDER**

This Rider (“**Rider**”), dated \_\_\_\_\_, 20\_\_, is made by and between \_\_\_\_\_ (“**Tenant**” or “**Franchisee**”) and \_\_\_\_\_ (“**Landlord**”). Each of Tenant and Landlord may individually be referred to as a “**party**” and collectively, as the “**parties**.”

RECITALS:

A. This Rider (including these Recitals) supplements and forms a part of the attached lease agreement between the Landlord and the Tenant dated \_\_\_\_\_ (the “**Lease**”) for the premises (the “**Premises**”) situated in the shopping center (the “**Shopping Center**”) known as \_\_\_\_\_, and located in \_\_\_\_\_, \_\_\_ [city/state] to be used by the Tenant as a Pure Glow Studio franchise (the “**Business**”).

B. This Rider is entered into in connection with approval of PGFC LLC (“**Franchisor**”) of the location of the Premises for the Business and the grant of a franchise to the Tenant pursuant to a Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”).

C. This Rider is intended to provide Franchisor with rights as a third party beneficiary to the Lease and to provide Franchisor the opportunity to reserve the Premises as a Pure Glow Studio in accordance with the terms of this Rider.

Notwithstanding anything contained in the Lease to the contrary, the parties agree to the following terms and conditions, which shall be part of the Lease and shall control in the event of a conflict with any other provisions of the Lease:

1. Default by Tenant: Landlord agrees to send to Franchisor copies of any notices of default simultaneously with the delivery of such notices to Tenant. Prior to exercising any remedies in the Lease (except in the event of imminent danger to the Premises), Franchisor shall have fifteen (15) additional days to the established cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than (i) fifteen (15) days after Franchisor’s receipt of such notice as to monetary defaults or (ii) thirty (30) days after Franchisor’s receipt of such notice as to non-monetary defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant. Notwithstanding the foregoing, Franchisor has no obligation to cure such default. All notices to Franchisor must be sent by overnight courier or by certified mail, postage prepaid, to the following address: PGFC LLC, 176 Newbury Street, #21, Boston, Massachusetts 02116.

2. Collateral Assignment of Lease (“Assignment”):

a. Subject to the provisions of this Assignment, Tenant, to secure its obligations to Franchisor to affect various provisions of the Franchise Agreement, and for other reasons, hereby assigns, transfers and sets over unto Franchisor and/or such person(s)/entity(ies) as Franchisor may from time to time designate, all of Franchisee's right, title and interest, whether as Tenant or otherwise, in, to, and under the Lease for the Premises between Franchisee and Landlord, respecting that property commonly known as the Pure Glow Studio (“Pure Glow Studio”). Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless Franchisor, in its reasonable discretion, takes

possession of the Pure Glow Studio pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Franchisee under the Lease, Franchisor only being responsible for those obligations accruing after the date of such assumption.

b. Franchisor will not take possession of the Pure Glow Studio until and unless Franchisee defaults, and/or receives notice of default, (and/or until there is a termination, cancellation or rescission of Franchisee's rights) under the Lease, any sublease, Franchise Agreement, any other document or instrument, or otherwise. In such event, Franchisor (or its designee) shall have the right (but not the obligation) to take possession of the Pure Glow Studio, expel Franchisee from the Pure Glow Studio, and, in such event, Franchisee shall have no further right, title or interest in or under the Lease or to the Pure Glow Studio, all such rights thereby passing to Franchisor or its designee, in each case without Landlord's further consent. Franchisee agrees to do all acts necessary or appropriate to accomplish such assignment on Franchisor's request.

c. Franchisee agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor. Throughout the term of the Franchise Agreement, Franchisee agrees that it shall elect and exercise all options to extend the term of, or renew or assume in bankruptcy, the Lease not less than 30 days prior to the last day that any option must be exercised, unless Franchisor otherwise agrees in writing. If Franchisee fails to extend, renew, or assume the Lease, Franchisee hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such options for the sole purpose of effecting any extension, renewal or assumption, in each case for the account of Franchisee and without any liability or obligation of Franchisor.

d. Franchisor's failure to exercise any remedy hereunder shall not be construed or deemed a waiver of any of its rights hereunder. The rights and remedies of Franchisor under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Franchisor shall have under or by virtue of the Franchise Agreement or otherwise. The terms, covenants, and conditions contained herein shall bind Franchisee, and inure to the benefit of Franchisor, and their respective successors and assigns. In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement between Franchisor and Franchisee shall apply. If there is more than one Franchisee, their obligations hereunder will be joint and several.

3. Expiration of Lease Term: Landlord agrees that all unexercised renewal or extension rights shall not be terminated in the event of any Assignment referenced in Section 2 above but shall inure to the benefit of the applicable assignee. Furthermore, if the Lease contains term renewal or extension right(s) and if the Tenant allows the term to expire without exercising such right(s), Landlord shall give Franchisor written notice to this effect and Franchisor shall have the option for thirty (30) days following receipt of such notice to exercise Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If Franchisor elects to exercise such right(s) it shall notify Landlord in writing whereupon Landlord and Franchisor shall promptly execute and exchange an agreement whereby Franchisor assumes the Lease effective at the date of termination of any holding over period by Tenant to the effect that such extension or renewal term shall have subtracted from it the number of days constituting such holding over period.

4. Non-Disturbance: Notwithstanding anything contained in the Lease to the contrary, it shall be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under the Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time to time pursuant to this Rider).

5. Landlord's Lien: Any security interest and/or Landlord's lien in Tenant's trade fixtures, 'trade dress,' equipment and other personal property in the Premises is hereby subordinated to any security interest and pledge granted to Franchisor in such items. The parties acknowledge that there may be certain personal property in the Premises which are not owned by Tenant, which property shall not be subject to any lien of Landlord. Upon request, Landlord shall grant the party who owns such property reasonable access to the Premises for the sole purpose of removing such property, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

6. Landlord Agreements: Landlord acknowledges and agrees as follows:

a. Tenant is not an agent or employee of Franchisor and Tenant has no authority or power to act for, or to create any liability or in any way bind Franchisor or any affiliate of Franchisor and that Landlord has entered into the Lease with a full understanding that it creates no duties, obligations, or liabilities of or against Franchisor or any affiliate of Franchisor.

b. Landlord shall have no approval over Franchisor's designated business formats, methods, procedures, designs, layouts, standards and specifications, all of which Franchisor may further develop, change, discontinue, or otherwise modify from time to time in Franchisor's sole discretion (the "**Franchise System**"), display of Tenant's Business name and logos ("**Business Marks**") at the Premises, and may not use the Business Marks for any purpose.

c. During the term of the Lease, Franchisor may mandate certain remodeling of the interior of the Premises and Landlord shall permit such remodeling so long as the remodeling does not affect the Premises structure or systems.

d. Franchisor is the sole owner of all right, title, goodwill, and interest in and to the Franchise System. All improvements, developments, adaptations, derivative works, enhancements, or modifications to the Franchise System made or created by any third party whether developed separately or in conjunction with Franchisor, shall be owned solely by Franchisor.

e. Landlord grants Tenant the unrestricted right during the initial term and any renewal term of the Lease to assign or sublet the Lease to Franchisor or a franchisee or licensee of Franchisor, and without a recapture right, payment of any assignment fee or similar charge or increase in any rentals payable to Landlord.

f. The Lease may not be assigned, subleased, modified or amended without Franchisor's prior written consent.

g. Franchisor has right of first refusal over any assignee.

h. Franchisor shall be provided with copies of all such assignments, subleases, modifications and amendments.

7. Additional Provisions:

a. If the Franchise Agreement is terminated for any reason during the term of the Lease or any extension or renewal of the Lease, and if Franchisor shall desire to assume the Lease, Franchisor shall promptly give the Landlord written notice to this effect.

b. Landlord agrees that Franchisor or its appointee may enter upon the Premises for purposes of assuming the management and operation of the Premises as provided in the Franchise Agreement and, if it chooses to do so, it will do so in the name of the Tenant and without assuming any direct liability under the Lease.

c. Franchisor has the right to enter the Premises to make any modifications or alterations necessary to protect the Franchise System and the Business Marks, to cure, within the time periods provided by the Lease, any default under the Lease, all without being guilty of trespass or other tort.

d. Upon and within ten (10) days of the expiration or earlier termination of the Lease for any reason, Tenant, shall, at its own expense, remove all signs and other material bearing the Business Marks or trademarks, service marks or other commercial symbols of Franchisor, and to otherwise to “de-identify” the Premises, as Franchisor reasonably believes necessary or appropriate for the protection of Franchisor’s interest in the Business Marks, trademarks, trade names, service marks, copyrights or other proprietary rights, including designs and color schemes which are basically different from Franchisor’s authorized design and painting schedule; provided Tenant shall repair any damage to the Premises caused by any removal thereof.

e. Further, upon and within ten (10) days of the expiration or earlier termination of the Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises without being guilty of trespass or to for the purpose of performing the work in Section 6(c); provided Franchisor shall repair any damage to the Premises caused by any removal thereof.

f. Tenant agrees that the Lease may not be terminated, extended, modified or amended without Franchisor’s prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor’s prior written consent. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments and a fully executed copy of the Lease and this Rider.

8. Confidentiality: The parties acknowledge and agree that the release or unauthorized use or disclosure of the terms of this Rider will have a detrimental effect on the other parties. Accordingly, each party agrees to keep confidential the terms of this Rider or the negotiations leading to its execution; provided, however, that (a) disclosure may be made pursuant to a court order, legal process, or other requirement of any law or authorized regulatory body, and (b) this Rider may be disclosed to Franchisor and/or the parties’ respective attorneys, accountants, officers, directors, and managers. The parties acknowledge that in the event of a breach of this Section, damages may not be an adequate remedy and the non-breaching party shall be entitled to, in addition to any other rights and remedies available under law or in equity, injunctive relief to restrain any such breach, threatened or actual, without proof of irreparable injury and without the necessity of posting bond even if otherwise normally required.

9. Amendments: No amendment or variation of the terms of this Rider is valid unless made in writing and signed by the parties and the parties have obtained Franchisor’s written consent. Except as amended or modified by this Rider, all of the terms, conditions, and covenants of the Lease remain in full force and effect.

**BY EXECUTING THIS RIDER TO THE LEASE, LANDLORD AGREES THAT FRANCHISOR DOES NOT ASSUME ANY LIABILITY WITH RESPECT TO THE PREMISES OR ANY OBLIGATION AS TENANT UNDER THE LEASE UNLESS AND UNTIL FRANCHISOR EXPRESSLY ASSUMES SUCH LIABILITY AND/OR OBLIGATIONS AS DESCRIBED ABOVE IN WRITING. FURTHERMORE, LANDLORD HEREBY RELEASES, WAIVES AND FOREVER DISCHARGES ANY AND ALL LIABILITY, CLAIMS, AND DEMANDS OF WHATEVER KIND**



**OR NATURE AGAINST THE FRANCHISOR, THE MEMBERS AND AFFILIATES OF FRANCHISOR, AND THEIR RESPECTIVE DIRECT AND INDIRECT, PAST, PRESENT AND FUTURE OFFICERS, DIRECTORS, MANAGERS, MEMBERS, PARTNERS, OWNERS, EMPLOYEES, LICENSEES, SUCCESSORS, AND ASSIGNS (COLLECTIVELY, THE "RELEASEES"), EITHER IN LAW OR IN EQUITY, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, INCLUDING BUT NOT LIMITED TO THE NEGLIGENCE, FAULT OR MISCONDUCT OF ANY KIND ON THE PART OF THE RELEASEES FOR DAMAGES OR CAUSES OF ACTION, INCLUDING BUT NOT LIMITED TO DEATH, BODILY OR PERSONAL INJURY, ILLNESS, ECONOMIC LOSS OR OUT OF POCKET EXPENSES, OR LOSS OR DAMAGE TO PROPERTY ARISING OUT OF THE LEASE AND THIS RIDER.**

IN WITNESS WHEREOF, the parties have executed this Rider as of the date written above.

**TENANT or FRANCHISEE**

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

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
(Print Name)  
Date \_\_\_\_\_  
Address: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
(Print Name)  
Date \_\_\_\_\_  
Address: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
(Print Name)  
Date \_\_\_\_\_  
Address: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
(Print Name)  
Date \_\_\_\_\_  
Address: \_\_\_\_\_

**Exhibit C**  
**Franchisee Lists**

**LIST OF FRANCHISEES**

(as of December 31, 2023)

None

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

(as of December 31, 2023)

None.

**LIST OF FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT HAVE NOT OPENED**

(as of December 31, 2023)

<b>Franchisee</b>	<b>Location</b>	<b>Email</b>	<b>Phone</b>
Glowing Up AZ, LLC/Kelly Caires/Mary Pacino	Arizona	kellic@pureglow.com	714.398.6570
Erinn Moss	Massachusetts	erinnm@pureglow.com	414.313.1766
Whale Meadow LLC	Michigan	whalemeadowllc@gmail.com	312.613.6581
PGDFW1 LLC	Texas	shannonw@pureglow.com	214.753.4944

## Exhibit D to the Pure Glow Franchise Disclosure Document

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**Exhibit E**  
**Financial Statements**

**FINANCIAL STATEMENTS**



## CONSENT

Kezos & Dunlavy, LLC consents to the use in the Franchise Disclosure Document issued by PGFC LLC (“Franchisor”) on April 9, 2024, as it may be amended, of our report dated April 5, 2024, relating to the financial statements of Franchisor for the year ended December 31, 2023.

*Kezos & Dunlavy*

---

Kezos & Dunlavy,  
LLC April 9, 2024

# PUREGLOW

PGFC, LLC

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE SIX MONTH PERIOD  
ENDED DECEMBER 31, 2023



# PGFC, LLC

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### *Independent Auditor's Report*

To the Members  
PGFC, LLC  
Natick, MA

#### ***Opinion***

We have audited the accompanying financial statements of PGFC, LLC, comprise the balance sheet as of December 31, 2023, and the related statements of operations, member's equity, and cash flows for the six month period 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 PGFC, LLC as of December 31, 2023, and the related statements of operations, member's equity and cash flows for the six month period then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

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

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

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

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

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

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

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

***Restrictions on Use***

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas <sup>1</sup>/<sub>3</sub> Dunlavy

St. George, Utah  
April 5, 2024



PGFC LLC  
BALANCE SHEET  
As of December 31, 2023

	<b>2023</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	867,325
Due from affiliate	128,465
Total current assets	995,790
Total assets	\$ 995,790
 <b>Liabilities and member's Equity</b>	
Current liabilities	
Credit card payable	14,205
Deferred revenue, current	28,333
Total current liabilities	42,538
 Long term liabilities	
Deferred revenue, non-current	56,667
Total long term liabilities	56,667
 Member's equity	
Member's equity	896,585
Total member's equity	896,585
Total liabilities and member's equity	\$ 995,790

The accompanying notes are an integral part of these financial statements

PGFC LLC  
 STATEMENTS OF OPERATIONS AND MEMBER'S INTERESTS  
 For the six month period ended December 31, 2023

	<b>2023</b>
Operating revenue	\$ -
Operating expenses	
Selling, general and administrative	222,789
Salary and wages	15,289
Professional fees	102,244
Advertising and marketing	63,093
Total operating expenses	403,415
Net loss	\$ (403,415)
Beginning member's interests	\$ -
Member's contributions	1,300,000
Net loss	(403,415)
Ending member's interests	\$ 896,585

The accompanying notes are an integral part of these financial statements

PGFC LLC  
STATEMENTS OF CASH FLOWS  
For the six month period ended December 31, 2023

	<b>2023</b>
Cash flows from operating activities:	
Net loss	\$ (403,415)
Changes in operating assets and liabilities:	
Increase in due from affiliate	(128,465)
Increase in credit card payable	14,205
Increase in deferred revenue	85,000
Net cash used by operating activities	(432,675)
Cash flows from financing activities:	
Proceeds from member contributions	1,300,000
Cash flows provided by financing activities	1,300,000
Net change in cash and cash equivalents	867,325
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	\$ 867,325
Supplemental disclosures of cash flow	
Cash paid for interest and taxes	\$ -

The accompanying notes to the financial statements are integral part of these financial statements

PGFC, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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

*(a) Nature of Business*

PGFC, LLC (the "Company") was organized in the State of Massachusetts on June 15, 2023, as a limited liability company. The Company was formed for the purpose of the operation of an upscale and uniquely styled studio operating under the name "Pure Glow" that offers custom, and organic airbrush tanning.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The members' liability is limited to their equity.

*(b) Accounting Standards Codification*

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

*(c) Use of Estimates*

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

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2023, the Company had cash and cash equivalents of \$867,325.

*(e) Revenue Recognition*

The Company's primary revenues consist of initial franchise fees and royalty fees (which are based on a percentage of franchisee gross revenues) from franchisees.

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

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

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties and tech fees and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise.

PGFC, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. ASC 952-606 identifies the following general pre-opening services (which the Company may or may not provide) as eligible for inclusion in the single distinct performance obligation:

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

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, pursuant to the adoption of ASC 952-606, the entire initial fees are allocated to the pre-opening services, which are recognized as revenue when the pre-opening services have been satisfied (generally upon commencement of operations).

*(f) Income Taxes*

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

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

The Company’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2023, no tax years were subject to examination.

*(g) Advertising Cost*

The Company expenses advertising costs as incurred. Advertising expenses for the period ended December 31, 2023, were \$63,093.

*(h) Financial Instruments*

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

*(i) Concentration of Risk*

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

PGFC, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

(2) Franchise Agreements

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

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2023:

	2023
Deferred revenue, current	\$ 28,333
Deferred revenue, non-current	\$ 56,667
	<u>\$ 85,000</u>

(3) Commitments and Contingencies

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

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

(4) Subsequent Events

Management has reviewed and evaluated subsequent events through April 5, 2024, the date on which the financial statements were issued.



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Waldron H. Rand & Company, P.C. consents to the use in the Franchise Disclosure Document issued by Pure Glow (“Franchisor”) on August 15, 2023, as it may be amended, of our report dated August 15, 2023, relating to the financial statements of Franchisor for the period ending June 30, 2023.

Sincerely,

*Waldron H. Rand & Company, P.C.*

Waldron H. Rand & Company, P.C

August 15, 2023

**PGFC, LLC**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCEPTION (JUNE 13, 2023) TO JUNE 30, 2023**



# PGFC, LLC

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
PGFC, LLC  
Natick, Massachusetts

### **Opinion**

We have audited the accompanying financial statements of PGFC, LLC, which comprise the balance sheet as of June 30, 2023, and the related statements of operations and changes in members' equity and cash flows for the period from inception (June 13, 2023) to June 30, 2023, 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 PGFC, LLC as of June 30, 2023, and the results of its operations and its cash flows for the period 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PGFC, 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 PGFC, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

*Waldron H. Rand & Company, P.C.*

Dedham, Massachusetts  
August 15, 2023

**PGFC, LLC**

**BALANCE SHEET  
JUNE 30, 2023**

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**ASSETS**

CURRENT ASSETS

Cash \$ 300,000

TOTAL ASSETS \$ 300,000

**LIABILITIES AND MEMBERS' EQUITY**

CURRENT LIABILITIES

Accounts payable and accrued expenses \$ 16,550

MEMBERS' EQUITY 283,450

TOTAL LIABILITIES AND MEMBERS' EQUITY \$ 300,000

See accompanying notes to financial statements.

**PGFC, LLC**

**STATEMENT OF OPERATIONS AND MEMBERS' EQUITY  
FOR THE PERIOD FROM INCEPTION (JUNE 13, 2023) TO JUNE 30, 2023**

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OPERATING EXPENSES	\$ <u>16,550</u>
Net loss	(16,550)
MEMBERS' EQUITY AT BEGINNING OF PERIOD	0
Capital contributions	<u>300,000</u>
MEMBERS' EQUITY AT END OF PERIOD	<u>\$ 283,450</u>

See accompanying notes to financial statements.

**PGFC, LLC**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM INCEPTION (JUNE 13, 2023) TO JUNE 30, 2023**

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CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (16,550)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	<u>16,550</u>
Net cash provided by operating activities	<u>0</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Capital contributions	<u>300,000</u>
Net cash provided by financing activities	<u>300,000</u>

NET INCREASE IN CASH 300,000

CASH AT BEGINNING OF PERIOD 0

CASH AT END OF PERIOD \$ 300,000

See accompanying notes to financial statements.

## PGFC, LLC

### NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM INCEPTION (JUNE 13, 2023) TO JUNE 30, 2023

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Nature of Operations**

PGFC, LLC (the Company) was organized as a limited liability company in the Commonwealth of Massachusetts on June 13, 2023. The Company was established to hold Franchise agreements between Pure Glow Tanning, LLC (the Parent) and potential investors and franchisees.

##### **Use of Estimates**

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

##### **Accounts Receivable**

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of possible bad debts. There was no allowance for doubtful accounts at June 30, 2023.

##### **Revenue Recognition**

Revenue is recognized when, or as, the Company satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when, or as, the customer obtains control of that asset. For performance obligations that are satisfied over time, revenue is recognized using an input or output measure of progress that best depicts our satisfaction of the relevant performance obligation.

Recognition is determined 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
- Recognition of the revenue, when, or as, the Company satisfies a performance obligation

The Company's revenues are derived from the following sources:

Franchise fees - The Company collects an initial fee when franchise agreements are signed. These fees cover licensing of the brand and initial studio development costs. The fees are recognized over the course of the initial ten year period the franchise agreements cover.

Royalty fees - The Company collects a 7% fee on a franchised studio's gross sales net of discounts.

##### Contract Assets and Liabilities

Contract assets are comprised of accounts receivable. As of June 30, 2023, the Company has not begun earning revenues and accordingly the accounts receivable balance was \$0 at June 30, 2023.

# PGFC, LLC

## NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCEPTION (JUNE 13, 2023) TO JUNE 30, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Revenue Recognition (Continued)**

##### Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

##### Transaction Price

The transaction price of a contract comprise the following: (1) fixed cash consideration due from the franchisee for initial franchise fees; plus (2) estimated variable consideration due from the customer for royalty fees based on the gross sales of the franchised studios. The Company bases the expected consideration from the customer on the existing contract and assumes services will be transferred as promised.

#### **Income Taxes**

The Company has elected to be treated as a partnership for federal and state income taxes. Therefore, the Company is not liable for federal and state income taxes. All items of income and expense are reflected on the income tax returns of the partners.

#### **Uncertain Tax Positions**

Under the Income Tax Topic of the FASB Accounting Standards Codification, a company is required to disclose tax filings which are potentially subject to review by either federal or state agencies. The Company will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Company continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Company's evaluation on June 30, 2023 revealed no uncertain tax positions that would have a material impact on the financial statements. The Company is not currently under examination by any taxing jurisdiction. The Company does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.



**PGFC, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCEPTION (JUNE 13, 2023) TO JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash Flow Information**

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Supplemental disclosure of cash flow information:

Cash paid during the period for:

Income taxes

\$ 0

Interest

\$ 0

**Subsequent Events**

The Company has evaluated subsequent events through August 15, 2023, which is the date the financial statements were available to be issued. No significant matters were identified for disclosure during this evaluation.

**2. FRANCHISING**

PGFC, LLC expects to enter franchise agreements with franchisees. There will be an initial franchise fee due upon a franchisee's starting commitment, with amounts varying based on the total number of studios in the agreement. Franchise Agreements will initially run for 10 years with the option for 5 year renewals. Franchisor will collect royalty fees of 7% of gross sales, less any store discounts. As of June 30, 2023, the Company has not entered any Franchise Agreements.

**FINANCIAL STATEMENTS**

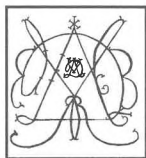
**FOR THE PERIOD ENDED FROM INCEPTION (JUNE 30, 2023) TO OCTOBER 31, 2023**

**THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

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ANTHONY J. ALARIO 1941-1989  
ROBERT C. ALARIO, CPA, MBA, CSEP  
NANCY F. WASHINGTON, CPA, MST  
MARK J. GORDON, CPA



## Robert C. Alario

Certified Public Accountants, PC

75 North Main Street, Leominster, MA 01453

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### ACCOUNTANTS' COMPILATION REPORT

To the Members of  
PGFC, LLC  
Natick, Massachusetts

Management is responsible for the accompanying financial statements of PGFC, LLC (a Disregarded Entity and Subsidiary of Pure Glow Tanning, LLC), which comprise the balance sheet as of October 31, 2023, and the related statement of operations and changes in members' equity for the period ended from inception (June 30, 2023) to October 31, 2023, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Alario & Associates, Certified Public Accountants, P.C.*

Leominster, MA  
December 11, 2023

**PGFC, LLC  
BALANCE SHEET  
OCTOBER 31, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash	<u>\$ 440,399</u>
Total Current Assets	<u>440,399</u>

<b>TOTAL ASSETS</b>	<b><u><u>\$ 440,399</u></u></b>
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**LIABILITIES AND MEMBERS' EQUITY**

**MEMBERS' EQUITY**

Members' Equity	<u>440,399</u>
Total Members' Equity	<u>440,399</u>

<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u><u>\$ 440,399</u></u></b>
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See Accountants' Compilation Report

**PGFC, LLC**  
**STATEMENT OF OPERATIONS AND MEMBERS' EQUITY**  
**FOR THE PERIOD ENDED FROM INCEPTION (JUNE 30, 2023) TO OCTOBER 31, 2023**

<b>FRANCHISE INCOME</b>	<u>\$ -</u>
 <b>OPERATING EXPENSES</b>	
Professional Fees	46,197
Franchise Development Consultant	50,717
Brand Investment	44,305
Advertising	31,280
Travel	6,810
Bank Charges	4,737
Technology Fees	3,799
Outside Services	3,400
Marketing	2,726
Meals	2,042
Reimbursement	683
Miscellaneous Expense	118
Office Expense	<u>33</u>
 <b>Total Operating Expenses</b>	 <u>196,847</u>
 <b>LOSS FROM OPERATIONS</b>	 <u>(196,847)</u>
 <b>OTHER INCOME (EXPENSE)</b>	
Interest Expense	(2,327)
Interest Income	<u>20,775</u>
 <b>Total Other Income</b>	 <u>18,448</u>
 <b>NET LOSS</b>	 <u>(178,399)</u>
 <b>MEMBERS' EQUITY AT BEGINNING OF PERIOD</b>	 283,450
 <b>ADD: CAPITAL CONTRIBUTIONS</b>	 400,000
<b>LESS: MEMBERS DISTRIBUTIONS</b>	<u>64,652</u>
 <b>MEMBERS' EQUITY AT END OF PERIOD</b>	 <u><u>\$ 440,399</u></u>

See Accountants' Compilation Report

**Exhibit F**  
**Form of General Release**

**FORM OF GENERAL RELEASE**

THIS AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between PGFC LLC., a Massachusetts corporation having its principal place of business located at 176 Newbury Street, 2nd Floor, Boston, Massachusetts 02116 (the “Franchisor”), and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (hereinafter referred to as “Releasor”), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises, covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys’ fees.

Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand, or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand, or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

Massachusetts law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs, and legal representatives of the parties hereto.

In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys’ fees and costs incurred therein and said action must be filed in the Commonwealth of Massachusetts.

This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

**Exhibit F**  
**Form of General Release**

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first mentioned above.

RELEASOR:

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

FRANCHISOR:

**PGFC LLC**

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



**Exhibit G**  
**Confidentiality Agreement**

**CONFIDENTIALITY AGREEMENT**

THIS AGREEMENT is made as of \_\_\_\_\_, (“Effective Date”), by and between PGFC LLC, a Massachusetts limited liability company (“PGFC”) and \_\_\_\_\_, \_\_\_\_\_ (“Franchise Applicant”) and certain of Franchise Applicant’s employees identified below (“Employees”) in favor of and for the benefit of PGFC.

**RECITALS**

As a result of the expenditure of considerable time, skill, effort and money, PGFC and its affiliates have developed and own a unique system (“System”) for the development and operation of a business under the name “Pure Glow” that offers organic spray tanning that looks natural, lasts longer than other spray tans, and fades beautifully and related skincare, tanning, and bronzing retail products (“Pure Glow Services”) (each a “Studio” or “Pure Glow Studio”).

Franchise Applicant has expressed interest in purchasing a Pure Glow Studio from PGFC to operate one or more Pure Glow Studios.

In order to evaluate the possibility of entering into a franchise agreement with PGFC to establish and operate one or more Pure Glow Studios, Franchise Applicant and Employees desire to receive from PGFC certain confidential business information including, but not limited to the information contained in the Pure Glow Studio operations manual (“Manual”). Franchise Applicant and Employees recognize the importance of maintaining the confidentiality of this information.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchise Applicant and Employees agree as follows:

**AGREEMENT**

1. Confidential Information

A. Definition of Confidential Information. As used in this Agreement, the term “Confidential Information” means all information that has been created, discovered, or developed by PGFC and/or its affiliates including but not limited to Pure Glow Tanning LLC that is in any way proprietary to PGFC and/or its affiliates. Confidential Information includes, but is not limited to, trade-secrets, know-how, methodologies, System information, technical information, statistics, software, hardware, materials, plans, designs, schematics, reports, studies, notes, analyses, summaries, business, market and development plans, customer lists, the Manual, as amended from time to time, and other information regarding customer relationships, financial information and projections, artwork, information regarding the manner and methods of locating a site for, developing, operating and promoting Pure Glow Studios, information contained in the Manual, information regarding the retail and commercial operations of PGFC and its affiliates, and all information that: (1) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Confidential Information may be in written form or obtained orally.

B. Exclusion from Definition of Confidential Information. The term “Confidential Information” does not include: (1) information that is now or hereafter becomes publicly known through no fault of Franchise Applicant or any Employee, or by any other person, firm or corporation affiliated with Franchise Applicant or any Employee; (2) information that was in Franchise Applicant’s or any Employee’s possession before the Effective Date; and (3) information that comes into Franchise Applicant’s or any

**Exhibit G**  
**Confidentiality Agreement**

Employee's possession after the Effective Date from a source not under an obligation of secrecy to PGFC. As used in this Agreement, the phrase "publicly known" means readily accessible to the public in a written publication and shall not include information which is available only by a substantial searching of the published literature and information the substance of which must be pieced together from different publications and sources. The burden of proving that information or skills and experience is not Confidential Information shall be on the party asserting such exclusion.

C. Treatment of Confidential Information. Franchise Applicant and Employees hereby acknowledge, understand and agree that the Confidential Information: (1) is the exclusive and confidential property of PGFC or its affiliates and incorporates trade secrets and copyrights owned by them; (2) gives PGFC and its affiliates some competitive business advantage or the opportunity of obtaining such an advantage, the disclosure of which could be detrimental to the interests of PGFC and its affiliates; and (3) is not generally known by non-PGFC personnel. Franchise Applicant and Employees shall at all times treat the Confidential Information in accordance with this Agreement.

D. No License. This Agreement entitles Franchise Applicant and Employees to use the Confidential Information solely in connection with Franchise Applicant's exploration of the Pure Glow Studio opportunity. No license, express or implied, in the Confidential Information is granted to Franchise Applicant or Employees other than to use the Confidential Information in the manner and to the extent authorized by this Agreement.

2. Covenants of Franchise Applicant and Employees. As a consequence of Franchise Applicant's and Employees' acquisition or anticipated acquisition of Confidential Information, Franchise Applicant and Employees will occupy a position of trust and confidence with respect to PGFC's affairs and business. In view of the foregoing, Franchise Applicant and Employees agree that it is reasonable and necessary that Franchise Applicant and Employees agree, while this Agreement is in effect, to the following:

(A) Limited Use. Franchise Applicant and Employees shall use the Confidential Information solely for purposes of evaluating whether or not Franchise Applicant will invest in a Pure Glow Studio. Neither Franchise Applicant nor Employees shall make any other uses of the Confidential Information. If Franchise Applicant does not invest in a franchise, the obligations set forth in this Section 2 will remain in effect for three (3) years from the date the Franchise Applicant decides not to invest in a Pure Glow Studio; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end two (2) years from the date the Franchise Applicant decides not to invest in a Pure Glow Studio; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Applicant decides not to invest in a Pure Glow Studio; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Applicant decides not to invest in a Pure Glow Studio.

(B) No Disclosure. Franchise Applicant and Employees shall not disclose the Confidential Information to any person or entity other than Franchise Applicant's attorney or accountant as necessary to evaluate the opportunity provided by PGFC and agree to protect the Confidential Information against unauthorized disclosure using the same degree of care, but no less than a reasonable degree of care, as Franchise Applicant and Employees use to protect Franchise Applicant's Confidential Information.

(C) No Use, Copying or Transfer. Franchise Applicant and Employees shall not use, copy, or transfer Confidential Information in any way and shall protect the Confidential Information against unauthorized use, copying or transfer using the same degree of care, but no less than a reasonable degree of care, as Franchise Applicant and Employees use to protect Franchise Applicant's Confidential Information. This prohibition against use, copying, or transfer of Confidential Information includes, but is not limited to, selling, licensing or otherwise exploiting, directly or indirectly, any products or services

## **Exhibit G**

### **Confidentiality Agreement**

which embody or are derived from Confidential Information. Franchise Applicant and Employees further agree not to remove, overprint, or deface any notice of copyright, trademark, logo, or other notices of ownership from any Confidential Information.

(D) Applicability. These covenants shall apply to all Confidential Information disclosed to Franchise Applicant or Employees by PGFC prior to the date of this Agreement.

(E) Solicitation. Franchise Applicant and Employees agree that neither they nor any of their agents, employees or representatives shall knowingly employ or seek to employ any person then employed by PGFC or any affiliate, subsidiary, or franchisee of PGFC, or otherwise directly or indirectly induce such person to leave his or her employment without PGFC's prior written consent.

3. Return of Confidential Information. Nothing in this Agreement obligates either PGFC or Franchise Applicant to enter into a franchise agreement for the operation of a Pure Glow Studio. Franchise Applicant acknowledges that PGFC's decision to consider Franchise Applicant for any franchise opportunity, as well as the location and type of franchise opportunity to be offered, if any, and the terms of any contracts, will be made by PGFC in its sole discretion. If, at any time, PGFC determines that it does not wish for Franchise Applicant to become a franchisee, or Franchise Applicant determines that it does not wish to invest in a Pure Glow Studio, or if PGFC requests, at any time and for any reason, that Franchise Applicant and Employees do so, Franchise Applicant and Employees agree to: (A) immediately cease to use the Confidential Information; (B) immediately return to PGFC the Confidential Information and all copies thereof (whether or not such copies were authorized) and cause any third party to whom disclosure was made to do the same; and (C) at the request of PGFC, certify in writing that Franchise Applicant, Employees and all others to whom Franchise Applicant has provided such Confidential Information, have complied with subsections (A) and (B) above.

4. Notice to PGFC. Franchise Applicant and Employees shall immediately notify PGFC of any information that comes to their attention that indicates that there has been or may be a loss of confidentiality of any of the Confidential Information or a default of this Agreement.

5. Waiver. Franchise Applicant and Employees acknowledge that no waiver by PGFC of any default by Franchise Applicant or Employees of any provision of this Agreement shall be deemed a waiver of any preceding or succeeding default of the same or any other provision of this Agreement. No such waiver shall be effective unless in writing and then only to the extent expressly set forth in writing.

6. Dispute Resolution.

(A) Governing Law. This Agreement and any claim or controversy arising out of or relating to this Agreement shall be governed by and construed in accordance with the laws of the State of Massachusetts without regard to conflicts of laws principles.

(B) Forum. To the extent any disputes cannot be resolved directly between Franchise Applicant, Employees and PGFC, Franchise Applicant and Employees agree to file suit against PGFC only in the federal or state court having jurisdiction where PGFC's principal offices are located at the time suit is filed. Franchise Applicant and Employees acknowledge that PGFC may file suit in the federal or state court located in the jurisdiction where Franchise Applicant's principal offices are located at the time suit is filed or in the jurisdiction where Franchise Applicant resides or does business or where the claim arose. Franchise Applicant and Employees consent to the personal jurisdiction of those courts and to venue in those courts.

(C) Injunctive Relief. It is hereby understood and agreed that: (1) a default of this Agreement by Franchise Applicant or Employees would result in irreparable harm to PGFC, the extent of which would be

**Exhibit G**  
**Confidentiality Agreement**

difficult to ascertain; (2) monetary damages would be an inadequate remedy for such a default; and (3) PGFC shall be entitled to specific performance and injunctive or other equitable relief as a court may deem appropriate in the event of such a default without posting a bond or other security and without waiving any additional rights or remedies otherwise available to PGFC at law or in equity or by statute.

5. Reimbursement of Costs and Expenses. If PGFC brings an action to enforce this Agreement in a judicial proceeding and prevails in that proceeding, then PGFC will be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

6. Third Party Beneficiary. Franchise Applicant and Employees hereby acknowledge and agree that PGFC is an intended third-party beneficiary of this Agreement with the right to enforce it.

7. Miscellaneous.

(A) Severability. If a court of competent jurisdiction deems any provision of this Agreement invalid, unreasonable, or unenforceable, then the remaining provisions will not be affected, and the invalid provision may be enforced to the extent deemed reasonable by the court.

(B) Headings. Section headings in this Agreement are for reference only and shall not be construed as modifying any provisions of this Agreement.

(C) Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

[THE REMAINDER OF THE PAGE IS INTENTIONALLY BLANK]

**Exhibit G  
Confidentiality Agreement**

**IN WITNESS WHEREOF**, the parties have duly executed, sealed, and delivered this Agreement as of the day and year above written.

**APPLICANT:**

**(IF APPLICANT IS AN ENTITY)**

\_\_\_\_\_

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

Title: \_\_\_\_\_

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

**(IF APPLICANT IS AN INDIVIDUAL)**

\_\_\_\_\_

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

Title: \_\_\_\_\_

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

**EMPLOYEE**

\_\_\_\_\_

Signature

\_\_\_\_\_

Print Name

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

**EMPLOYEE**

\_\_\_\_\_

Signature

\_\_\_\_\_

Print Name

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

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES  
REQUIRED BY THE STATE OF CALIFORNIA**

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

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.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAY PRIOR TO EXECUTION OF AGREEMENT.

The Franchisor's web address is: **[www.pureglow.com](http://www.pureglow.com)**. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT **[www.dfpi.ca.gov](http://www.dfpi.ca.gov)**.

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

**COVER PAGE, RISK FACTOR:**

**Spousal Liability:** Your spouse will be liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

**ITEM 3, LITIGATION.**

The following statement is added to Item 3:

Neither Franchisor nor any person listed in Item 2 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 parties from membership in such association or exchange.

**ITEM 6, OTHER FEES.**

The highest interest rate allowed in California is ten percent (10%) per annum.

**ITEM 17, ADDITIONAL DISCLOSURES.**

The following statements are added to Item 17:

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of the Sparkle Salon. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

**Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:**

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division

You must sign a general release if you transfer or renew your franchise. These provisions may not be enforceable under California law. 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 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES  
REQUIRED BY THE STATE OF ILLINOIS**

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

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

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

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 (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES  
REQUIRED BY THE STATE OF MARYLAND**

**Item 5, Initial Fees. The following statement is added to Item 5:**

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



**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

**Item 17, Additional Disclosures.** The following statements are added to Item 17:

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

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

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

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to modify any liability under the Maryland Franchise Registration and Disclosure Law.

The provision in the franchise agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

**Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement and Development Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES  
REQUIRED BY THE STATE OF MINNESOTA**

1. **Cover Page and Item 17, Choice of Forum and Law.** The following statement is added to the cover page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document, the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the relevant Minnesota statute are met independently without reference to the Additional Disclosures.

2. **Item 17, Termination.** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

3. **Item 17, General Release.** The following statement is added to Item 17:

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the relevant Minnesota statute are met independently without reference to the Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

4. Minn. Stat. Sec. 80C.21 may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, as provided for in Minn. Rule 2860.4400J, nothing in the Franchise Disclosure Document or Franchise Agreement requires a franchisee to waive any of his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or, to consent to liquidated damages, termination penalties, or judgment notes; provided that the requirement to arbitrate, as set forth in Section 20 of the Franchise Agreement is enforceable. The franchisee cannot consent to Franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Franchise Disclosure Document and Franchise Agreement are amended to state that we will comply with Minnesota Statute 80C.17 subdivisions 5, Limitation on actions.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES  
REQUIRED BY THE STATE OF NEW YORK**

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR 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 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 CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT 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:

With the exception of what is stated above, the following applies 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.

**Exhibit H-Additional Disclosures Required by Certain States**  
**Addenda to Franchise Agreements Required by Certain State and SBA**

- 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 a 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 the franchisee by Article 33 of the General Business Law of the State of New York

6. Franchise Questionnaires and Acknowledgements--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 (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

**ADDITIONAL DOCUMENT DISCLOSURES  
REQUIRED BY THE STATE OF VIRGINIA**

The following paragraph is added to the Risk Factor page:

The following paragraph is added to Item 5:

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

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

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

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

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

**ADDITIONAL DOCUMENT DISCLOSURES  
REQUIRED BY THE STATE OF WASHINGTON**

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

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

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

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

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of Franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The State of Washington has imposed a financial condition under which the Initial Franchise Fees due will be deferred until Franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

Pursuant to RCW 19.100.010, a franchisee who receives financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

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

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

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

**ADDENDUM TO FRANCHISE AGREEMENT  
REQUIRED FOR CALIFORNIA FRANCHISEES**

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

**THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAY PRIOR TO EXECUTION OF AGREEMENT.**

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

IN WITNESS WHEREOF, the Parties have executed this Addendum to Franchise Agreement as of

\_\_\_\_\_.

**PGFC LLC**

**FRANCHISEE**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

**ADDENDUM TO FRANCHISE AGREEMENT  
REQUIRED FOR ILLINOIS FRANCHISEES**

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

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

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

**PGFC LLC**

**FRANCHISEE**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

**ADDENDUM TO FRANCHISE AGREEMENT  
REQUIRED FOR MARYLAND FRANCHISEES**

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to you was made in the State of Maryland; (B) you are a resident of the State of Maryland; (C) part or all of the Protected Area is located in the State of Maryland; and/or (D) the Pure Glow Studio will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section 7.A of the Franchise Agreement:

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

3. The following sentences are added to the end of Sections 16 and 17:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 27(C):

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following sentence is added to the end of Section 27(G):

This limitation of claims provision shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

6. Section 30 of the Franchise Agreement is deleted in its entirety.

7. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

9. 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 (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

IN WITNESS WHEREOF, the Parties have executed this Addendum to Franchise Agreement as of \_\_\_\_\_.

**PGFC LLC**

**FRANCHISEE**

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

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

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

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

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

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

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

**ADDENDUM TO FRANCHISE AGREEMENT  
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”) between PGFC LLC (“PGFC”) and \_\_\_\_\_ (“You”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to you was made in the State of Minnesota; (B) you are a resident of the State of Minnesota; and/or (C) the Pure Glow Studio will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Section 17:

Notwithstanding the foregoing, you will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

3. The following sentence is added to the end of Section 4(B):

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 180 days’ notice for non-renewal of the Franchise Agreement.

4. The following sentence is added to the end of Section 13:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Mark infringes trademark rights of a third party; provided that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of this Agreement and the System.

5. The following sentence is added as Section 19(D):

(D) With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute §80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that you be given 90 days’ notice of termination (with 60 days to cure) of the Franchise Agreement.

6. The following sentences are added to the end of Sections 27(B)-27(C):

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. The second sentence of Section 27(D) is deleted and replaced with the following sentence:

You and we waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits.

8. The second sentence of Section 27(H) is deleted and replaced with the following sentence:

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

Therefore, you agree that, in the event of a default or threatened default of any of the terms of this Agreement by you, we are entitled to seek injunctive relief (both preliminary and permanent) restraining that default and/or to specific performance. A court will determine if a bond or security must be posted.

9. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

10. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**PGFC LLC**

**FRANCHISEE**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

**ADDENDUM TO FRANCHISE AGREEMENT  
REQUIRED FOR VIRGINIA FRANCHISEES**

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

IN WITNESS WHEREOF, the Parties have executed this Addendum to Franchise Agreement as of

\_\_\_\_\_.

**PGFC LLC**

**FRANCHISEE**

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

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

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

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

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

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

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

**WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT,  
AND RELATED AGREEMENTS**

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

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

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

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of Franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The State of Washington has imposed a financial condition under which the Initial Franchise Fee due will be deferred until Franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business.

Pursuant to RCW 19.100.010, a franchisee who receives financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents Franchisor and is paid a fee for referring prospects to Franchisor and/or selling the franchise. Do

**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting Franchisor's current and former franchisees to ask them about their experience with Franchisor.

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

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

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**PGFC LLC**

**FRANCHISEE**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_


\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## INSTRUCTIONS FOR USE OF SBA FORM 2462 ADDENDUM TO FRANCHISE AGREEMENT

SBA has issued a revised version of the Addendum to Franchise Agreement (SBA Form 2462) which became effective January 1, 2018. SBA’s Standard Operating Procedure (SOP) 50 10 5(J) explains updates made to the franchise review process for the 7(a) and 504 loan programs. By executing this Addendum, the franchisor agrees that any terms in its franchise agreement or any other document the franchisor requires the franchisee to sign that are related to control by the franchisor or its franchisees (resulting in a determination by SBA of affiliation between the Franchisor and its franchisees, as defined in 13 CFR part 121 and SBA’s Standard Operating Procedure 50 10) will not be enforced against the franchisee during the life of the SBA-guaranteed loan.

SBA Form 2462 has **three** locations with drop down menu options at the beginning of the form (see example below). Once a drop down option is chosen (i.e. #1 “Franchise” #2 “Franchisor” and #3 “Franchisee”), the user must hit the “tab” key to automatically populate the appropriate term in all fields.

### Example of Drop-Down Options


 ADDENDUM TO Franchise AGREEMENT

Franchise  
License  
Distributor  
Membership  
Other

THIS ADDENDUM (“Addendum”) is made \_\_\_\_\_, 20\_\_\_\_, by and  
 between \_\_\_\_\_ (“Franchisor”),  
 located at \_\_\_\_\_, and  
 \_\_\_\_\_ (“Franchisee”),  
 located at \_\_\_\_\_.

Once the drop down options have populated in all three locations, the remaining fillable fields must be completed manually (see example below). These fields will either be blank or contain the language “(Enter type of)” or “(type of agreement).” In each of these fields, enter the type of agreement, e.g., franchise, license, dealer, membership, etc. When completing SBA Form 2462, the text may not be altered except to insert the information required to complete the form.

### Example of Fillable Fields to be Completed Manually

#### FORCED SALE OF ASSETS

- If Franchisor \_\_\_\_\_ has the option to purchase the business personal assets upon default or termination of the Franchise \_\_\_\_\_ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee \_\_\_\_\_ owns the real estate where the franchisee \_\_\_\_\_ location is operating, Franchisee \_\_\_\_\_ will not be required to sell the real estate upon default or termination, but Franchisee \_\_\_\_\_ may be required to lease the real estate for the remainder of the (enter type of) \_\_\_\_\_ term (excluding additional renewals) for fair market value.

**Note to Parties:** This Addendum only addresses “affiliation” between the Franchisor \_\_\_\_\_ and Franchisee \_\_\_\_\_. Additionally, the applicant Franchisee \_\_\_\_\_ and the (type of agreement) \_\_\_\_\_ system must meet all SBA eligibility requirements.

Exhibit H-Additional Disclosures Required by Certain States



ADDENDUM TO FRANCHISE

<sup>1</sup> AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ ("Franchisor "), located at \_\_\_\_\_, and \_\_\_\_\_ ("Franchisee "), located at \_\_\_\_\_.

Franchisor \_\_\_\_\_ and Franchisee \_\_\_\_\_ entered into a Franchise \_\_\_\_\_ Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee \_\_\_\_\_ is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise \_\_\_\_\_ Agreement or any other document Franchisor \_\_\_\_\_ requires Franchisee \_\_\_\_\_ to sign:

CHANGE OF OWNERSHIP

- If Franchisee \_\_\_\_\_ is proposing to transfer a partial interest in Franchisee \_\_\_\_\_ and Franchisor \_\_\_\_\_ has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor \_\_\_\_\_ may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee \_\_\_\_\_. If the Franchisor \_\_\_\_\_'s consent is required for any transfer (full or partial), Franchisor \_\_\_\_\_ will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) \_\_\_\_\_ interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee \_\_\_\_\_.

FORCED SALE OF ASSETS

- If Franchisor \_\_\_\_\_ has the option to purchase the business personal assets upon default or termination of the Franchise \_\_\_\_\_ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee \_\_\_\_\_ owns the real estate where the franchisee \_\_\_\_\_ location is operating, Franchisee \_\_\_\_\_ will not be required to sell the real estate upon default or termination, but Franchisee \_\_\_\_\_ may be required to lease the real estate for the remainder of the (enter type of) \_\_\_\_\_ term (excluding additional renewals) for fair market value.

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).



**Exhibit H-Additional Disclosures Required by Certain States  
Addenda to Franchise Agreements Required by Certain State and SBA**

**COVENANTS**

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

**Authorized Representative of FRANCHISOR :**

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

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

Title: \_\_\_\_\_

**Authorized Representative of FRANCHISEE :**

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

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

Title: \_\_\_\_\_

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the (type of agreement) system must meet all SBA eligibility requirements.

**Exhibit I  
Compliance Questionnaire**

**FRANCHISE COMPLIANCE QUESTIONNAIRE**

**This Questionnaire does not apply to franchises who intend to operate the franchised business in the State of California. Do not complete this Questionnaire or respond to any of the questions contained in the Questionnaire if you intend to operate the franchised business in the State of California.**

**Maryland franchisees are not to sign the Questionnaire if they are a resident of Maryland or the business is to be operated in Maryland.**

**Do not sign this questionnaire if you are a resident of the state of Washington or if the business is to be operated in the state of Washington.**

As you know, PGFC LLC (“Franchisor” or “PGFC”) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a franchised Pure Glow Studio (“Franchised Business”). The purpose of this Compliance Questionnaire is to determine whether any statements or promises were made to you that PGFC has not authorized and that may be untrue, inaccurate, or misleading. Please review each question and statement carefully and provide honest and complete responses to each question and statement.

<b>Question</b>	<b>Yes</b>	<b>No</b>
1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
2. Have you received and personally reviewed the Disclosure Document we provided?		
3. Did you sign a receipt for the Disclosure Document indicating the date you received it?		
4. Do you understand all of the information contained in the Disclosure Document and all of the terms of the Franchise Agreement?		
5. Have you reviewed the Disclosure Document and the Franchise Agreement with a lawyer, accountant, or other professional advisor?		
6. Have you discussed the benefits and risks of developing and operating a Pure Glow Studio with existing Pure Glow franchisees?		
7. Do you understand the risks of developing and operating a Pure Glow Studio?		
8. Do you understand that the success or failure of your Pure Glow Studio 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 weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
9. Do you understand that, subject to applicable state law, any applicable mediation, arbitration, or litigation must take place in Massachusetts?		
10. Do you agree that no employee or other person speaking on our behalf has made any statement or promise regarding the costs involved in operating a Pure Glow Studio, or otherwise, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?		
11. Do you agree that no employee or other person speaking on our behalf has made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn or the total amount of revenue a Pure Glow Studio will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?		
12. Do you understand that the Franchise Agreement and the exhibits to the Franchise Agreement and the Disclosure Document contain the entire agreement between us and you		

**Exhibit H-Additional Disclosures Required by Certain States  
 Addenda to Franchise Agreements Required by Certain State and SBA**

Question	Yes	No
concerning your purchase of a Pure Glow Studio and that any oral or written statements, if any, not contained in the Franchise Agreement or Disclosure Document will not be binding?		

EXPLANATION OF ANY NEGATIVE RESPONSES. PLEASE PROVIDE ADDITIONAL PAGES IF NECESSARY [REFER TO QUESTION NUMBER]:

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

FRANCHISE APPLICANT

\_\_\_\_\_  
 Signed

\_\_\_\_\_  
 Printed Name

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

**Exhibit J  
Development Agreement**

**DEVELOPMENT AGREEMENT**

**This Development Agreement**, as of the date on the last page of this Agreement, by and between **PGFC LLC, a Massachusetts limited liability company**("Franchisor"), and the party identified on the last page of this Agreement ("Franchisee").

**RECITALS**

**A.** Franchisor and Franchisee have signed that certain Franchise Agreement, dated as of \_\_\_\_\_ (the "Franchise Agreement"), with respect to the operation by Franchisee of a Pure Glow Studio® (the "First Unit").

**B.** Franchisee desires to operate additional Pure Glow Studio® franchises (the "Subsequent Units"); and

**C.** Subject to the terms and conditions of this Agreement, Franchisor is willing to grant an additional Pure Glow Studio® franchises to Franchisee.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the parties agree as follows:

1. Grant of Option to Establish Additional Pure Glow Studios.

1.1 Subject to and in accordance with the terms of this Agreement, Franchisor grants to Franchisee, and Franchisee accepts, an option to establish and operate additional Pure Glow Studios at the following locations or within the following geographical area (the "Development Area"):

See attached map of Development Area.

in accordance with the following development schedule:

Unit #	Development Deadline

1.2 Subject to and in accordance with the terms of this Agreement, Franchisee (and his Principals, directors, officers, managers and employees) will sign and deliver to Franchisor, in connection with each Unit, a franchise agreement (and such other ancillary agreements and documents as Franchisor may then require in connection with the signing of franchise agreements) in the form then being signed by new franchisees and will be subject to the terms of such franchise agreement (including, without limitation, the Royalties, the Brand Development Fees, and other fees), except that the Franchise Fee payable with respect to the First Unit, for which Franchisee had already paid the Franchise Fee, the Franchise Fee payable in connection with each Subsequent Unit will be the amounts on Schedule B. Initial Franchise Fees and Development Fees are not refundable and will be used for our general purposes

1.3 Royalties. Unless otherwise provided in this Agreement, the Royalties payable to us in conjunction with each of your Franchise Agreement and each Subsequent Units will be indicated in the Franchise Agreement executed in conjunction with each Franchise Agreement.

2. No Refunds. Once paid, Development Fees are not refundable under any circumstances.

3. Conditions to Establishing Additional Pure Glow Studios. Franchisee acknowledges and agrees that it is critical for Franchisor to protect the Marks and to maintain a high quality of services and products provided under the Marks. Accordingly, Franchisee acknowledges that Franchisor has a significant interest in granting franchises only to persons who operate their Pure Glow Studios in accordance with the highest integrity and operational excellence, and agrees that Franchisee's right to establish and operate the Units will be subject to the satisfaction (in Franchisor's sole discretion) of each of the following conditions:

3.1 Franchisee must sign a franchise agreement with respect to each Subsequent Unit by the Development Deadline.

3.2 At the time that Franchisee seeks to sign a franchise agreement with respect to a Subsequent Unit, Franchisee (and his Affiliates and their respective Principals, directors, officers, managers and employees) must not be in default of his (or their) obligations under, or related to, this Agreement, any franchise agreement or any other agreement with Franchisor or its Affiliates, and no fact or condition exists that, with the passage of time or the giving of notice, would constitute a default;

3.3 At the time that Franchisee seeks to sign a franchise agreement with respect to a Subsequent Unit, (i) all Pure Glow Studios operated by Franchisee (and all of his Affiliates) must be in full compliance with all operational and other requirements, rules and policies contained in Franchisor's Operation Manual and (ii) Franchisee must qualify (in Franchisor's sole discretion) for acceptance as a franchisee under Franchisor's then-current qualifications (including, without limitation, financial qualifications) for franchisees;

3.4 Franchisee (and his Principals, directors, officers, managers and employees) signs and delivers to Franchisor, in connection with any such Subsequent Unit, the franchise agreement (and such other ancillary agreements and documents as Franchisor may then require in connection with the signing of franchise agreements) in the form then being signed by new franchisees and will be subject to the terms of such franchise agreement including, without limitation, the Royalty Fees, the Brand Development Fees, and other fees; and

3.5 At the time that Franchisee seeks to sign a franchise agreement with respect to a Subsequent Unit, Franchisee must sign a general release of Franchisor and its Affiliates, in the form attached as Exhibit F to the Franchise Disclosure Document, or in such other form as Franchisor may then require. Franchisee agrees that if Franchisee fails to satisfy (in Franchisor's sole discretion) each of the above conditions, Franchisee will not be entitled to establish or operate the additional Pure Glow Studios contemplated by this Agreement and that Franchisor will not be obligated to grant Franchisee any additional franchises or sign any additional franchise agreements with Franchisee; provided, however, that Franchisee's rights with respect to Subsequent Units to which both Franchisee and Franchisor have previously signed franchise agreements will not be subject to the terms of this Section 4, but will be subject to the terms of those franchise agreements.

4. Location of Subsequent Units.

4.1 Franchisee must establish and operate each Subsequent Unit within the Development Area, subject to the approval of that location by Franchisor, which approval may not be unreasonably withheld.

4.2 Subject to Section 4.2, if Franchisor desires to operate, or grant any other Person the right to operate, a Pure Glow Studio within the Development Area, Franchisor will provide to Franchisee written notice of the location at which Franchisor intends that Pure Glow Studio to be located (the “Initiating Notice”). If Franchisee provides to Franchisor, within ten (10) days after the date of the Initiating Notice, written notice of Franchisee’s intent to sign the franchise agreement with respect to that Unit at the location specified in the Initiating Notice and that franchise agreement (and all other documents to be signed in connection therewith) is signed by Franchisee (and the balance of the franchise fee (and all other amounts payable in connection therewith) is paid) within 30 days after the date of the Initiating Notice, Franchisor will not operate, or grant any other Person the right to operate, a Pure Glow Studio at the location specified in the Initiating Notice. If Franchisee fails to satisfy either of those requirements, or this Agreement is terminated, Franchisor will not be subject to the restrictions reflected in this Section 4.1. If Franchisee fails to satisfy any of the conditions contained in Section 3.5 at the time that Franchisee’s rights under this Section 4.1 would otherwise arise, Franchisor will not be subject to the restrictions reflected in this Section 4.1.

4.3 Notwithstanding anything contained in this Agreement to the contrary, including, without limitation, Section 4.1:

4.3.1 Franchisor and/or its Affiliates may market, directly or indirectly, services and/or products (including, without limitation, identical, similar, or other services and products) under the Marks (or under other trademarks) through channels of distribution other than Pure Glow Studios, including the Internet.

4.3.2 Franchisor may operate or grant any other Person the right to operate Pure Glow Studios within certain dense retail traffic areas (such as Las Vegas and Honolulu) or unique or non-traditional marketplaces (such as airports, train stations, hotels, casinos, stadiums and sports and entertainment venues), as designated by Franchisor, in its discretion.

4.3.3 Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar, or other services and products) under the Marks (or under other trademarks) or otherwise on the Internet. Franchisee may not market his Pure Glow Studios or use the Marks on the Internet.

4.3.4 Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar, or other services and products) under the Marks (or under other trademarks) outside of the Development Area.

4.3.5 Franchisor reserves the right to market services and/or products (including, without limitation, identical, similar, or other services and products) under trademarks other than the Marks within the Development Area.

4.3.6 Franchisee acknowledges that Franchisor presently intends to develop Franchised Businesses (including franchised and company-owned units) throughout the United States and perhaps internationally and that one or more future Franchised Businesses (including franchised and company-owned units) may have an adverse effect on the revenues and profitability of existing Franchised Businesses, including Franchisee’s Franchised Businesses. Franchisee further acknowledges that Franchisor has not made any representation or agreement, or provided Franchisee any assurance, that no future Franchised Business (including franchised and company-owned units) would adversely affect the revenues and profitability of Franchisee’s Franchised Businesses.

5. Termination. This Agreement will terminate upon the earlier of:

5.1 the date of the last Development Deadline specified in Section 1 of this Agreement.

5.2 the Insolvency of Franchisee.

5.3 the default by Franchisee (or any of his Affiliates) of any of his (or their) obligations under, or related to, this Agreement, any franchise agreement or any other agreement with Franchisor or its Affiliates; and

5.4 the date on which any franchise agreement previously signed by Franchisee (or any of his Affiliates) and Franchisor, or any other agreement between Franchisee (or any of his Affiliates) and Franchisor (or any of its Affiliates), is terminated.

6. Extension Fee. You may extend the Development Deadline to open a Pure Glow Studio, on a month-to-month basis, by paying us the Extension Fee. The Extension Fee currently being charged is \$2,500 per month per Pure Glow Studio and shall be paid on or before the 5<sup>th</sup> day of each month for which an extension is sought. We reserve the right to modify, increase, decrease or waive the Extension Fee in our sole and absolute discretion.

7. Indemnification.

7.1 Developer agrees to indemnify Franchisor, its affiliates and their respective directors, officers, employees, shareholders, members, managers, agents, successors and assigns (each, an “**Indemnitee**,” and collectively “**Indemnitees**”), and to hold the Indemnitees harmless to the fullest extent permitted by law, from any and all Losses and Expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the Indemnitees in connection with (i) Developer’s failure to perform or breach of any covenant, agreement, term or provision of the Development Agreement; (ii) Developer’s breach of any representation or warranty contained in the Development Agreement; (iii) Developer’s development, principal ownership, operation and/or closing of any of its Studios; and (iv) any allegedly unauthorized service or act rendered or performed by Developer in connection with the Development Agreement (collectively “**Event**”), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnitees.

7.2 The foregoing indemnity shall not apply to Developer: (i) if and to the extent it is determined in a final, non-appealable judgment of a court of competent jurisdiction that the Indemnitees’ negligence caused such Losses and Expenses; (ii) to any Losses and Expenses incurred where it is clearly evident that Developer followed Franchisor’s guidance or otherwise was complying with instructions from the Franchisor; (iii) to any Losses and Expenses arising from a breach of the Development Agreement by the Indemnitees; or (iv) to any Losses and Expenses directly resulting from the gross negligence or willful acts of Indemnitees (except to the extent that joint liability is involved, in which Event the indemnification provided will extend to any finding of comparative or contributory negligence attributable to Developer). The term “**Losses and Expenses**” includes 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 Franchisor’s reputation and goodwill; and all other costs associated with any of the foregoing Losses and Expenses. Franchisor agrees to give Developer reasonable notice of any Event of which Franchisor becomes aware for which indemnification may be required, and Franchisor may elect (but is not obligated) to direct the defense thereof, provided that the selection of counsel shall be subject to Developer’s consent, which consent shall not be unreasonably withheld or delayed. Franchisor may, in its reasonable discretion, take such actions as it deems necessary and appropriate to investigate, defend or settle any Event or take other remedial or corrective actions that may be necessary for the protection of Indemnitees or Pure Glow Studios generally, provided however, that any settlement shall be subject to its consent, which consent shall not be unreasonably withheld or delayed. Further, if the insurer on a policy or policies obtained by Developer in compliance with its Franchise Agreement agrees to undertake the defense of an Event (an “**Insured**

**Event**”), Franchisor agrees not to exercise its right to select counsel to defend the Event if such would cause Developer’s insurer to deny coverage. Franchisor reserves the right to retain counsel to represent it with respect to an Insured Event at its sole cost and expense. This Section shall continue in full force and effect subsequent to the expiration or termination of the Development Agreement.

8. Ownership of the Marks. Developer acknowledges that an affiliate of Franchisor owns the Marks, and that Developer is not granted the right under the Development Agreement to use the Marks. Developer’s right to use the Marks arises solely from, and is limited to, Franchise Agreements entered into between Developer and Franchisor. Developer may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate, legal or other business name (other than in connection with any legally required fictitious or assumed name filings), or with any prefix, suffix or other modifying words, any of Developer’s terms, designs or symbols, or with the name or other designation of the metropolitan area or city in which any of Developer’s Pure Glow Studios are located, or in any other manner (including any Internet related use such as an electronic media identifier, for websites, web pages or domain names) not explicitly authorized in writing by Franchisor. Developer may not at any time during or after the term contest, or assist any other person or entity in contesting, the validity or principal ownership of any of the Marks.

9. Covenants.

9.1 Confidential Information. During and after the Term, you may not communicate, divulge, or use for any purpose other than the operation of your Pure Glow Studio any Confidential Information, knowledge, trade secrets or know-how which may be communicated to you or which you may learn by virtue of your relationship with us (“Confidential Information”). You may divulge Confidential Information only to your professional advisers and to your employees who must have access to the information to operate your Pure Glow Studio. All Confidential Information, relating to us, our business plans, or the System are deemed confidential for purposes of this Agreement, except information that you can demonstrate came to your attention by lawful means prior to our disclosure; or which, at the time of our disclosure to you, had become a part of the public domain. You must require your Operating Principal and key employees and any other person or entity you wish to disclose any Confidential Information to sign agreements, in a form acceptable to us, that they will maintain the confidentiality of the disclosed information. The agreements must identify us as a third-party beneficiary with the independent right to enforce the agreements.

9.2 Restrictions.

9.2.1 You acknowledge and agree that: (a) according to this Agreement, you will have access to the Confidential Information; (b) the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; (c) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and the Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Pure Glow Studios if our franchisees were permitted to hold interests in “Competing Businesses” (which are defined as businesses that provide assisted stretch programs, techniques, and systems to people of all ages and related retail products). You acknowledge that restrictions on your right to hold interests in or perform services for Competing Businesses will not hinder your activities. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the restrictions contained in this Section will not deprive you of your personal goodwill or ability to earn a living.

9.2.2 You therefore agree that, during the term of this Agreement and for the “Restricted Period” following the expiration or earlier termination of this Agreement, you and your owners will not,



either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, limited liability company, or other entity:

(a) own, maintain, operate, engage in, franchise or license, advise, help, make loans to, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in any Competing Business;

(b) knowingly employ or seek to employ any person then employed by us or employed by any Pure Glow Studio franchisee as a manager or higher, or otherwise directly or indirectly induce such person to leave his or her employment without our prior written consent.

(c) divert or attempt to divert, by direct or indirect inducement or otherwise, any actual or potential business or customer of any Pure Glow Studio to a Competing Business; or

(d) For purposes of this Agreement, the term "Restricted Period" shall be two (2) years from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end one (1) year from the date the Franchise Agreement expires or is terminated; provided however, that if a court determines that such period is unenforceable, the Restricted Period shall end six (6) months from the date the Franchise Agreement expires or is terminated.

9.2.3 During the term of this Agreement, there is no geographical limitation on the restrictions contained in this Section 9.2. During the Restricted Period, these restrictions will apply at the Premises; within the Protected Area; within a 5-mile radius of the outer boundaries of the Protected Area; and within 5 miles of any other Pure Glow Studio in operation or under construction on the later of: (i) the date of the termination or expiration of this Agreement (the "Restricted Area"); or (ii) the date on which all persons restricted by Section 9 begin to comply with the restrictions therein.

9.2.4 If, at any time during the Restricted Period, you or your owners fail to comply with your obligations contained in this Section 9, that period of noncompliance will not be credited toward the satisfaction of your obligations under this Section. Equity ownership of less than 2% of a Competing Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 9.2.

9.3 If any restriction in this Section 9 is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

9.4 You agree to obtain similar covenants from the personnel and persons we specify, including your officers, directors, managers, and other employees who attend our training programs or have access to Confidential Information and your immediate family members (which include spouses and domestic partners and such other persons as we may specify following our review of your franchise application and proposed operations and ownership structure). We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

9.5 Information Exchange. All processes, ideas, concepts, advertising and promotional materials, website pages and content, methods, techniques, or materials used or useful to a health and

wellness business, whether or not constituting protectable intellectual property (collectively, the “Materials”), that Developer creates, or that are created on its behalf, in connection with the development or operation of its Studios must be promptly disclosed to Franchisor. If Franchisor adopts any of such Materials as part of the System, or deems them to be sufficiently related to Franchisor and its business to be considered proprietary, they will be deemed to be Franchisor’s sole and exclusive property and deemed to be Works-made-for-Hire (as such term is defined under Section 101 of the Copyright Act) for Franchisor, and to the extent the Materials may for any reason not be considered a Work-Made-for-Hire, Developer irrevocably conveys, grants, transfers and assigns to Franchisor all rights, title and interest which Developer may have now or in the future in and to the Materials. Developer agrees to sign whatever assignment or other documents Franchisor requests, during and after the term, to evidence Franchisor’s principal ownership or to assist Franchisor in securing intellectual property rights in the Materials, and Developer warrants that it will obtain all rights from any third party acting on its behalf to comply with this provision.

## 10. Miscellaneous

10.1 Provisions. Each provision, condition and term of this Agreement is material, and a default or violation of any of them will constitute a default of that party's obligations under this Agreement.

10.2 Definitions. All capitalized terms used, but not defined, in this Agreement have the meanings given them in the Franchise Agreement.

10.3 Notices. All communications or notices required or permitted to be given or served under this Agreement must be in writing and will be deemed to have been duly given or made if (a) delivered in person or by courier (including by Federal Express or other courier), (b) deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, or (c) faxed, and addressed to the address or fax number reflected on the last page of this Agreement. All communications and notices will be effective upon delivery in person or by courier to the address stated in this Agreement, upon being deposited in the United States mail in the manner above or upon being faxed in the manner above. Any party may change his, her or its address or fax number by giving notice in writing, stating his, her or its new address, to the other party to this Agreement as provided in the foregoing manner.

10.4 Transfers; Successors and Assigns. Notwithstanding anything contained in this Agreement, or in any other agreement, to the contrary, Franchisee may not assign or otherwise transfer, by operation of law or otherwise, his rights under this Agreement without the prior written consent of Franchisor, which consent may be withheld by Franchisor in its sole discretion. Any transfer of an equity interest in Franchisee, by operation of law or otherwise, and any merger or consolidation of Franchisee (if a corporation, partnership, limited liability company or other entity) will be deemed to be a transfer of the Franchised Business in violation of this Section 10.4. Any attempt by Franchisee to assign his rights under this Agreement without Franchisor’s prior written consent will be void.

10.5 Notwithstanding anything contained in this Agreement to the contrary, Franchisor may assign its rights under this Agreement, or delegate any of its obligations hereunder, without the consent of Franchisee or any other person.

10.6 Subject to Section 10.4 of this Agreement, this Agreement will be binding upon and inure to the benefit of the parties and their respective assigns, legal representatives, executors, heirs, and successors.

10.7 Amendment, Modification or Waiver. Except as stated in this Agreement, no amendment, modification or waiver of any condition, provision or term of this Agreement will be valid or of any effect unless made in writing, signed by the parties, and specifying with particularity the nature and extent of the amendment, modification, or waiver. Failure on the part of any party to complain of any act or failure to act of another party or to declare another party in default, irrespective of how long the failure continues,

will not constitute a waiver by that party of his, her or its rights under this Agreement. Any waiver by any party of any default of another party will not affect or impair any right arising from any other or subsequent default.

10.8 Entire Agreement. This Agreement, including the exhibits, contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties with respect to that subject matter. Each of the exhibits is incorporated in this Agreement by this reference and constitutes a part of this Agreement. Nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments. Nothing in the Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

10.9 Terminology. All captions, headings or titles in the paragraphs or sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement or a limitation of the scope of the particular paragraph or section to which they apply. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, will, where appropriate, include all other genders and the singular will include the plural and vice versa.

10.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

10.11 Dispute Resolution/Governing Law and Venue/Waiver of Certain Claims and Damages.

10.11.1 Mediation. Before you or we may bring an action in court, against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. Anything to the contrary, this Section 10.11.1 will not bar you or us from obtaining judicial or injunctive relief for claims that are based solely on demands for monies owed, or from obtaining injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks. The mediation proceedings will be conducted within 30 miles of our then-existing principal business location.

10.11.2 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between you and us will be governed by the laws of the State of Massachusetts, without regard to its conflict of laws rules.

10.11.3 Consent to Jurisdiction and Venue. We may file suit in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business, where your Pure Glow Studio is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

10.11.4 Waiver of Certain Damages and Rights. You and we waive, to the fullest extent permitted by law, any right or claim of any punitive or exemplary damages against each other and agree that, in the event of a dispute between us, we each will be limited to the recovery of actual damages sustained. You and we waive, to the fullest extent permitted by law, the right to bring, or be a class member in, any class action suits and the right to trial by jury.

10.11.5 Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to

reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of, the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you agree to reimburse us for any of the above-listed costs and expenses incurred by us. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

10.11.6 Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section shall survive the expiration or earlier termination of this Agreement.

10.11.7 Limitations of Claims. Any and all claims and actions arising out of or relating to this Agreement, the relationship between you and us, or your operation of your Pure Glow Studio, must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) 1 year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) 2 years after the first act or omission giving rise to an alleged claim; or it is expressly acknowledged and agreed by all parties that such claims or actions will be irrevocably barred. Our claims attributable to underreporting of sales and claims of the parties for failure to pay monies owed and/or indemnification will be subject only to the applicable state or federal statute of limitations.

10.11.8 Injunctive Relief. You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, your failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates, and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us will be in addition to, and not in lieu of, all remedies and rights that you otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

10.11.9 Attorneys' Fees. In the event of any claim, controversy or dispute arising out of or relating to this Agreement, or the default thereof, the prevailing party may recover reasonable attorneys' fees incurred in connection with any proceeding.

10.12 Construction. The parties acknowledge that each party was represented (or had the opportunity to be represented) by legal counsel in connection with this Agreement and that each of them and his, her or its counsel have reviewed this Agreement, or have had an opportunity to do so, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any amendments or any exhibits

10.13 Additional Actions. Each party agrees to do all acts and things and to make, execute and deliver such written instruments as may from time to time be reasonably required to carry out the terms and provisions of this Agreement.

10.14 Computation of Time. Whenever the last day for the exercise of any privilege or discharge of any duty under this Agreement falls upon Saturday, Sunday or any legal holiday under Massachusetts law, the party having that privilege or duty will have until 5:00 p.m. Boston, Massachusetts time, on the next succeeding regular business day to exercise that privilege or to discharge that duty.

10.15 Currency. Unless otherwise directed by Franchisor in writing, all amounts contemplated by this Agreement will be paid in United States Dollars and deposited in the bank account specified by the recipient. Computation of any amounts to be paid which require conversion between currencies will be made at the selling rate for United States Dollars quoted by Franchisor's primary bank on the date on which payment is made. Franchisee will pay all costs of currency exchange.

10.16 Authority. Any individual signing below on behalf of a corporation, partnership, limited liability company, or other entity personally represents that he has full authority to bind the party or parties on whose behalf he is signing.

10.17 Terrorist and Money Laundering Activities. Franchisee hereby represents and warrants to Franchisor that neither Franchisee, nor any of his Affiliates or their respective equity owners, directors, officers, employees, representatives and agents (collectively, the "Included People"), (a) is identified, by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at [www.treas.gov/offices/enforcement/ofac/](http://www.treas.gov/offices/enforcement/ofac/)) or (b) has violated any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (text currently available at [www.epic.org/privacy/terrorism/hr3162.html](http://www.epic.org/privacy/terrorism/hr3162.html)), U.S. Executive Order 13224 (text currently available at [www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html](http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html)) or any similar law. Franchisee agrees that he will comply with, and will cause the Included People to comply with, all laws prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government. Franchisee further agrees that he will immediately notify Franchisor of the occurrence of any event, or the development of any circumstances, which might render any of the foregoing representations or warranties to be false, inaccurate, or misleading.

10.18 Acknowledgement of Franchisee. Franchisee acknowledges that, except as expressly reflected in the Disclosure Document delivered to Franchisee, neither Franchisor, nor anyone acting on behalf of Franchisor, has made any claims or representations whatsoever regarding potential sales, profits, or earnings achievable by Franchisee in connection with the conduct of the Franchised Businesses. Franchisee acknowledges that he has been informed and he understands that the successful operation of the Franchised Businesses will depend primarily upon the efforts, capabilities and management skills of Franchisee and general economic conditions and trends. Franchisee acknowledges and confirms that he has selected, or will select, the premises on which the Franchised Businesses will be established and operated by him, and that the decision to establish and operate the Franchised Businesses in those premises was, or will be, made solely by him. Franchisee accepts full responsibility for the consequences of his decision.

**[Signatures on Following Page]**

**IN WITNESS WHEREOF**, the parties have executed this Agreement, or caused this Agreement to be executed, as of \_\_\_\_\_.

**PGFC LLC**

**FRANCHISEE**

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

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

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

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

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

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

**CONSENT OF SPOUSE**  
**(to be signed if Franchisee is a married individual)**

In consideration of the execution of the Development Agreement to which this Consent is attached (including the exhibits thereto, the "Agreement") by Pure Glow Studio Franchise, LLC, and knowing that Pure Glow Studio Franchise, LLC will rely upon this Consent of Spouse, the undersigned spouse of the franchisee identified in the Agreement acknowledges that he/she has read the Agreement, agrees to be bound by provisions and agrees that he/she will make, execute and deliver such instruments and documents that may be necessary to carry out the provisions of the Agreement.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Spouse)

\_\_\_\_\_  
(Print Name of Spouse)

**SCHEDULE A TO DEVELOPMENT AGREEMENT-INFORMATION SHEET**

If Franchisee is any entity, identify: \_\_\_\_\_

Type of entity: \_\_\_\_\_

State of organization: \_\_\_\_\_

Title of signatory: \_\_\_\_\_

If an individual, identify state of residence and domicile: \_\_\_\_\_

Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Person who will supervise the Franchised Business: \_\_\_\_\_

Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Telephone Numbers:

Principals of Franchisee (Shareholders, Partners, Members, Etc.--Total MUST equal 100%)

<u>Name</u>	<u>% Ownership</u>
_____	_____
_____	_____
_____	_____

Franchise Fees Payable for Subsequent Unit(s):



**SCHEDULE B**

**FRANCHISE/DEVELOPMENT FEES**

<b>Total Number of Studios</b>	<b>Per Studio Initial Franchise Fee</b>	<b>Total Initial Franchise Fee/ Development Fee</b>
1	\$42,500	\$42,500
2	\$42,500	\$85,000
3	\$37,500	\$112,500
4	\$37,500	\$150,000
5	\$35,000	\$175,000

**ADDENDUM TO DEVELOPMENT AGREEMENT  
REQUIRED FOR CALIFORNIA FRANCHISEES**

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

**PGFC LLC**

**FRANCHISEE**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

**ADDENDUM TO DEVELOPMENT AGREEMENT  
REQUIRED FOR ILLINOIS FRANCHISEES**

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

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

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

**PGFC LLC**

**FRANCHISEE**

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

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

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

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

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

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

**ADDENDUM TO DEVELOPMENT AGREEMENT  
REQUIRED FOR MARYLAND FRANCHISEES**

1. Based upon Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until Franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.
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 Registration and Disclosure Law.
3. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
5. Section 10.18 of the Development Agreement is deleted in its entirety.
6. 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 (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**PGFC LLC**

**FRANCHISEE**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## WASHINGTON ADDENDUM TO THE DEVELOPMENT AGREEMENT

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. The Development fee will be prorated and collected as each unit is opened.

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

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

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

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

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of Franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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 Franchisor that was a material inducement to a franchisee's investment. Any statements or representations

signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**PGFC LLC**

**FRANCHISEE**

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

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

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

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

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

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

## STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Pending
Illinois	Pending
Maryland	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Wisconsin	Pending

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 L  
Receipt Pages**

**RECEIPT**  
**(RETAIN THIS COPY FOR YOUR RECORDS)**

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 PGFC LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with or make payment to it or its affiliates in connection with the proposed sale or sooner if required by applicable state law. New York require that PGFC LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that PGFC LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If PGFC, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

Franchisor is PGFC LLC, located at 176 Newbury Street, 2nd Floor, Boston, Massachusetts 02116 and (617) 207-7765. The resident agents authorized to receive service of process for PGFC LLC are identified in Exhibit A of the disclosure document.

The issuance date for this Franchise Disclosure Document is April 9, 2024.

I have received a Disclosure Document dated April 9, 2024 that included the following Exhibits:

- |  |  |
|--|--|
| A. State Agencies and Administrators/Franchisor's Agent for Service of Process | G. Confidentiality Agreement           |
| B. Franchise Agreement   | H. Addenda Required by Certain States  |
| C. Franchisee Lists  | I. Franchisor Compliance Questionnaire |
| D. Operations Manual Table of Contents   | J. Development Agreement               |
| E. Financial Statements  | K. State Effective Dates               |
| F. General Release   | L. Receipts (2 copies)                 |

Instructions for returning the receipt: If the Disclosure Document is not delivered in person, the prospective franchisee must sign both copies of this Receipt, retaining one (1) for the prospective franchisee's records. The other copy must be sent via certified mail to PGFC LLC, Attn: Sean Bock, Chief Development Officer, 176 Newbury Street, 2nd Floor, Boston, Massachusetts 02116.

Email: [franchise@pureglow.com](mailto:franchise@pureglow.com) The franchise sellers for this offering are:

Franchise seller's name: \_\_\_\_\_  
Principal business address: \_\_\_\_\_  
Email: \_\_\_\_\_  
Telephone number: \_\_\_\_\_

Franchise seller's name: \_\_\_\_\_  
Principal business address: \_\_\_\_\_  
Email: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_

\_\_\_\_\_  
(Prospective Franchisee Print Name)  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
(Prospective Franchisee Print Name)  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_



**Exhibit L  
Receipt Pages**

**RECEIPT  
(RETURN THIS COPY TO FRANCHISOR)**

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 PGFC LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with or make payment to it or its affiliates in connection with the proposed sale or sooner if required by applicable state law. New York require that PGFC LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that PGFC LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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|--|--|
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Email: [franchise@pureglow.com](mailto:franchise@pureglow.com) The franchise sellers for this offering are:

Franchise seller's name: \_\_\_\_\_  
Principal business address: \_\_\_\_\_  
Email: \_\_\_\_\_  
Telephone number: \_\_\_\_\_

Franchise seller's name: \_\_\_\_\_  
Principal business address: \_\_\_\_\_  
Email: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_

_____ (Prospective Franchisee Print Name)	_____ (Prospective Franchisee Print Name)
Signature: _____	Signature: _____
Date: _____	Date: _____