FRANCHISE DISCLOSURE DOCUMENT

LIVE Hydration Spa Franchise LLC
A Nebraska Limited Liability Company
17010 Wright Plaza, Suite 145, Omaha, NE 68130
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Email: casey@livehydrationspa.com
Website: www.livehydrationspa.com

The franchise that we offer is for a **Live Hydration Spa®** business (each referred to as a "*Live Hydration Spa franchise*," "*Franchised Business*" or "*Spa Location Franchise*"). Each Live Hydration Spa franchise business: (1) offers and provides wellness products and services that include IV hydration and/or vitamin therapy, neurotoxins (e.g., BOTOX®), injectables, peptides, ionic detoxification, oxygen therapy, weight management, hormone therapy, and related products and services to customers from a spa facility or approved third party site(s) operated under the Live Hydration Spa name and marks; *or* (2) offers and provides management, marketing, and facility-based services to medical practices and licensed professionals that offer and provide IV hydration and/or vitamin therapy, neurotoxins (e.g., BOTOX®), injectables, peptides, ionic detoxification, oxygen therapy, weight management, hormone therapy, and related products and services to customers from a spa facility or approved third party site(s) operated under the Live Hydration Spa name and marks. We offer the Franchised Business as individual unit Spa Location Franchises or area development franchises for the development of multiple Spa Location Franchises.

The total investment necessary to begin operation of a Live Hydration Spa franchise ranges from $263,475 to $521,200. This includes $67,500 that must be paid to the franchisor or an affiliate ($57,000 franchise fee plus $10,500 opening marketing sequence).

The total investment necessary to begin operation of a Live Hydration Spa franchise under a multi-unit development agreement ranges from $308,475 to $701,200. Total investment for 2 locations is $123,000; total investment for 3 locations is $178,500; which must be paid to the franchisor or an affiliate. There is an area development fee of $45,000, plus $10,500 for marketing, for each additional Spa Location established under a multi-unit development agreement.

This disclosure document ("*Disclosure Document*") summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **NOTE, HOWEVER, THAT NO GOVERNMENT AGENCY HAS VERIFIED THE INFORMATION CONTAINED IN THIS DOCUMENT.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Casey Kuhl, 17010 Wright Plaza, Ste 145, Omaha, Nebraska 68130 and (712) 253-7278.

The terms of your contract will govern your franchise relationship. Do not 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* 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: **1 July 2026**

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory, and you should discuss this right with the franchisor to understand how it may impact your franchise or territory.

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement and multi-unit development agreement each require you to resolve disputes with the franchisor by mediation, arbitration, or litigation only in Nebraska. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Nebraska than in your own state.

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all your financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails

3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), may call into question the franchisor's financial ability to provide services and support to you.

4. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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 they set or the franchisor sets. 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.

6. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their Live Hydration Spa locations. If other franchisees are experiencing delays in opening their Live Hydration Spa franchise locations, you also may experience delays in opening your own Live Hydration Spa franchise location.

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

NOTICE REQUIRED BY THE STATE OF MICHIGAN

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

The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

  (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

  (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

  (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

Live Hydration Spa®
Franchise Disclosure Document
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ITEM 1: The Franchisor and any Parents, Predecessors, and Affiliates

Live Hydration Spa Franchise LLC, the franchisor of the franchise business, is referred to in this Franchise Disclosure Document as "*we*", "*us*" or "*our*" as the context requires. This Franchise Disclosure Document is defined as the "*Disclosure Document,*" as also noted on the cover page. A franchisee is referred to in this Disclosure Document as "*you*" and "*your*" as the context requires. If you are a corporation, limited liability company, partnership, or other legal entity (each a "*Corporate Entity*"), our franchise agreement will also apply to your individual owners, shareholders, members, directors, managers, officers, and other principals.

Each **Live Hydration Spa®** business is referred to in this Disclosure Document as a "*Live Hydration Spa franchise*," "*Franchised Business*" or "*Spa Location Franchise"* as also noted on the cover page.

The Franchisor

Live Hydration Spa Franchise LLC is the franchisor of the Live Hydration Spa business. Our principal business address is 17010 Wright Plaza, Suite 145, Omaha, Nebraska, 68130. We do not have any predecessors. We conduct business under our corporate name, Live Hydration Spa Franchise, LLC and under the Live Hydration Spa trade name. Our registered agent for service of process is Smith Pauley LLP and our registered agent's address is 3555 Farnam Street, Suite 1000, Omaha, NE 68154. We are a limited liability company, organized in the State of Nebraska on November 24, 2020. Our business is operating the Live Hydration Spa franchise system and granting franchises to third parties like you to develop and operate an individual unit Spa Location Franchise. We began offering franchises as of February 2021. Other than as discussed above, we are not in any other business, we have not conducted business in any other line of business, we do not conduct or operate a Franchised Business of the type to be operated by a franchisee, and we have not offered or sold franchises in any other line of business. We do not have any predecessors. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

The Franchised Business

We license a system (the "*System*") for the development and operation of a Franchised Business, also referred to as a Spa Location Franchise, that, depending on your qualifications and applicable local, state, and federal laws and regulations, involves either of the following:

(a) Spa – Your development and operation of a Spa Location Franchise that owns and operates a spa ("*Spa*") that offers and provides wellness products and services including IV hydration and vitamin therapy, neurotoxins (e.g., BOTOX®), injectables, peptides, ionic detoxification, oxygen therapy, weight management, hormone therapy, and related products and services from a spa facility and approved third party sites and spa related services and retail products (the "*Approved Spa Products and Services*") under the Live Hydration Spa name and marks and such other trade names, trademarks, and logos as we may designate, modify, and adopt from time to time (collectively referred to as the "*Licensed Marks*"). If your Spa Location Franchise directly operates a Spa, the Gross Sales and revenues of your Spa Location Franchise will be generated from the sale of Approved Spa Products and Services to customers of the Spa. You may only enter into a franchise agreement to own and operate a Spa if: (1) you are a licensed medical professional; or (2) you open the Franchised Business in a state that permits individuals who are not licensed medical professionals to own and operate businesses offering Approved Spa Products and Services. You must directly hire your own attorney to independently evaluate, review, and advise you whether you may or may not engage in the operation and management of a Spa; or

(b) Spa Management Business – Your development and operation of a Spa Location Franchise that owns and operates a management business ("*Spa Management Business*") that provides management, marketing,

and spa facility based services (the "*Spa Facility and Management Services*") to medical practices, professional corporations, and licensed professionals authorized to offer and provide the Approved Spa Products and Services (referred to as "*Authorized Care Providers*") at a Spa that is directly operated, and potentially owned, by the Authorized Care Providers authorized to directly offer and provide the Approved Spa Products and Services. You will enter into a management agreement ("*Management Agreement*") with the Authorized Care Providers to provide them with the Spa Facility and Management Services and grant them a license to use the Licensed Marks at the location of your Spa Location Franchise. If your Spa Location Franchise operates as a Spa Management Business the gross sales and revenues of your Spa Location Franchise will be generated from management and other fees paid by Authorized Care Providers for Spa Facility and Management Services. Although your Management Agreement must be approved by us and although we provide a sample management agreement (Franchise Agreement, Exhibit 9), you must directly hire your own attorney to independently, evaluate, review, and ensure that your Management Agreement complies with all applicable laws, rules and regulations. The Spa Management Business is offered only to franchisees who are not licensed medical professionals.

Spas will offer and provide the Approved Spa Products and Services both at the Spa Location and at approved third party sites such as customer homes, businesses, and other third party venues ("*Third Party Sites*") and shall include and use those products, supplies and equipment including, vitamin therapy, and specialized equipment and supplies for treatments involving services including IV hydration and vitamin therapy, neurotoxins (e.g., BOTOX®), injectables, peptides, ionic detoxification, oxygen therapy, weight management, hormone therapy, and related products and services to customers from a spa facility and approved third party sites designated by us (collectively, the "*System Supplies*") and shall be managed using the point of sale and business management systems (collectively, the "*Business Management System*") designated by us.

Franchise Agreement

You may enter into a franchise agreement in the form attached to this Disclosure Document as Exhibit E (the "*Franchise Agreement*") to develop and operate 1 Spa Location Franchise from a single Spa Location within a designated territory. If you sign a Franchise Agreement, you will be required to develop and operate the Franchised Business in conformity with the requirements of our System and at a Spa Location that we approve of in writing. A Spa Location will, ordinarily, be located in high traffic retail commercial locations. Depending on applicable laws, rules and regulations, your Spa Location Franchise will either own and operate a Spa or a Spa Management Business.

Multi-Unit Development Agreement

If we approve your request, you may have the option, in addition to signing a Franchise Agreement in the form attached as Exhibit E, to sign the multi-unit development agreement attached to this Disclosure Document as Exhibit F (the "*Multi-Unit Development Agreement*"), to develop and operate multiple Spa Location Franchises. Generally, the total number of Spa Location Franchises that you will be required to develop and operate under a Multi-Unit Development Agreement will vary from 2 to 5 Spa Location Franchises, as negotiated at the time of signing the Multi-Unit Development Agreement. We may, in limited circumstances, permit a qualified franchisee to enter into a Multi-Unit Development Agreement. Each Spa Location Franchise must be developed by you within a designated geographic area (the "*Development Area*") and each Spa Location Franchise must be developed and operated under the terms of our then-current individual unit Franchise Agreement, which may differ from the Franchise Agreement included with this Disclosure Document. Your Multi-Unit Development Agreement will include a development schedule (the "*Development Schedule*") containing a deadline by which you must have each Spa Location Franchise open and operating. Your Development Schedule may vary depending on your Development Area and the number of Spa Location Franchises that you are required to develop.

Unless otherwise specified, the information contained in this Disclosure Document applies to single unit development under a Franchise Agreement and multi-unit development under a Multi-Unit Development Agreement. If you are not contracting for the right to develop multiple Spa Location Franchises, you will not be signing a Multi-Unit Development Agreement. Even if you sign a Multi-Unit Development Agreement, you will also be signing individual Franchise Agreements for each Spa Location Franchise with the first Franchise Agreement being the Franchise Agreement attached to this Disclosure Document as Exhibit E and signed simultaneously with the Multi-Unit Development Agreement.

Area Representative Agreement

Under a separate disclosure document, we have also offered qualified individuals ("*Area Representatives*") the right to operate area representative businesses (the "*Area Representative Business*") that offer, qualify and support Live Hydration Spa Locations within a defined territory. Area Representative franchises are not offered under this Disclosure Document.

Our Parent

C&F Holding Company LLC – Our parent company, C&F Holding LLC, is a Nebraska limited liability company established on November 24, 2020. Our parent company maintains a principal business address at 17010 Wright Plaza, Suite 145, Omaha, NE 68130. Our parent company is a holding company only. Our parent company has not in the past and does not now offer franchises in any lines of business.

Our Affiliates

Live Hydration Spa, LLC – Our affiliate Live Hydration Spa, LLC is a Nebraska limited liability company established on November 24, 2020. This affiliate maintains a principal business address at 17010 Wright Plaza, Suite 145, Omaha, Nebraska 68130. This affiliate provides training to franchisees and may in the future provide branded merchandise or marketing materials. This affiliate has not in the past and does not now offer franchises in any lines of business.

Live Hydration Spa IP, LLC – Our affiliate Live Hydration Spa IP, LLC is a Nebraska limited liability company established on November 24, 2020. This affiliate maintains a principal business address at 17010 Wright Plaza, Suite 145, Omaha, Nebraska 68130. This affiliate owns the Licensed Marks and licenses the Licensed Marks to us for use in connection with the System. This affiliate has not in the past and does not now offer franchises in any lines of business.

LHS Consultants LLC – LHS Consultants LLC is a Nebraska limited liability company established on August 9, 2021. LHS Consultants LLC maintains a principal business address at 17010 Wright Plaza, Suite 145, Omaha, Nebraska 68130. This entity provides medical director services to franchisees that own Live Hydration Spa franchise locations and enter into an agreement with LHS Consultants LLC for its services rather than providing their own medical director.

Market and Competition

The general market for the services and products offered by your Spa Location Franchise typically includes other spas and wellness centers that offer and provide intravenous therapy, vitamin supplements, and oxidative therapy and other cosmetic procedures. Although you are not authorized to provide medical services through the Franchised Business, competition may also include medical service providers that also offer the products and services sold by the Franchised Business. The market for the services and products offered by a Spa Location Franchise are not seasonal in nature but are extremely competitive.

Industry Specific Laws

General – When engaging in this industry, federal, state, and local jurisdictions have laws, rules, and regulations that may apply to your Spa Location Franchise, including laws, rules, and regulations related to: health and safety; licensing of clinical professionals including physicians, mid-level licensed non-physician providers and nurses, flow of funds; licensing of cosmetic professionals including aestheticians and estheticians; licensing and requirements as to the ordering, supply, and administration of procedures and services; ownership and control of Spa Location Franchise; construction, zoning, health and safety requirements; employee practices; equal access for the disabled, including requirements imposed by The Americans with Disabilities Act of 1990; and numerous others that may affect the operation, construction and location requirements of your Spa Location Franchise.

Key aspects of healthcare regulatory rules and regulations are outlined below for your reference; however, you should investigate and evaluate how all laws, rules, regulations, and requirements specific to your Spa Location Franchise's geographic area, including but not limited to those listed above and below, apply to and impact your operations.

Stark – The federal physician self-referral prohibition (42 U.S.C. § 1395nn, "*Stark*") generally prohibits a physician from making referrals for Designated Health Services ("*DHS*") (as defined by Stark and includes inpatient services) payable by Medicare or Medicaid, in whole or in part and whether as a primary or secondary payer, to an entity with whom the referring physician (or an immediate family member) has a financial relationship. Recognizing the existence of several common, legitimate financial arrangements, Stark however created exceptions to this general prohibition allowing a financial arrangement between a physician (or immediate family member) and entity furnishing DHS if the arrangement meets all of the requirements of a specific exception. Failure to meet one element of an exception will cause the arrangement to violate Stark (unless another exception applies).

A "*physician*" includes a Doctor of Medicine or Osteopathic Medicine, Doctor of Dental Surgery or Dental Medicine, a Doctor of Podiatric Medicine, a Doctor of Optometry, or a Doctor of Chiropractor, but does not include physician assistants, nurse practitioners, or other mid-level, licensed non-physician providers. A "*referral*" includes a request by a physician for an item or service for which payment may be made under Medicare or Medicaid, a request for a consultation with another physician, the performance or ordering of any test or procedure by that consulting physician, the request or establishment of a plan of care by a physician that includes a DHS, and the certifying or recertifying of the need for any DHS for which payment may be made under Medicare or Medicaid. A "*financial relationship*" under Stark includes any direct or indirect "*ownership or investment interest*" in an entity or direct or indirect "*compensation arrangement*" with an entity. At this time, Spa will not accept any patients paid by Medicare, Medicaid, TRICARE, or other federally funded government program patients. Accordingly, Stark would not be implicated with respect to any physician (or immediate family member) becoming an owner of a Spa. States often incorporate Stark framework into their own rules which are payor indifferent (as discussed below). Accordingly, it is important to review and be familiar with Stark's impact on your Spa Location Franchise.

You must directly hire your own attorney to independently evaluate, review, and advise you about how Stark may or may not impact your Spa Location Franchise.

Federal Anti-Kickback Statute – The Federal Anti-Kickback Statute (42 U.S.C. §1320a-7b) as written applies only those medical practices that provide care to patients that are federal program patients under Medicare, Medicaid, and TRICARE. Although the Federal Anti-Kickback Statute is not directly applicable, on its own, to your Spa Location Franchise, *i.e.,* since, under no circumstance, may the Spa or any Spa operated in

connection with your Spa Location Franchise provide services or products that are reimbursed by or paid for by a third party payer such as a health insurance company or the United States government, states often incorporate the Federal Anti-Kickback framework into their own rules which are payor indifferent (as discussed below), *i.e.* they may apply to your Spa Location Franchise and the Spa operated in connection with your Spa Location Franchise even though the services and products offered and provided by your Spa and/or Spa Location Franchise are not reimbursed or paid for by a third party payer. Accordingly, it is important to review and be familiar with the Federal Anti-Kickback Statute's impact on your Spa Location Franchise and the rules within your state.

The Federal Anti-Kickback Statute prohibits any person from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe, or rebate) directly or indirectly, overtly or covertly, in cash or in kind, to any person, in return for or to induce such person to do either of the following: (1) refer an individual to a person for the furnishing or arranging for the furnishing of an item or service for which payment may be made in whole or in part under Medicare, Medicaid, TRICARE or other federal health care programs (as defined by 42 U.S.C. § 1320a-7b(f)); or (2) purchase, lease, order or arrange for or recommend the purchasing, leasing or ordering of any good, facility, service or item for which payment may be made in whole or in part under any Medicare, Medicaid, TRICARE or other Federal health care programs (as defined by 42 U.S.C. § 1320a-7b(f)). The Federal Anti-Kickback Statute has been broadly interpreted to cover any arrangement where one purpose of the remuneration was to obtain money for the referral of services or to induce further referrals. Furthermore, remuneration is more than just payment of funds and has been interpreted to include anything of value.

The Office of Inspector General ("*OIG*") enacted "*safe harbors*" to protect those transactions it deemed not likely to result in abuse of the Medicare program. Transactions that satisfy every element of a particular safe harbor are not considered violations and would not be grounds for prosecution. However, failure of a financial arrangement to meet every element of a safe harbor does not make the financial arrangement illegal, *per se*, but instead heightens the potential that the arrangement may be scrutinized by the OIG.

Accordingly, when an arrangement does not fit squarely within a safe harbor, the arrangement should be structured to meet as many of the elements of the safe harbor as possible and the parties to the arrangement should incorporate safeguards, where possible, to limit the likelihood of the arrangement improperly influencing referrals. One of the most important safeguards is to ensure the compensation paid to all providers at the Spa Location Franchise (regardless of whether it is an actual Spa or the management company operating Spas) under the arrangement is consistent with fair market value. As an example, you cannot compensate a provider extra based on referring or sending patients to the Spa Location Franchise.

Another important aspect of compliance with the Federal Anti-Kickback Statute is that all arrangements and policies implemented must be compliant in both form and substance. In other words, the sample Management Agreement that will be provided to the Spa Management Business managing independently owned Spas will be written in a way that strives to be compliant with as many aspects of certain safe harbors as possible. However, if the actual day to day operations of the Spa Location Franchise do not follow the procedures outlined in the Management Agreement, there will not be protection from scrutiny.

You must directly hire your own attorney to independently evaluate, review, and advise you about how Federal Anti-Kickback laws may or may not impact your Spa Location Franchise

Federal Travel Act – Federal prosecutors have recently used the Travel Act to transform violations of state bribery laws into violations of federal law. The Travel Act generally provides that it is a federal felony to engage in interstate commerce with the intent to promote or carry on any unlawful activity – which includes violation of

a state bribery law. State bribery statutes include not only those prohibiting commercial bribery, but also those addressing illegal remuneration regarding improper payments in connection with referral for services. No assurances can be given that federal prosecutors would not use the Travel Act in connection with the model. You must directly hire your own attorney to independently evaluate, review, and advise you about how the Travel Act may or may not impact your operations at your Spa Location Franchises.

State Anti-Kickback – As mentioned above, states often develop their own anti-kickback provisions that are payor indifferent and therefore not restricted to only services provided to federal program patients. Additionally, states incorporate the same safe harbors and protections as the Federal Anti-Kickback Statute, so arrangements protected under the federal level will also be protected at the state level. It is important to have a healthcare attorney evaluate the state's anti-kickback regulations applicable to your Spa Location Franchise. You must directly hire your own attorney to independently evaluate, review, and advise you about how State anti-kickback laws may or may not impact your Spa Location Franchise.

State Laws and Regulations:

Disclosure Law – Many states require that physicians make a proper disclosure to their patients regarding their affiliation with a person or entity if they will receive, directly or indirectly, remuneration for securing or soliciting the patient. These regulations are typically payor indifferent. It is important to have a healthcare attorney evaluate the state disclosure regulations applicable to the state your Spa Location Franchise will be operating.

Commercial Bribery Statute – Many states have a payor indifferent commercial bribery statute. Typically, a person commits an offense if he or she intentionally or knowingly solicits, accepts, or agrees to accept any benefit from another person on agreement or understanding that the benefit will influence the conduct of the fiduciary in relation to the affairs of his beneficiary. A "*fiduciary*" may include a physician, nurse practitioner, physician assistant, or other medical provider. It is important to have a healthcare attorney evaluate the state's commercial bribery statute applicable to the state your Spa Location Franchise will be operating.

CPOM Doctrine – State laws and regulations will vary greatly from state to state so it is critical that each Spa Location Franchise owner evaluate the specific laws and regulations applicable to the geographic area it is operating in. In conducting this evaluation, there are three foundation areas that should be focused on and understood: (1) Ownership, (2) Diagnosis and Treatment, and (3) Delegation and Supervision. These regulations apply both to a Spa Location Franchise being operated as a Spa and a Spa Management Business.

(1) Ownership – Many states have a single law or collection of laws providing restrictions on ownership and control of medical practices by lay persons or corporations commonly referred to as the corporate practice of medicine doctrine ("*CPOM*"). The idea behind CPOM is to prevent financial and business interests from interfering with independent medical judgement. A state's CPOM doctrine can include a wide range of restrictions such as prohibiting a lay person or corporation from employing a physician to practice medicine and collecting the professional fees, restricting the ownership percentage of a practice that can be owned by a physician or non-physician provider such as a nurse practitioner or lay person, and restricting who can serve in management positions of a practice. These ownership and control restrictions within the state your Spa Location Franchise is located can serve as a determining factor in choosing to own and operate a Spa or Spa Management Business. Additionally, the CPOM restrictions can affect the way flow of funds need to occur within your franchise structure, especially if operating as a Spa Management Business, as funds need to follow a specific route from professionals to lay persons. These flow of funds concerns can be addressed in the Management Agreement, as applicable. Whether your Spa Location Franchise is operated as a Spa or as a Spa Management Business, under no circumstance

shall a lay person (including you as an owner if unlicensed) administer, control, influence, or direct the supervision, administration, delivery or performance of medical or other services requiring an Authorized Care Provider.

(2) Diagnosis and Treatment – The Spa Location Franchise or managed Spa practice entity may employ various categories of Authorized Care Providers, including physicians, mid-level licensed non-physician providers (nurse practitioners), registered nurses, and estheticians. The authority of each provider within a category of Authorized Care Providers to perform patient evaluations, render diagnoses, develop treatment plans, and perform specific procedures is governed exclusively by applicable state laws and regulatory boards.

Franchisees are responsible for ensuring that all diagnosis and treatment activities comply with state-specific scope-of-practice requirements. In most jurisdictions, only a physician, nurse practitioner (subject to any supervision requirements), or physician assistant (subject to supervision requirements) may conduct the initial patient evaluation and diagnosis and establish the treatment plan. The level of independent practice permitted for licensed non-physician providers varies by state and may differ based on the services offered. Each state board guides the practice of nursing for the state. The scope of practice varies dependent on those regulations.

Franchisees must review and follow all applicable regulations issued by state medical boards, nursing boards, cosmetology boards, and any other relevant regulatory agencies. Based on this review, Franchisees must implement appropriate procedures and policies, which may include the development of written standard operating procedures ("*SOPs*") governing patient evaluation, diagnosis, treatment planning, and procedure performance. Franchisees must ensure that the operations of the Spa Location Franchise adhere to both the form and the substance of these SOPs and all regulatory requirements.

(3) Delegation and Supervision – After the primary patient consultation, an assessment must be completed to determine which Authorized Care Providers can be delegated specific procedures and carry out the prescribed treatment plan. Requirements vary by state, including medical director qualifications, the extent to which licensed mid-level nonphysician providers (NPs and PAs) may practice independently, supervision rules for nurses and estheticians, and expectations for medical record review. Additional distinctions must be made between medical and non-medical services, as these affect delegation authority.

Depending on jurisdictional requirements, formal delegation and supervision agreements may be necessary between the physician and non-physician providers, or other supervisory roles defined by state law. These agreements are commonly required when prescriptive authority is delegated, and they can be essential to the Spa's compliant and efficient operation.

You must directly hire your own attorney to independently evaluate, review, and advise you about how the CPOM Doctrine and its requirements related to (1) Ownership, (2) Diagnosis and Treatment, and (3) Delegation and Supervision may or may not impact your Spa Location Franchise.

Health Insurance Portability and Accountability Act ("*HIPAA*") – HIPAA laws, rules and regulations impose strict requirements to safeguard and maintain the privacy of personal information and data collected and stored in medical records. You must assume that the operations of a Spa, and the offer, sale, and performance of the Approved Spa Products and Services are subject to HIPAA's stringent privacy requirements. Although we provide a sample HIPAA business associate agreement (the "*HIPAA Associate Agreement*") you must consult with your own attorney to ensure that this agreement complies with HIPAA and other applicable laws, rules and

regulations. You must consult with your own attorney to determine the activities of your Spa Location Franchise may or may not engage in and the safeguards and measures that your Spa Location Franchise and the underlying Spa must engage in to comply with HIPAA requirements.

Advertising and Promotion – There are extensive federal, state and local laws, rules and regulations that regulate the type of marketing that you may or may not engage in with respect to the products and services offered by a Spa, the results that a Spa customer may or may not achieve, and whether or not the Approved Spa Products and Services are authorized, cleared, or approved by any government agency or authority, and the Authorized Care Provider(s) that may or may not be administering, supervising, or performing the Approved Spa Products and Services. You must consult with your own lawyer to ensure that the marketing and promotion of your Spa Location Franchise, its services, and the underlying Spa complies with all applicable laws, rules and regulations.

General Business Laws – You will also be subject to federal and state laws and regulations that apply to businesses generally, including rules and regulations involving employment practices, wage and hour laws, immigration and employment laws. You must review federal minimum wage and overtime laws, as well as similar laws within your state to ensure compliance with labor and wage laws currently in existence and those that may later be adopted. You must consult with your attorney concerning these and other local laws, rules, and regulations that may affect the operation of your Spa Location Franchise.

Summary – YOU ARE ADVISED TO CONSULT COUNSEL ABOUT ANY POTENTIAL IMPACT OF THESE LAWS AND REGULATIONS. You alone are responsible for investigating and evaluating the federal, state, and local laws that may apply to the operations of your Spa Location Franchise and federal, state and local restrictions that may be imposed on your Spa Location Franchise, your ownership of your Spa Location Franchise, and the individuals that may or may not provide services as employees of your Spa Location Franchise. Before signing a Franchise Agreement, you are strongly advised to consult with a lawyer to review the services and products that will be offered and sold by your Spa Location Franchise and to determine the licensing requirements, construction requirements, medical office layout restrictions, or any other regulation that may or may not be imposed on you, your Spa Location Franchise, the individuals hired by your Spa Location Franchise and whether or not you may legally operate a Spa Location Franchise.

ITEM 2: Business Experience

Cassandra Kuhl, APRN, Co-Founder and Chief Medical Officer

Cassandra (Casey) Kuhl is our Co-Founder and Chief Medical Officer, she has served in this role since our formation on November 24, 2020. Since 2018 and continuing to date, Ms. Kuhl served as Managing Member of our affiliate owned Live Hydration Spa located in Omaha, Nebraska. From July 2015 through August 2019, Ms. Kuhl was an Advanced Practice Registered Nurse at CHI Health in Omaha, Nebraska.

Mary Alexander, Chief of Staff

Mary Alexander serves as the interim Chief of Staff, a role she has held since September 2025. From 2003 through 2023, Ms. Alexander served in multiple roles including Chief of Staff and Vice President of Operations for Home Instead. Ms. Alexander has an extensive background in franchising.

Brittany Brooks, Director of Training and Systems

Brittany Brooks is our Director of Training and Systems. Prior to this role, she served as our Executive Field Specialist from January 2022 through October 2025. From June 2021 through January 2023, Ms. Brooks was the Director of Operations for one of our affiliate-owned Live Hydration Spas located in Omaha, Nebraska.

From August 2016 through May 2021, she worked as a music teacher at Elkhorn Valley View Middle School in Elkhorn, Nebraska.

Mykala Nath, CPA, VP of Finance & Franchise Success

Mykala Nath serves as the Vice President of Finance and Franchise Success, a position she has held since October 2024. Ms. Nath has 15 years of experience in accounting and finance and is a Certified Public Accountant (CPA). From May 2018 through September 2024, she was the CFO/Integrator for Collaborative Planning Group in Elkhorn, Nebraska.

LaNita Knoke, RN, BS, Risk and Safety Officer

LaNita Knoke is our Risk & Safety Officer and has served in this role since July 2023. From August 2021 through July 2023, Ms. Knoke was the VP of Clinical Excellence at Right at Home in Omaha, Nebraska. From April 2014 through August 2021, Ms. Knoke served as the Healthcare Strategist at Home Instead in Omaha, Nebraska. Ms. Knoke is a Registered Nurse with an extensive background in franchising.

Robb Clemans, VP of Franchise Relations & Training

Robb Clemans serves as the Vice President of Franchise Relations and Training, a role he has held since November 2024. Mr. Clemans has an extensive background in franchising and training. From 2012 to August 2023, he served as the Development Partner and Training Manager for Home Instead. Prior to joining Live Hydration Spa Franchise, Mr. Clemans was the Manager of Organizational Development for Werner Enterprises.

Arsheen Memon, Area Representative

Arsheen Memon is our Area Representative and has served in this position since December 2021. From September 2020 and continuing to date, Ms. Memon has served as Managing Partner at Houston Family Medicine & Pediatrics in Houston, Texas. From May 2020 and continuing to date, Ms. Memon has served as Owner and Founder at Synergy Groups Medical in Houston, Texas. From March 2018 and continuing to date, Ms. Memon has served as Managing Partner at Katy Wellness Center in Katy, Texas. From March 2018 and continuing to date, Ms. Memon has served as Owner and Founder at Zentigue in Katy, Texas. From August 2018 to February 2020, Ms. Memon has served as Director at Discovery Medical Management Services in Lubbock, Texas. From July 2017 to July 2018, Ms. Memon has served as Associate Consultant for British Petroleum at Veritas Total Solutions in Houston, Texas.

ITEM 3: Litigation

Other than the actions disclosed, there are no other actions required to be disclosed in this item.

Actions by Franchisees Against Us – Arbitration (2025):

Franchisee filed an arbitration action pursuant to its Franchise Agreement, claiming we breached the Franchise Agreement with regard to improper (a) collection of fees for hosting its location-specific micro website, (b) collection of technology fees and their disclosure, and (c) disclosure of the Brand Development Fund. The parties settled the matter in June 2025, agreeing that the Franchise Agreement would be terminated and franchisee would pay us $150,000.

Franchisee filed an arbitration action pursuant to its Franchise Agreement, claiming we breached the Franchise Agreement with regard to improper collection of (a) fees for hosting its location-specific micro website, (b) technology fees, and (c) disclosure of the Brand Development Fund and associated fees. The parties

settled the matter in June 2025, agreeing that the Franchise Agreement would be terminated and franchisee would pay us $178,500.

Franchisee filed an arbitration action pursuant to its Franchise Agreement, claiming we breached the Franchise Agreement with regard to improper collection of (a) fees for hosting its location-specific micro website, (b) technology fees, and (c) disclosure of the Brand Development Fund and associated fees. The parties settled the matter in June 2025, agreeing that the Franchise Agreement would be terminated and franchisee would pay us $275,000.

Franchisee filed an arbitration action pursuant to its Franchise Agreement, claiming we breached the Franchise Agreement with regard to improper (a) collection of fees for hosting its location-specific micro website, (b) collection of technology fees and their disclosure, and (c) disclosure of the Brand Development Fund. The parties settled the matter in June 2025, agreeing that the Franchise Agreement would be terminated and franchisee would pay us $115,000.

Actions by Franchisees Against Us – Litigation (2025):

Antoinette Thompson and MT3 Enterprises LLC vs Live Hydration Spa Franchise LLC, Casey Kuhl, and Felicia Janovich (Story County District Court (Iowa), Case No. 02851 LACV054473) This was an action filed in response to our litigation against the franchisee (disclosed below), claiming (a) violation of the Iowa Business Opportunities Act, (b) breach of contract, (c) intentional interference and business advantage, (d) tortious interference with existing contracts and business relationships, and (e) defamation against all defendants; and claiming (f) quantum meruit, (g) unjust enrichment, (h) conversion, and (i) private right of action for consumer frauds act against us. This lawsuit remains ongoing.

Actions by Us Against Franchisees – Formal Demand (2025):

We made formal demand for a franchisee to comply with the non-compete obligations under its Franchise Agreement. The former franchisee sold its interest in a franchise to the other owner of the franchise and opened a competing business within the restricted radius set forth in the selling franchisee's Franchise Agreement. We demanded compliance with the Franchise Agreement and offered to release the franchisee from its non-competition obligations in exchange for a payment of $40,000. The matter was resolved without litigation or arbitration, and no amounts were paid or collected by either party.

Actions by Us Against Franchisees – Litigation (2025):

Live Hydration Spa Franchise LLC vs Antoinette Thompson and THR'IV & EL-IV-ATE Wellness Group LLC (d/b/a THR'IV) (Story County District Court (Iowa), Case No. 02851 EQCV054288). This was an action we filed to enforce the franchisee's non-competition obligations under its Franchise Agreement. This suit was dismissed.

ITEM 4: Bankruptcy

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

ITEM 5: Initial Fees

Franchise Agreement

When you sign a Franchise Agreement, you will pay to us a non-refundable initial franchise fee in the amount of $57,500 (the "*Initial Franchise Fee*"). The Initial Franchise Fee is fully earned by us upon payment. The method we use to calculate the Initial Franchise Fee is uniform for all franchises that we offer through this Disclosure Document except, as described below, we offer a veteran's discount.

Veteran's Discount

For qualified individuals who were honorably discharged from any branch of the United States Military the Initial Franchise Fee for your first Spa Location Franchise is discounted by 10%. This discount must be requested at the time of your initial franchise application and requires documented military service.

Branding and Marketing Kit and Grand Opening Marketing

We will manage the new franchisee location opening sequence and the required new-location paid media through our designated marketing provider. You must pay a $2,500 setup fee, a $3,000 pre-member sales launch event fee, and an additional $5,000 grand opening media fee upon signing your Franchise Agreement.

You must purchase the initial inventory of designated, branded system supplies and marketing materials (the "*Branding and Marketing Kit*") from us or from an affiliate designated by us for your grand opening. The Branding and Marketing Kit includes educational materials, staff training products, SEO optimization, lead generation services, paid advertising, and product giveaway items. You must submit your grand opening marketing plan to us for pre-approval.

We may require you to pay the amounts for your grand opening marketing campaign directly to us or our affiliates, in which case we will administer the grand opening marketing on your behalf. All payments you make to us for your grand opening marketing, including the Branding and Marketing Kit, are fully earned upon payment and are non-refundable.

Multi-Unit Development Agreement

We offer an option for franchisees to develop multiple Spa locations within a Territory based on our approval. Franchisees with which we execute a Multi-Unit Development Agreement may develop multiple Spa locations within their assigned Territory. If you sign a Multi-Unit Development Agreement, you must pay a fixed, non-refundable, franchise fee of $45,000 (the "*Development Area Fee*") for each Spa location that you develop in addition to the initial Spa that is authorized by your Franchise Agreement (under a Multi-Unit Development Agreement, a franchisee is able to develop both their initial Spa location as well as those additional Spa locations we have approved for its Territory). Generally, we allow a franchisee to operate between 2 and 5 Spa locations under a Multi-Unit Development Agreement. When entering into a Multi-Unit Development Agreement, you will sign your Franchise Agreement and must pay the Franchise Fee of $57,000 for your initial Spa location; after which, you must pay a fee of $45,000 for each additional Spa location you develop under your Multi-Unit Development Agreement. The costs, fees, and expenses described in this Disclosure Document, your Franchise Agreement, and your Multi-Unit Development Agreement will apply to each Spa location that you open under a Multi-Unit Development Agreement (i.e., your initial Spa location as well as each additional Spa location that we have approved under your Multi-Unit Development Agreement). The Development Area Fee is fully earned by us upon payment, represents consideration for a designated

development area described in Item 12 of this Disclosure Document, and is non-refundable. The method we use to calculate the Development Area Fee charged to a franchisee under its Multi-Unit Development Agreement is uniform for all franchises to which we offer the ability to develop multiple Spa locations.

Item 6 Follows on Next Page

ITEM 6: Other Fees

Item 6 Table:

OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty (Notes 2 and 3)	7.5% of Gross Sales	Due monthly on the 5th of each month for the preceding month.	The royalty is subject to adjustment and conversion to a fixed fee structure if a percentage-based royalty is prohibited by law. Will be debited automatically from your bank account by ACH or other means designated by us. If applicable laws or regulations prohibit a percentage-based royalty, then we may increase the royalty rate or, at our election, charge you a fixed fee royalty as set forth in Note 2. We reserve our right to collect the Royalty Fee on a weekly basis if your account reflects insufficient funds during any accounting period.
Brand Development Fund (Note 4)	2% of gross sales.	Due monthly on the 5th of each month for the preceding month.	Will be debited automatically from your bank account by ACH or other means designated by us. We reserve our right to collect the Brand Development Fund Fee on a weekly basis if your account reflects insufficient funds during any accounting period.
Spa Opening Media	$2,500 set-up fee $3,000 launch fee $5,000 media fee	Due at signing.	Required fees related to your Operational opening. Collected at signing of your Franchise Agreement.
Marketing Related Fees (Note 5)	$588 per month (minimum)	Due monthly on the 5th of each month for the preceding month.	This fee is subject to adjustment and may be increased to a maximum of $1,500 per month.
Digital Ad Spend (Note 6)	$750 per month (minimum)	On demand.	This fee is subject to adjustment and may be increased to a maximum of $1,500 per month. Upon request, you are required to supply us with invoicing confirmation of the digital spend.
Local & Regional Advertising Cooperatives (Note 6)	Up to 2% of Gross Sales (maximum)	As established by cooperative members.	This fee and any modifications to it are established by franchisees that are cooperative members.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Technology Fees (Note 7)	$75 per month (minimum)	Due monthly on the 5th of each month.	This fee is subject to adjustment and may be increased to a maximum of $500 per month. This payment will be debited automatically from your business bank through ACH.
Software Fee (Note 8)	$189 per month (minimum)	The software fee is due on the 5th of each month for the preceding month.	This fee is subject to adjustment and may be increased to a maximum of $900 per month. Will be debited automatically from your bank account by ACH or other means designated by us. You must use our required vendors for software for your Franchised Business.
Microsoft Licensing Fee (Note 9)	$25 - $278 per year per license.	The Microsoft Licensing Fee is due annually on January 5th.	This fee is a third-party fee for Microsoft products and may be modified based on Microsoft's pricing. Will be debited automatically from your bank account by ACH or other means designated by us. You must use our required vendors for software for your Franchised Business.
Bookkeeping Services QuickBooks Online (Note 10)	$1,000 setup fee $400 per month (minimum) $75 per month (minimum)	Monthly bookkeeping services and QuickBooks Online (QBO) charges are invoiced by supplier based on services rendered.	The QBO fee varies depending on the services you elect from the supplier. You must use bookkeeping services from a supplier designated by us unless you meet our standard for exemption. QuickBooks Online (QBO) is our required accounting system. You may incur additional charges for payroll services depending on selection of vendor.
Point of Sale (POS) and Electronic Medical Record (EMR) (Note 11)	$440 per month (minimum)	Invoiced by supplier.	The POS/EMR fees vary depending on the modules that you select from the supplier. You must use the POS/EMR system designated by us. The current required system is Zenoti. We reserve the right to require additional modules to ensure brand consistency and regulatory compliance, and these additional modules may cause you to incur extra charges.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Additional Employee Initial Training	$800 per trainer per day (minimum)	When billed on demand.	This is a variable fee based on then-current rates, plus expenses. If you request or we require on-site training at your Spa Location Franchise, you must pay our then-current trainer fee plus our expenses related to travel and accommodations.
Supplemental On-Site RN/Executive Training	$800 per trainer per day (minimum), 3 days minimum.	When billed on demand.	This is a variable fee based on then-current rates, plus expenses. If you request or we require on-site training at your Spa Location Franchise, you must pay our then-current trainer fee plus our expenses related to travel and accommodations.
Annual Conference Fee (Note 12)	$1,500 per attendee (maximum)	When billed and before conference.	This fee varies based on the annual conference, up to the stated maximum. If an annual conference is held the amount will be debited automatically from your bank account by ACH or other means designated by us 6 months prior to the conference date.
Interest	18% per annum	On demand	Payable on all overdue amounts, fees, charges, and payments due to us under the Franchise Agreement. This date is calculated from the due date of the amount, fee, charge, or payment that is past due. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect same.
Reporting Non-Compliance	$500 per occurrence	Within 14 days of invoice.	Payable for failure to timely submit Royalty and Activity Reports and other reports and financial statements as required under Franchise Agreement.
Payment Non-compliance	$150 per occurrence	Within 14 days of invoice.	Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs and legal fees.
Operations Non-compliance	$1,000 per occurrence	Within 14 days of invoice.	Payable for failure to comply with operational standards as required and specified under Franchise Agreement, plus inspection and re-inspection costs incurred by us.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Audit	Cost of Audit	On demand	For costs incurred by us for each audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.
Supplier Review	Varies	Within 14 days of invoice.	You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval.
Quality Assurance Audit	Actual costs incurred by us.	As invoiced	Payable if we engage a third party to perform periodic quality assurance audits, including mystery shopper programs.
Costs, Expenses and Legal Fees	Actual costs incurred by us.	On demand	For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the Franchise Agreement or termination of the Franchise Agreement.
Management Services	Actual costs incurred by us.	As invoiced	Payable if we elect to manage the Franchised Business due to a failure by you to have the Franchised Business managed by an authorized Managing Owner or Manager.
Transfer	50% of the then-current initial franchise fee.	On demand	After our approval, but prior to execution of final transfer agreements and authorization.
Renewal	$10,000	Upon signing renewal Franchise Agreement.	Payable if we approve your renewal request and upon signing our then current Franchise Agreement.
Inventory Management Fee (Note 13)	Then-current fee	The fee will be assessed as invoiced upon our determination.	Inventory Management Fees may be charged in the future at our election.
Medical Director Fees	Actual costs incurred.	Invoiced by supplier.	Due if you request medical director services through us or our designated provider.

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Explanatory Notes to Item 6: Other Fees

Note 1: Type of Fee – The table above describes fees and payments that you must pay to us, our affiliates, or that our affiliates may impose or collect on behalf of a third party. All fees are uniformly imposed for all franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us, unless otherwise specified. If you enter into a Multi-Unit Development Agreement or open multiple Spa Location Franchises then these fees shall apply, respectively, to each Spa Location Franchise. All fees are payable to us unless otherwise noted and are not refundable unless otherwise noted. Payment is subject to our specification and instruction, including our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. You will be required to sign an ACH Authorization Form (Franchise Agreement, Exhibit 8) permitting us to electronically debit your designated bank account for payment of all fees payable to us as well as any amount owed to us or our affiliated for goods or services. You must deposit all Gross Sales of your Spa Location Franchise into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your expense, the pre-authorized payment, point of sale, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your Spa Location Franchise. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account.

Note 2: Royalty Fees – The royalty fee is a continuing monthly fee equal to 7.5% (the "*Royalty Rate*") of your monthly Gross Sales (defined below), except that, if any federal, state, and/or local government agency, entity, law, rule and/or regulation, and/or any court order or order from any legal proceeding prohibits and/or invalidates or prohibits your payment of Royalty Fees based on Gross Sales related to services and/or products related to and/or associated with services performed by and/or administered by an Authorized Care Provider and/or the Franchised Business, then we may either: (a) increase your Royalty Rate, as applied to the permissible portion of your Gross Sales that is not otherwise restricted or prohibited, to a rate/amount determined by us so that the net amount of the Royalty Fees paid to us shall not be less than the Royalty Fees we would have received had the federal, state, and/or local government agency, entity, law, rule and/or regulation not prohibited your payment of royalty fees based on Gross Sales related to a restricted activity; or (b) charge you a fixed fee royalty in accordance with the following royalty schedule (the "*Franchisor's Optional Fixed Fee Royalty Fee*"):

Franchisor's Optional Fixed Fee Royalty Structure	
Months 1 to 12	$4,000 per month
Months 13 to 24	$7,400 per month
Months 25 to 36	$8,000 per month
Months 37 to 48	$9,000 per month
Months 49 to 60	$11,000 per month
Months 61 to 72	$12,000 per month
Months 73 and each month thereafter	$13,000 per month

Renewal Term – During any applicable renewal term, Franchisor's Optional Fixed Fee Royalty shall be not less than the minimum monthly royalty applicable in months 73 and after and/or shall be subject to increase as determined by us; provided that within each calendar year of any renewal term we shall not increase Franchisor's Optional Fixed Fee Royalty by more than $600 per month.

Note 3: Gross Sales – "*Gross Sales*" means the greater of either total dollar sales from all business and customers of your Spa Location Franchise or the Spa operated by the company that your Spa Management

Business manages in connection with your Spa Location Franchise. Without limitation of the foregoing, Gross Sales means and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay, or other consideration; including the actual retail value of any goods or services traded, borrowed, or received by you or any other person or entity in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person (including Authorized Care Providers) or Corporate Entity involving or relating to either (a) the Approved Spa Products and Services, or (b) business conducted or which started in, on, from, related to, or through your Spa Location Franchise, your Spa location, and, if applicable your Spa Management Business, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales shall further include the total gross amount of revenues and sales from whatever source derived from and/or derived by you (including any person and/or Corporate Entity acting on your behalf and/or an Authorized Care Provider) from business conducted within and/or outside your designated territory that is related to your Spa Location Franchise, the underlying Spa associated with your Spa Location Franchise and/or a competitive business located and/or operated at your Spa Location, within your designated territory, outside your designated territory, and/or otherwise. Gross Sales do not include (a) sales taxes that you collect and remit to the proper taxing authority, (b) authorized promotional discounts that you provide to customers, (c) employee tips, and (d) revenue received during a previous monthly accounting period yet redeemed in the current accounting period ("*Redemptions*"), provided that the revenue received shall be deemed Gross Sales during the monthly accounting period it is received.

Note 4: Brand Development Fund – The brand development fund fee is a continuing monthly fee equal to an amount of 2% of your monthly Gross Sales (the "*Brand Development Fund Fee*").

Note 5: Marketing Related Fees - You must use our designated supplier for the marketing-related services of your Franchised Business. You will be charged **up to $1,500 per month**, with the **current fee at $588 per month.** These required marketing-related fees include search engine optimization (SEO), marketing assets, web hosting, analytics, and shared SEO platform costs. We reserve the right to require additional fees to support brand development and optimization. We also reserve the right to increase the monthly marketing-related fee if the designated supplier increases its fees for these services.

Note 6: Local and Regional Advertising Cooperatives – If 2 or more Spa Location Franchises are operating within a market designated by us we reserve the right to establish and require your participation in a local or regional advertising cooperative within a geographic area, region, or market designated by us. If a local or regional advertising cooperative is established within a market that includes your Spa Location Franchises, you will be required to participate in the cooperative and make on-going payments to the cooperative in such amounts and subject to such caps as established by the cooperative members. We anticipate that each Spa Location Franchise franchisee will have 1 vote for each Spa Location Franchise location located within the cooperative market and that cooperative decisions shall be made based on approval of a simple majority vote based on a quorum of not less than 25% of the designated cooperative members. Contributions to a local or regional cooperative that we designate shall not exceed 2% of your monthly Gross Sales.

Note 7: Technology Fee – The continuing monthly technology fee is an administrative fee and is not associated with any particular service but is used, at our discretion, to defray some of our costs related to technology requirements and enhancements (the "*Technology Fee*"). Currently we charge $75 per month but reserve the right to increase it at any time in the future provided that the monthly Technology Fee shall not exceed $500. You may use upgraded technology services for an additional monthly fee.

Note 8: Software Fee – The continuing monthly software fee is an administrative fee and is not tied to any specific service. This fee is used, at our discretion, to offset costs related to franchise management software, and other system software (the "*Software Fee*"). Currently we charge $189 per month but reserve the right to increase it at any time in the future provided that the monthly Software Fee shall not exceed $900. You may subscribe to upgraded software services for an additional monthly fee.

Note 9: Microsoft Licensing Fee – An annual fee is required for Microsoft licensing, and the total amount varies based on your location's specific needs and selected license types. Microsoft licensing fees range from **$25 to $278 per license per year**. All pricing is subject to vendor current pricing. You must use our required vendors for your Franchised Business. Amount will be debited automatically from your bank account by ACH or other means designated by us annually on January 5th. All Live Hydration Spa employees—regardless of employment status—must have a Live Hydration (LIVE) email address, which requires an active Microsoft license.

Note 10: Bookkeeping Services – You must use bookkeeping services from a supplier designated by us unless you, in our sole discretion, meet and maintain our standard for exemption. The exemption process includes signed documentation regarding our access to the accounting system as outlined in the operation Manual. QuickBooks Online ("*QBO*") is our required accounting system. We will assist you in obtaining your account from QBO. You may incur additional charges for payroll services depending on selection of vendor.

Note 11: Point of Sale ("*POS*") and Electronic Medical Record ("*EMR*") – You must use the POS/EMR system designated by us. The current required system is Zenoti. We reserve the right to require additional modules to ensure brand consistency and regulatory compliance. Any additional modules may incur extra charges. Base module price is $440 plus applicable taxes per month. Optional modules available at additional charges per month. We have the right to upgrade and change POS and EMR systems at our discretion with appropriate notice.

Note 12: Annual Conference Attendance Fee – If we offer a franchisee annual conference (or summit) in a given year, you will be required to attend the conference on the dates and at the location that we designate. You will be notified of that date at minimum 6 months prior. You will be responsible for all travel and lodging expenses. We may charge you an annual conference fee in an amount not exceeding $1,500 per attendee 6 months prior to the conference date. We reserve the right to charge the annual conference fee to those franchisees that do not attend. We will not require your attendance at an annual conference for more than 3 consecutive days during any calendar year.

Note 13: Inventory Management Fee – The fee will be assessed as invoiced upon our determination to enact the inventory management fee. We do not currently assess an Inventory Management Fees however; we reserve the right to do so in the future with appropriate notice.

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ITEM 7: Estimated Initial Investment

Item 7 Table A:

YOUR ESTIMATED INITIAL INVESTMENT

For Franchise Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Due
Initial Francise Fee (Note 1)	$57,000	Lump Sum	When Franchise Agreement is signed	Us
Construction and Leasehold Improvements (Note 2)	$100,000 - 225,000	As arranged	As Incurred	Contractor, suppliers and/or landlord
Lease Deposits (Note 3)	$6,500 - $15,000	As arranged	As Incurred	Landlord
Furniture, Fixtures and Equipment (Note 4)	$10,000 - $20,000	As arranged	As Incurred	Suppliers
Initial Inventory (Note 5)	$5,000 - $10,000	As billed	As Incurred	Suppliers
Signage (Note 6)	$8,000 - $22,000	As arranged	As Incurred	Suppliers
Spa Opening Marketing (Note 7)	$10,500	As arranged	As Incurred	Us or our affiliate
Software Purchase and Set up Fee (Note 8)	$0 - $1,000	As arranged	As Incurred	Suppliers
Utility Deposits (Note 9)	$0 - $1,000	As arranged	As Incurred	Suppliers
Insurance Deposits & Premiums (Note 10)	$3,000 - $5,000	As arranged	As Incurred	Insurers
Travel for Operational Readiness and Compliance Visit (Note 11)	$2,000 - $3,500	As arranged	As Incurred	Airlines, hotels, restaurants
Professional Fees (Note 12)	$1,000 - $5,000	As arranged	As Incurred	Attorneys, accountants, bookkeepers, advisors
Licenses and Permits (Note 13)	$475 - $1,200	As arranged	As Incurred	Government
Additional Funds – Six months (Note 14)	$60,000 - $145,000	As incurred	Before opening	Us, employees, suppliers, landlord, utility suppliers
Total Estimate (Note 15)	**$263,475 - $521,200**			

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Explanatory Notes to Item 7 Table A: Franchise Agreement

Note 1: Initial Franchise Fee – The Initial Franchise Fee for a Spa Location Franchise under a Franchise Agreement is $57,000. All fees are non-refundable. We do not finance any portion of your initial fees.

Note 2: Construction and Leasehold Improvements – This estimate is for the cost of construction, construction management, and build-out of a Spa Location Franchise but does not include furniture, fixtures and equipment. Our estimates are based on the assumption that the typical square footage of a spa ranges from 1,200 to 2,200 square feet. These estimates are based on the assumption that the site for your spa has been obtained in the "vanilla box" stage which refers to the interior condition of either a new or existing building in which the existing improvements generally consist of heating/cooling with delivery systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, walls that are prepped for painting, and a concrete slab floor. This estimate includes architect fees. These numbers are not inclusive of any fees charged by licensed professionals other than general contractors and licensed tradesmen and do not include any special heating cooling or ductwork required by a Spa location. The low estimate assumes that certain improvements may be paid for by your landlord or that you otherwise do not need to build out the Spa Location.

Note 3: Lease Deposits – You must operate your Spa Location Franchise from a commercial retail location that we approve and that complies with state and local laws. If you do not already own or lease a suitable location, you will be required to lease a location that meets our standards and is approved by us. The estimate is based on the assumption that you will be leasing your Spa Location and is for the estimated amount of the initial lease deposit that you will be required to pay to the landlord at the time of signing your lease and before opening your Spa Location Franchise. The estimate is based on the assumption that your lease deposit will be equal to 3 months of rent payments. The typical square footage for a Spa location ranges from 1,200 to 2,200 square feet. The amount of your lease deposit is something that you will directly negotiate with the landlord and will vary significantly based on a number of factors that include location and your own negotiations. The estimate does not include the purchase of real property should you elect to purchase the real property of your Spa Location.

Note 4: Furniture, Fixtures and Equipment – You will be required to purchase certain types of furniture, fixtures, and equipment for your Spa Location Franchise. The costs for furniture and fixtures may differ depending on the material quality and on other factors. Significant factors that will influence and will increase the cost of furniture, fixtures and equipment will depend on the size of the facility for your Spa Location Franchise. It is assumed that some of the equipment will be leased. If you elect to purchase such equipment, your costs may be higher. Third party financing may be available for qualified candidates for some of the leasehold improvement costs. However, such financing comes with associated costs and fees which will cause the cost to exceed what is indicated in this table.

Note 5: Initial Inventory – Before opening your Spa Location Franchise you must purchase from us or our affiliates your initial supply of supplies that include vitamins, nutraceuticals, medical supplies, neurotoxin (BOTOX®), injectables, and supplements used for providing services for customers of your Spa. This is only an initial supply and will require replenishment on a regular and on-going basis dependent on the volume of sales of your Spa Location Franchise.

Note 6: Signage – You are required to purchase, subject to our design and construction specifications and approval, interior and exterior signs and displays that we designate from our designated supplier(s). This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all

interior signage. This estimate includes other elements of brand identification within the Spa Location Franchise, such as wall graphics.

Note 7: Spa Opening Marketing Expenses – We will manage the new franchisee location opening sequence and the required new location paid media through our designated marketing provider. Payment of the $2,500 setup fee directly from each new franchisee is due upon signing the Franchise Agreement. Additional payments of $3,000 for launch support and $5,000 for required grand opening paid media are also due at signing. You must purchase your initial inventory of designated branded system supplies and marketing materials (the "*Branding and Marketing Kit*") from us or from an affiliate designated by us. The Branding and Marketing Kit includes educational materials, staff training products, SEO optimization, lead generation services, paid advertising, and product giveaway items. You must submit your grand opening marketing plan to us for pre-approval. We may require you to pay the amounts for the grand opening marketing campaign directly to us or our affiliates, in which case we will administer the grand opening marketing on your behalf. All payments made for grand opening marketing, including the Branding and Marketing Kit, are fully earned upon payment and are non-refundable.

Note 8: Software Purchase and Set Up Fee – You are required to purchase, license and use the computer system, software, and customer relationship management system and applications that we designate in our Manuals. This estimate includes set up costs of various software, systems, and social media platforms that you are required to use in the operation of your Franchised Business.

Note 9: Utility Deposits – To secure the appropriate utilities required for the operation of your Spa Location Franchise including gas, electric, water, sewer and internet access, you will be required to pay upfront deposits to each applicable utility company.

Note 10: Insurance Deposits – You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance provider and agent. This estimate is for the cost of an initial deposit to obtain the minimum required insurance, and we estimate this deposit to be equal to the amount of 3 months of monthly insurance premium payments. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 11: Travel for Operational Readiness and Compliance Visit – You must complete our pre-opening training program before opening your Spa Location Franchise. Once you are prepared to open and we have mutually agreed upon the soft opening and grand opening dates, our team will conduct an on-site operational readiness and compliance review at your location. You will be responsible for the corporate office team’s travel expenses incurred in completing this visit.

Note 12: Professional Fees – These fees are representative of the costs for engagement of professionals. You will incur fees with an attorney, and potentially an accountant, for the initial review and advisory services and representation consistent with the start-up of a Spa Location Franchise. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document and the Franchise Agreement and, if applicable, the Multi-Unit Development Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting the Franchised Business. There are significant health care regulations and requirements related to the operation of a Spa Location Franchise, you should retain specialized health care legal counsel before signing any Franchise Agreement to advise you as to whether or not you may own and operate a Spa Location Franchise and the types of activities that your Spa Location Franchise may or may not engage in. This estimate includes the set-up fee paid to our designated supplier of bookkeeper services.

Note 13: Licenses and Permits – You must apply for, obtain, and maintain all permits and licenses required to operate the Franchised Business. Required licenses will vary based on local, municipal, county, and state regulations. All licensing fees are paid directly to the applicable government authorities when incurred and are due prior to opening the Spa Location Franchise. Additionally, in jurisdictions where ownership of a medical or healthcare practice is restricted to a Professional Corporation ("*P.C.*"), you may be required to execute a Management Agreement with such entity. The cost estimates provided in the accompanying tables pertain solely to business license fees and are subject to variation based on the applicable jurisdiction.
This estimate does **not** include the cost of any specialized or individual licenses that may be required for personnel performing services at your Spa Location Franchise.

Note 14: Additional Funds – This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, medical director salaries, payroll taxes, and utilities only for the initial 6-month period following the opening of your Spa Location Franchise. The high end of the range includes the cost of employing a medical director, while the low end of the range assumes you will serve as the medical director for your location. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your Spa Location Franchise.

Note 15: About Your Estimated Initial Investment – This is an estimate of the initial start-up expenses for a Spa Location Franchise. We have based these estimates on the experiences of our affiliate in developing a Spa location. Our affiliate operates with a model in which the medical director is also an owner of the Live Hydration Spa. Your costs may differ if you utilize a third-party medical director; however, we have included our estimated costs for a medical director in the additional funds disclosure. These estimates do not include interest and financing charges that you may incur, and they do not include management level compensation payable to you or your owners. These estimates are for one Spa Location Franchise only. If you sign a Multi-Unit Development Agreement, the estimated amount will be required for each Spa Location Franchise that you develop. All payments and fees are non-refundable unless otherwise noted.

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Item 7 Table B:

YOUR ESTIMATED INITIAL INVESTMENT

For Multi-Unit Development Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Multi-Unit Franchise Fee (Note 1)	$45,000 – $180,000	Lump Sum	When Franchise Agreement and Multi-Unit Development Agreement are signed.	Us
Estimated Initial Investment to Open One Spa Location Franchise (Note 2)	$263,475 – $521,200	Estimated Initial Investment is based on estimate contained in Item 7 Table A above.		
Total Estimate (Note 3)	$308,475 – $701,200			

Explanatory Notes to Item 7 Table B: Multi-Unit Development Agreement

Note 1: Multi-Unit Franchise Fee – When you sign a Multi-Unit Development Agreement you must also sign a Franchise Agreement for the initial Spa Location Franchise that you will be required to develop under your Multi-Unit Development Agreement. At the time of signing your Multi-Unit Development Agreement, in addition to paying the Franchise Fee for your first Spa Location Franchise, you must pay to us a Development Area Fee. The amount of the Development Area Fee varies depending on the number of additional Spa Location Franchises, over and above the first Spa Location Franchise authorized by the Franchise Agreement that you will sign with the Multi-Unit Development Agreement, that you will be authorized to develop and operate within the Development Area. We may approve between 2 and 5 Spa Location Franchises under your Multi-Unit Development Agreement. The Development Area Fee is $45,000 for each Spa Location Franchise that you are authorized to develop under your Multi-Unit Development Agreement (the Development Area Fees are in addition to the fees for your initial Spa Location Franchise that is authorized by the Franchise Agreement that you will sign simultaneously with the Multi-Unit Development Agreement).

Note 2: Estimated Initial Investment – This is the estimated initial investment for the development of one Spa Location Franchise as reflected in Table A "Franchise Agreement" of this Item 7. It is important to review Table A of this Item 7 and the Explanatory Notes to Table A in detail.

Note 3: Total Estimate – This is the total estimated investment to enter into a single Franchise Agreement and a Multi-Unit Development Agreement. Under the Multi-Unit Development Agreement, you will be granted the right to, potentially, develop and operate between 2 to 5 Spa Location Franchises. This estimate is only for the development of one Spa Location Franchise. This estimate does not include the estimated initial investment that you will incur each and every time you develop a Spa Location Franchise under your Multi-Unit Development Agreement, except for your first Spa Location Franchise.

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ITEM 8: Restrictions on Sources of Products and Services

You may only offer and sell services and products that we designate (the "*Approved Spa Products and Services*"). You may only use, lease, and/or install those products, services, furniture, fixtures, equipment, and other materials and supplies that we authorize and designate in writing that are now a part of our System or that we may designate as a part of our System in the future (the "*System Supplies*"). You must operate and/or manage the Spa Location Franchise in strict conformity with the Franchise Agreement and the methods, standards, specifications and sources of supply that we designate and prescribe in the Manuals.

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain source restricted goods and services for the development and operation of your Spa Location Franchise. Source restricted goods and services are goods and services that must meet our specifications and/or must be purchased from an approved or designated supplier. We may designate a supplier that may include us or our affiliates, as the exclusive supplier for the System. Our specifications and list of approved and designated suppliers for source restricted goods and services is contained in our Manuals. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, verbal and other forms of communication. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing if we revoke approval for a supplier.

Suppliers and Supplier Criteria

We may designate ourselves and our affiliates as exclusive suppliers of source-restricted goods and services. We may designate ourselves or a third party as the sole and exclusive supplier irrespective of the existence of competing suppliers. If there is no designated supplier for a particular item, you will purchase all products, supplies, and services from suppliers who meet our specifications and standards.

We, or our affiliates Live Hydration Spa, LLC or LHS Consultants LLC, are currently designated as an approved supplier of certain branded products and to provide administrative services to our franchisees, such as the management of relationships with approved suppliers. We do not mark up the price of branded products and administrative services for purchase by our franchisees. Except for those products and services for which we are an approved supplier, currently, we and our affiliates are not approved suppliers of the source restricted goods and services identified below. Except as to Live Hydration Spa, LLC, currently no officer of the franchisor owns an interest in any of our designated suppliers. During the fiscal year ending December 31, 2025, our affiliate did not receive any revenue from franchisee purchases of branded products and administrative services from us.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information that we may request. We may charge you a fee equal to the costs and expenses that we incur in reviewing and/or evaluating an alternate supplier, product, and/or service requested by you. We may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier’s facilities. We will notify you of our approval or disapproval within a reasonable time, not to exceed 90 days after we receive your written request for approval and all additional information and samples that we may request; and we may, in our discretion, withhold our approval. We do not make our specific procedures or criteria for approving

suppliers available to our System franchisees; however, when evaluating the approval of a particular supplier, among other things, we consider: (a) whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements; (b) the supplier's quality control; (c) whether or not we are the exclusive supplier of the particular item; (d) whether or not our affiliate or affiliates are the exclusive supplier of the particular item; and (e) whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System.

The Corporate Practice of Medicine Doctrine restricts layperson-franchisees from dictating the medical equipment and supplies to be used in the operation of the Franchised Business. We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, represents approximately 80% to 90% of your total purchases and leases in establishing the Franchised Business and approximately 80% to 90% of the on-going operating expenses of the Franchised Business. As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services:

Lease – We do not review the terms of the lease for your Spa Location but require that your landlord acknowledge our rights as set forth in the lease agreement rider attached as Exhibit 4 to the Franchise Agreement (the "*Lease Agreement Rider*") and that you collaterally assign the lease to us as set forth in the collateral assignment of lease attached as Exhibit 5 to the Franchise Agreement (the "*Collateral Assignment of Lease*"). We possess the right to disapprove of a proposed lease if the landlord refuses to sign the Lease Agreement Rider in substantially the form set forth in Exhibit 4 to the Franchise Agreement. The Lease Agreement Rider is intended to afford us certain rights including our right to be notified in the event of a lease default and, potentially, for us to enter the premises of your Spa Location Franchise.

System Supplies; Administrative Services – Your Spa Location Franchise must maintain an initial and ongoing inventory of System Supplies. You must purchase the System Supplies exclusively from our designated suppliers or, with our approval, in limited circumstances due to discontinued or low inventory, we will permit you to utilize alternative suppliers that otherwise meet our standards and specifications. The System Supplies includes, among other things, the supplies used to perform the services offered by a Spa and the retail products sold to Spa customers. For those System Supplies ordered from suppliers with which we have negotiated volume discounts, we have the right to assess an Inventory Management Fee of up to $2 per product purchased.

Furniture and Fixtures – Your Spa Location Franchise must be equipped with branded and unbranded furniture and fixtures that we designate and which meet our standards and specifications. You may purchase unbranded furniture and fixtures from any supplier of your choosing, provided that the furniture and fixtures meet our specifications and standards, which may also include specified manufacturers and brands. Without limitation to the foregoing, you must purchase your initial service equipment, furniture, and branded fixtures from us or our affiliates.

Signage – The signage for your Spa Location Franchise must meet our standards and specifications and must be purchased from our designated suppliers.

Point of Sale and Computer Equipment – You will be required to purchase the computer systems, point of sale systems and software systems designated by us in the Manuals, with a minimum of one configured hardware terminal and a secondary means for client completion of documents (Tablet or terminal).

Credit Card Processing – You must use our designated supplier and vendor for credit card processing which may be integrated with the point-of-sale system that we designate. Credit card processing fees will, generally, be based on a percentage of all credit card processed Gross Sales.

Branded Items and Marketing Materials – Initially, we require you to use a designated preferred marketing provider and use the designs and materials this designer has provided to you. If you elect to use another vendor, you may be required to license certain designs and materials bearing the Licensed Marks (including, but not limited to, stationery, business cards, brochures, apparel, signs and displays) from our designated supplier. Any advertising must meet our franchise brand standards and specifications. We are the supplier of some materials that are included in the branding and promotion kit and other branded items you purchase when you enter into your Franchise Agreement. All of the marketing materials that you do not purchase from our designated preferred provider must comply with our franchise brand standards. You may market your Spa Location Franchise through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors and marketing channels. We have the right to charge an additional fee on any branded materials you purchase from us.

Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under and described in your Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us, and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to us at the earlier of 90 days after the Effective Date of the Franchise Agreement or prior to the commencement of our initial training program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth below and in the Franchise Agreement (Franchise Agreement, Article 8). You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

Insurance Requirements

(a) General Liability Insurance with minimums of $1,000,000 per occurrence, $2,000,000 general and products/completed operations aggregate, $1,000,000 personal/advertising injury, $50,000 rented premises damage, and $5,000 medical expenses;

(b) Medical Malpractice Insurance with minimums of $1,000,000 per occurrence, $3,000,000 general aggregate;

(c) Commercial Auto Insurance with a $1,000,000 combined single limit, covering hired, and non-owned autos and owned autos (when applicable);

(d) Workers' Compensation Insurance as required by the law of the state in which your Spa Location Franchise is located, with coverage limits of $1,000,000 for bodily injury by disease per accident, $1,000,000 policy limit, and $1,000,000 per employee;

(e) Property insurance with coverage for business personal property (≥ $50,000 full replacement cost value), tenant improvements (≥ $75,000 full replacement cost value), business interruption (12 Months ALS), including Royalty Fees;

(f) Umbrella Insurance with $1,000,000 per occurrence and $1,000,000 aggregate, providing excess coverage over General Liability;

(g) Cyber Liability Insurance with minimum coverage limits of $500,000 per occurrence and $500,000 aggregate. We may make cyber liability insurance available to you for an additional fee, billed separately with other Technology Fees; but we are not required to make cyber liability insurance available to you or to continue making cyber liability insurance available to you, whether or not you previously obtained cyber liability insurance through us. You may obtain cyber liability insurance from an independent provider, you may obtain cyber-liability insurance in addition to any amounts that you obtain through us, and/or you may carry cyber liability insurance in greater amounts than we require;

(h) Employment Practices Liability Insurance with minimum coverage limits of $500,000 per occurrence and $500,000 aggregate. The policy should include 3rd party liability and wage & hour coverage of at least $25,000. The maximum deductible should not exceed $10,000; and

(i) All other insurance that we require in the Manuals or that is required by law or by the lease or sublease for your Spa Location Franchise.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the Spa Location Franchises under the System and, in doing so, we may limit the number of approved vendors and/or suppliers that you may purchase from and we may designate one vendor as your sole supplier. We have negotiated special volume discounts for our franchisees, and we assess an administrative fee for any specially priced inventory ordered from these preferred vendors. Presently, there are no other purchase or supply agreements in effect for source restricted products or services, and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using our designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases

We and/or our affiliates may receive rebates, payments, and other material benefits from suppliers based on your purchases, and we reserve the right to institute and expand rebate programs in the future. We have certain incentives in supplier relationships which may result in a payment to us based on your purchase of System Supplies and other services and products. We may charge Inventory Management Fees for certain products you purchase from suppliers that provide us with a volume discount. During the fiscal year ending December 31, 2025, we did not earn any revenue from approved suppliers based on our franchisees' purchases. We do not provide our franchisees with any material benefits based on a franchisee's purchase of particular products or services or use of particular suppliers.

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ITEM 9: Franchisee's Obligations

Item 9 Table:

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.

Table Abbreviations: "FA" – Franchise Agreement; "DA" – Multi-Unit Development Agreement

Obligation	Article(s) in Agreement	Disclosure Document Items
a. Site selection and acquisition/lease	FA: 2.A., 3.A., 3.B. DA: 2, 5.5, 5.6	7, 11
b. Pre-opening purchases/leases	FA: 3, 8 DA: Not Applicable	7, 8
c. Site development and other pre-opening requirements	FA: 3, 4, 7.F., 7.G., 7.I., 7.J., 8, 9.B. DA: 2, 5.5, 5.6	6, 7, 11
d. Initial and ongoing training	FA: 4, 7.J DA: Not applicable	11
e. Opening	FA: 2, 3, 4, 9.B. DA: 2, 3, 4.1, 4.4, 4.5	11
f. Fees	FA: 3, 4.A., 5, 9, 12, 13, 14, 15, 16, 18.N. DA: 2, 4, 5.2	5, 6, 7
g. Compliance with standards and policies/operating Manual	FA: 3, 4, 7 8, 9, 12 DA: 2, 5	8, 11
h. Trademarks and proprietary information	FA: 6, 7, 11 DA: 2, 5	13, 14
i. Restrictions on products/services offered	FA: 3, 4.C., 7.F., 7.G., 7.H., 7.I., 7.J., 8 DA: 2, 5	8, 11, 16
j. Warranty and customer service requirements	FA: 7 DA: Not applicable	16
k. Territorial development and sales quotas	FA: 2 DA: 4	12
l. Ongoing product/service purchases	FA: 3, 4.C., 5, 7 DA: Not applicable	8
m. Maintenance, appearance, and remodeling requirements	FA: 7 DA: 5	7, 17
n. Insurance	FA: 8 DA: Not applicable	7, 8
o. Advertising	FA: 3.F., 4.C., 7.I., 9, 11 DA: Not applicable	6, 11
p. Indemnification	FA: 10 DA: Not applicable	6
q. Owner's participation/management/staffing	FA: 4, 6, 7 DA: 2.5, 6.2	11, 15
r. Records and reports	FA: 5, 12 DA: Not applicable	6
s. Inspections and Audits	FA: 13 DA: Not applicable	6, 11
t. Transfer	FA: 14 DA: 6	17

Obligation	Article(s) in Agreement	Disclosure Document Items
u. Renewal	FA: 15 DA: 3	17
v. Post-termination obligations	FA: 6, 17, 18 DA: Not applicable	17
w. Non-competition Covenants	FA: 6, 17, 18 DA: Not applicable	17
x. Dispute resolution	FA: 18.F., 18.G. DA: 7	17
y. Other: Individual guarantee of franchisee obligations	FA: 2.C., 6, 14.C., 14.E. DA: 2.5, 6.2	9

ITEM 10: Financing

We do not offer direct or indirect financing. We do not guarantee your financing (i.e., your note, lease or 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.

Pre-Opening Obligations

Grant of Franchise – We will grant you the right to operate and/or manage a Spa Location Franchise at a single Spa Location that is located within a designated territory (Franchise Agreement, Article 2).

Franchise Agreement Designated Territory – We will define the Designated Territory and its boundaries for your Spa Location Franchise(s). The geographic boundaries and/or a description of your Designated Territory will be included in the Schedules or Exhibits to your Franchise Agreement (Franchise Agreement, Article 2 and Schedule 1). Your Spa Location Franchise(s) must be located within your Designated Territory. Approval for your Franchise Spa Location will be made using our then-current site selection criteria.

Multi-Unit Development Agreement Development Territory – If you entered into a Multi-Unit Development Agreement, we will designate your Development Territory. The Spa Locations that you develop must be located within the Development Territory. Once you select a Spa Location that we approve within the Development Territory, within each respective Franchise Agreement we will define the Designated Territory for each respective Spa Location. (Multi-Unit Development Agreement, Section 2). For all Spa Locations developed under a Multi-Unit Development Agreement, our approval of a Spa Location and the Designated Territory for each Spa Location will be made using our then-current site selection criteria.

Manuals – We will provide you with copies of Manuals (the manuals, including, without limitation, the Style Guide, Book of LIVE, Operating Manual, Construction Manual, and Quick Reference Guide, are together, the "*Manuals*") to operate our System at your Franchised Business. Our Manuals are proprietary, contain highly confidential information, and remain our property. Our Manuals will provide you with the requirements you must follow, standards you must meet, and best practices you may use when operating your Franchised Business. You must operate your Franchised Business using our System and in accordance with the requirements and standards set forth in our Manuals. You must also operate your Franchised Business in accordance with all applicable laws, rules, and regulations. At all times, we reserve the right to supplement, modify and update the

Manuals (Franchise Agreement, Article 4.C.). The operations Manual as of the Issuance Date of this Disclosure Document consists of at least 180 pages, and the table of contents to the operations Manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Article 4). The major subjects contained and addressed in the operations Manual include establishing, developing, marketing and operating the Franchised Business.

Site Review, Approval, and Designated Territory – You must obtain our approval of your Spa Location. We will review the proposed site that you select for your Spa Location, and we will notify you of our approval or disapproval. Once you select a site that we approve for your Spa Location, we will designate your Designated Territory. However, if you negotiate and we agree to designate and grant to you a Designated Territory prior to your selection of a Spa Location, then you must locate your Spa Location Franchise within the Designated Territory and at a site that we approve as your Spa Location. Additional information about site selection is discussed in more detail below in this Item 11.

Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors (to the extent that we have designated them), either as part of the Manuals or otherwise in writing (Franchise Agreement, Articles 3 and 4).

Signs, Equipment, Furniture, and Fixtures – We will provide you with a list of our approved signage, equipment, furniture and fixtures (to the extent that we have designated them), either as part of the Manuals or otherwise in writing and we will review and approve, in our discretion, your proposed signage, equipment, furniture and fixtures. We do not provide assistance in delivering or installing signs, equipment, furniture, or fixtures (Franchise Agreement, Articles 3 and 4).

Website and Digital Media – We will identify and locate your Spa Location Franchise on our website. You may not utilize any websites, web-based media or digital media unless expressly approved by us in writing. We strictly control how you may or may not use websites and digital media, and you must assign all website media and digital media accounts to us (Franchise Agreement, Articles 3.F and 9).

Initial Training – Not less than 45 days prior to the opening of your Spa Location Franchise you or your Managing Owner and one management level employee or Owner must attend and complete our initial training program. We will provide you (and up to 1 of your designated managers) with training in accordance with our initial training program. (Franchise Agreement, Article 4). Our current training program is to be attended by you, or if you are a Corporate Entity, your Managing Owner and 1 Operating Manager both remotely and in part on-site at your Live Hydration Spa Location. The training program takes place over an approximate 2-week period and is described below in this Item 11 in more detail.

Site Selection

Although you are responsible for selecting a site for your Spa Location, you must obtain our approval of your Spa Location. Generally, we do not own or lease the real property that will serve as your Spa Location, and you are responsible for all costs and expenses in locating and evaluating proposed sites for your Spa Location and the demographic data associated with your proposed sites. Before you enter into a lease or other agreement for your Spa Location, you must obtain our approval. We will provide you with site selection guidelines. If your Franchise Agreement specifies and designates a Designated Territory, your Spa Location must be located within your Designated Territory at a site that we approve. If you sign a Multi-Unit Development Agreement, then each Spa Location developed under the Multi-Unit Development Agreement must be located within the Development Territory and at sites that we approve within the Development Territory. Your leasehold interests in and to your Spa Location must be subordinated to our rights as set forth in the Lease Agreement Rider attached as Exhibit 4 to the Franchise Agreement and the Collateral Assignment of

Lease attached as Exhibit 5 to the Franchise Agreement. We will approve sites for future/additional Spa Locations units under our then-current site criteria.

Although there is no specified time limit for us to review the proposed site for your Spa Location, we will do so within a reasonable time period, not exceeding 30 days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request. In determining whether to approve or disapprove a proposed site for your Spa Location, factors that we take into consideration include: (a) demographic factors, traffic patterns, parking, building structures, visibility and available sign locations; (b) characteristics of the proposed site; (c) the location of your proposed site relative to your overall Designated Territory and proximity to other Spa Location Franchises, if your Designated Territory was previously designated; (d) the location of your proposed site relative to your overall Development Territory and proximity to other Spa Location Franchises, if you signed a Multi-Unit Development Agreement and your Development Territory was previously designated; and (e) whether or not the landlord for the Spa Location approves of our Lease Agreement Rider in substantially the same form as contained in Exhibit 4 of the Franchise Agreement.

Within 90 days of signing your Franchise Agreement you must secure a Spa Location and lease that we approve (Franchise Agreement, Article 3.A). If you do not meet this requirement for any reason, including our disapproval of a proposed site location, we may terminate your Franchise Agreement without refunding any fees to you. It is your obligation to consult with government agencies, architects and legal professionals to evaluate and determine that your Spa Location permits the establishment and operation of the Franchised Business and that you possess the necessary licenses and authority to operate a Spa Location Franchise that offers and sells the Approved Spa Products and Services. (Franchise Agreement, Articles 2, 3, 7 and 16).

Time to Open

You may not open your Spa Location Franchise until you have completed our initial training requirements, obtained the necessary licensing and authorization from state and regulatory agencies within your Designated Territory, obtained and provided us with written proof of the required insurance, have timely secured and developed a Spa Location that we approved, and have met our minimum presale requirements. We estimate that the length of time between the signing of your Franchise Agreement and opening your Spa Location Franchise to be approximately 4 months to 8 months. Factors that may affect this estimated time period include: (a) evaluating and selecting a suitable site for your Spa Location that is approved by us; (b) timeliness of your submission to us of information and documentation that we may request in determining whether or not to approve of the site for your proposed Spa Location; (c) length of time undertaken by you to complete our initial training program to our satisfaction; (d) negotiating and obtaining a suitable lease for your Spa Location that is approved by us; (e) obtain third party lender financing, if necessary; and (f) obtaining the necessary licenses for the operation of your Spa Location Franchise. Other factors that may affect this time period include availability of equipment; delays associated with equipment installation and the construction and/or installation of your leasehold improvements and fixtures. You must open your Spa Location Franchise within 9 months from the effective date of your Franchise Agreement, otherwise we may terminate your Franchise Agreement without refunding any fees to you. (Franchise Agreement, Article 3.C.).

Post-Opening Obligations

Supplemental Training – We may require that you and your Operating Manager participate in supplemental on-site training that we may designate and require in our discretion. We may provide, in our discretion, supplemental training on-site at your Spa Location. You will be required to pay our then current supplemental training fee, which is currently $800, per on-site trainer per day for a minimum of 3 days, plus travel expenses, meals and accommodation expenses incurred by us (Franchise Agreement, Article 4.A.).

Initial Training for Replacement Operating and Employee Manager(s) – Your Operating Manager and designated employee managers must complete, to our satisfaction, our initial training program. We will offer and make available to your replacement Operating Manager and employee managers our initial training program which must be complete to our satisfaction. The initial training program will be provided by us at the facilities that we designate that, presently, is comprised of your Live Hydration Spa Location. You will be required to pay our then-current supplemental training fee for the replacement Operating Manager or employee managers, which is currently $800, per person per day for each replacement manager attending our initial training. You will also be responsible for all costs incurred by your managers in attending our initial training (Franchise Agreement, Articles 4.A. and 4.C.).

Communication of Operating Standards – We may establish, update and provide you with consultations and communications, provided in writing, verbally or through other forms of media, as to the standards, procedures and System requirements as to the operation of your Spa Location Franchise including, but not limited to, processes, Approved Spa Products and Services, System Supplies, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and, as set forth in the Manuals which we may, in our discretion, modify from time to time (Franchise Agreement, Articles 4.B. and 4.C.).

Marketing Standards and Approval – We may establish, update and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, the marketing materials and mediums that you may utilize. We will respond to your requests for our approval or disapproval of marketing materials and mediums that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of the Franchised Business (Franchise Agreement, Article 4.B.).

Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the Approved Spa Products and Services and the System Supplies (Franchise Agreement, Articles 4.B. and 4.D.).

Annual System Conference – We may, at our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. We may charge an annual conference fee not exceeding $1,500 per attendee. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference (Franchise Agreement, Article 4.B.).

Administration of Marketing Funds – We may administer and manage System-wide marketing funds comprised of a Brand Development Fund (Franchise Agreement, Article 9.A.).

Hiring and Training of Employees – We do not provide assistance with the hiring of your employees. You will be directly responsible for the management and supervision of your employees. For the protection of the System, you must ensure that all employees wear and maintain the proper uniforms with our approved System branded apparel and uniforms. You must monitor and ensure that all System Supplies and Approved Spa Products and Services are prepared, maintained, and provided in accordance with the System standards and Manuals.

Pricing – With our guidance you will determine the class price for the Approved Spa Products and Services served and sold by your Spa Location Franchise. However, we may suggest and/or require pricing levels based on our discretion and we require that you comply with our pricing policy (described in our Manuals in order to maintain consistency through our System). You may provide the actual price to a customer who makes an online or telephone inquiry.

Advertising

Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of your Spa Location Franchise must conform to our standards and specifications (see the Style Guide). In our discretion, we may make available to you approved marketing templates including, without limitation, pre-approved ads, ad copy and digital media that you may utilize at your own expense. We are not required to spend any amount on your behalf on advertising in your designated territory and we are not required to conduct any advertising on behalf of the franchise System or on your behalf (Franchise Agreement, Article 9).

Marketing Related Fees –You will be required to use our designated vendor for marketing related services (Franchise Agreement, Article 9.B.). You will be charged up to $1,500 per month, with the current fee at $588 per month for marketing related services. These required marketing-related fees include search engine optimization ("*SEO*"), marketing assets, web hosting, analytics, and shared SEO platform costs. We reserve the right to require additional fees to support brand development and optimization. We also reserve the right to increase the monthly marketing related fee if the designated supplier increases its fees for these services. We will make available to you and provide you with access, in the form of a source document, to our approved marketing campaigns, media, and messaging materials that may be used by you. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs, copy, and design specifications. However, you will incur the direct costs associated with customizing, duplicating and using such marketing campaigns and in having them printed, distributed and/or placed with media sources (Franchise Agreement, Article 9).

Digital Media and Website – All digital media and marketing must conform to our standards and specifications. We will designate information for your Designated Territory and about your Spa Location Franchise on the www.livehydrationspa.com webpage or such other websites as we may designate for the System (Franchise Agreement, Article 9).

Brand Development Fund – We control and administer a brand development fund (the "*Brand Development Fund*") (Franchise Agreement, Article 9.A.). As disclosed in Item 6 of this Disclosure Document, you must contribute a monthly sum not to exceed 2% of monthly Gross Sales to the Brand Development Fund. Currently, the Brand Development Fund Fee is equal to 1% of monthly Gross Sales. We may use the Brand Development Fund for market studies, research, service development, product development, testing, research studies, technology development, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best interest of the franchisees and the System. Our company and/or affiliate owned Spas may but are not required to contribute to the Brand Development Fund. The Brand Development Fund will maintain unaudited financial records detailing its expenditures and we will make available to you, no more frequently than 1 time in any 12-month period, an unaudited accounting of how monies contributed to the Brand Development Fund were spent each year. We are not required to segregate the Brand Development Fund from our general operating funds, and we are not a fiduciary or trustee of the Brand Development Fund. The Brand Development Fund will not be used to directly promote your Spa or the marketing area in which your Spa will be located. (Franchise Agreement, Article 9.A.). We may use the Brand Development Fund to develop and test various media and technologies for potential use and/or improvement of the operations of Spas and the marketing of Spas. These technology developments

and/or improvements may relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of Spas. You may or may not benefit from these technology developments and improvements. The Brand Development Fund will be uniformly imposed upon all franchisees (Franchise Agreement, Article 9.A.).

We may use the Brand Development Fund to compensate ourselves for administrative fees associated with managing the Brand Development Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the Brand Development Fund and performing services on behalf of the Brand Development Fund including, but not limited to, directing, developing and managing media of the Brand Development Fund. We will not use the Brand Development Fund to directly market the sale of Spas but may do so indirectly by requiring and including information as to the availability of Spa franchises for sale and contact information for franchise inquiries on and within advertising, marketing and brand development materials, including the System website, developed with the Brand Development Funds.

On January 1, 2025, $14,025 was in the Brand Development Fund from the prior calendar year. During the fiscal year ending December 31, 2025, we have collected $127,375 towards the Brand Development Fund. Of the $127,375 collected, we have spent 70% towards SEO, 10% on training, and 20% on marketing. A total of $3,500 was rolled over into 2026.

Local and Regional Advertising Cooperative – We have the exclusive right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that we designate. We will exclusively determine the geographic and other boundaries for each respective cooperative and factors that we will consider include media markets including print, television and digital. If we establish a cooperative within a market that includes your Spa Location Franchise, you must contribute to the cooperative in such amounts and frequency as determined by the cooperative. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions, marketing expenditures, and allocations. However, we may require that cooperative decisions be made based on approval of a simple majority of franchisee members based on 1 vote per Spa Location Franchise located and a quorum of not less than 25% of the designated franchisee cooperative members. If a cooperative exceeds 9 franchisee members, we may require that the cooperative establish formal governing documents. Each cooperative must prepare annual unaudited financial statements that must be provided to each cooperative member for review. We reserve the right to form, change, dissolve, or merge any advertising cooperative(s). If we elect to form a local or regional cooperative or if a cooperative already exists as to the area of your Spa Location Franchise, you will be required to participate in the cooperative in accordance with the provisions of our operations Manual which we may supplement and modify from time to time. You will not be required to make contributions to a Local or Regional Advertising Cooperative in amounts exceeding 2% of your monthly Gross Sales. As of the Issuance Date of this Disclosure Document, we have not established any local or regional advertising cooperatives but reserve the right to do so in the future.

Advertising Council – In 2025, we established a Marketing Advisory Council ("*MAC*"), which operates under an established charter that outlines the roles and responsibilities of its elected members. We also reserve the right, in our sole discretion, to modify, suspend, or discontinue the MAC or any future advertising council at any time (Franchise Agreement, Article 9.A).

Computer System

You must purchase, license, and use the computer, point of sale, business management, and ordering systems that we designate. Presently, you are required to license and use the systems designated in the Manuals with

a minimum of 1 configured hardware terminal and a secondary means for client completion of documents (Tablet or terminal). The cost of the point of sale, including the initial license fee, and computer system that you will be required to purchase is estimated to be $1,000 to $1,250. You are obligated to install and/or access all required point-of-sale and software upgrades as recommended by the manufacturer of the computer and the licensor of point-of-sale system. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. We will have independent access to all of the information and data that is electronically transmitted on your point-of-sale system and will have access to all data related to the financial performance of your Spa Location. There are no contractual limitations on our right to access your point-of-sale system. There are no contractual obligations for the maintenance, repairs, and updates to your Spa Location computer system. Subject to applicable laws, such as HIPAA and privacy-related laws, there are no contractual limitations on our right to access the information from your Spa Location computer system.

Bookkeeping Services

You must use bookkeeping services from a vendor designated by us; provided, in our discretion, we may approve your use of another bookkeeping vendor, in which case, you and/or your vendor must meet and maintain our then-existing standards for exemption. Bookkeeping services for your Spa Location Franchise must include, without limitation: (a) establishing general books and accounts; (b) generating monthly financial reports; (c) preparing invoices; and (d) creating accounts receivable and accounts payable entries related to your Franchise Spa Location. If you use a vender that we approve for bookkeeping services, you may incur additional charges for payroll and tax services depending on the vendor you select. You must use the accounting systems that we require. QuickBooks Online ("*QBO*") is our current, required accounting system. We will assist you in obtaining your account from QBO. We reserve the right to change the required accounting systems at our discretion and will provide you with reasonable notice if we change required accounting systems. In our discretion, we may approve your use of another accounting system. If we grant you an exemption from using our required accounting systems, the exemption process will require you to obtain signed documentation that allows us to access your accounting systems or your vendor's accounting systems as outlined in our operation Manual.

Initial Training

If this is your first Spa Location Franchise, we will provide initial training for you or, if you are a Corporate Entity, your Managing Owner plus one managing operator. You, your manager must successfully attend and complete the initial training program to our satisfaction no later than 45 days prior to the opening of your Spa Location Franchise. The initial training program takes place over an approximate 2-week period. If more than 2 individuals attend initial training, you will be charged an additional fee per additional person attending initial training. We will provide training and resources for your manager or Managing Owner to train additional employees. We will provide you and your general manager with initial training at no additional fee or charge; however, you will be responsible for paying for all travel expenses and employee wages that you incur in your initial training attendance and participation for you and your general manager. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis. Training for an unlicensed franchisee will focus exclusively on the operation of the business, retail and back-office functions – it will not include training that could be considered the practice of medicine.

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Item 11 Table:

TRAINING PROGRAM

The following table summarizes the subjects covered in our initial training program:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome	1		Remote
Understanding Franchising	1		Remote
Why LIVE Hydration Spa	1		Remote
Customer Service Philosophy	2		Remote
The Ops Manual	2		Remote
Industry Overview	1		Remote
Basic Business Training	1		Remote
Site Selection	1		Remote
Leases	1		Remote
Build-Out	1		Remote
FF&E	1		Remote
Initial Supplies	1		Remote
A/V Requirements	1		Remote
Grand Opening	3	8	On-site at your Spa Location
Licensure	1		Remote
Software Training	5	4	On-site at your Spa Location
Insurance	1		Remote
Human Resources	1		Remote
1099 vs Employee	1		Remote
Positions	1		Remote
Medical Director Requirements	1		Remote
Recruiting and Interviewing	2		Remote
Dress Code & Appearance	1		Remote
Memberships	3	3	On-site at your Spa Location
Cleaning & Sanitation	1	5	On-site at your Spa Location
Safety	3	5	On-site at your Spa Location
Access Team (Nurses) Station	5	10	On-site at your Spa Location
Treatment Bags Stickers	2	4	On-site at your Spa Location
The Med Fridge	1		Remote
Inventory Management		2	On-site at your Spa Location
Charting & Documentation	4	5	On-site at your Spa Location
The LIVE Way	2	10	On-site at your Spa Location
Social Media Marketing	2	2	On-site at your Spa Location
Subtotal Hours	**56**	**58**	
Total Hours		**114**	

Instructional materials that will be used in the initial training process include our Manuals, live instruction, and handouts. Initial training will be conducted under the direction of our co-founder Cassandra Kuhl. Ms. Kuhl is a founding member of our affiliate, Live Hydration Spa, LLC. Ms. Kuhl has 13 years of experience in the medical industry as an advanced practice registered nurse (NP) within the medical industry. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program. In addition to initial training, you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business (Franchise Agreement, Articles 4 and 7.J.).

After the opening of your Spa Location Franchise, we reserve the right to require that you (or your Managing Owner if you are a Corporate Entity) attend a system-wide training program (the "*System-Wide Training Program*") that we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered from our affiliate owned Live Hydration Spa in Omaha, Nebraska or another designated training location, and you will be responsible for all travel, lodging, food, automobile rental expenses, and employee wages that you incur in connection with your attendance. Presently we do not have any additional training programs or refresher courses you are required to take, but intend to host them in the future. We will not require your attendance at a System-Wide Training Program for more than a total of 5 days in any calendar year.

ITEM 12: Territory

Your Location

Under the Franchise Agreement, we will grant you the right to develop and operate one Spa Location Franchise at a specific Spa Location. If the location is not known at the time you sign a Franchise Agreement, then your Spa Location is subject to our approval.

Grant of Territory

We will establish an approved territory ("*Designated Territory*") for your Franchise Spa Location. You are required to identify the specific location within your Designated Territory where you will locate your Franchise Spa Location. There is no minimum size for a Designated Territory – generally, the scope and size of your Designated Territory will be a distance of one-half to 5 miles from the Spa Location in all directions when traveled by road, but may be smaller based on population density, demographics, and geographical boundaries (the population of your Designated Territory must not exceed 200,000 residents as of the date of your Franchise Agreement). If your Spa is located within a facility or location with a captive market (e.g., a shopping mall), your Designated Territory may be limited to the physical boundaries of the location or facility (e.g., the boundaries of the mall). Depending on population, customer demographics, geography, or other factors, we may require you to locate your Spa at the center of your Designated Territory or at another specific location within the Designated Territory outside of its center. The boundaries of a Designated Territory are not required to be symmetrical. We may identify your Designated Territory by zip code, boundary streets, highways, county lines, designated market area, and/or other recognizable demarcations.

Relocation

Your right to relocate your Spa is not guaranteed, and approval of a request by you to relocate your Spa is completely at our discretion. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of other Spas, our expansion plans, the designated territory, demographics and other factors that, at the time of a relocation request, are relevant to us.

Establishment of Additional Spas

You do not have the right to establish additional Spas unless you sign a Multi-Unit Development Agreement. If we enter into and sign a Multi-Unit Development Agreement with you then you will have the right to develop a mutually agreed upon number of additional Spas within a specified Development Area. The size of your Development Area will vary significantly from other franchisees and your right to develop additional Spas under a Multi-Unit Development Agreement will be subject to your timely compliance with the agreed upon development schedule, your compliance with the terms of your Multi-Unit Development Agreement, and your compliance with all other agreements with us and our affiliates, including all Franchise Agreements. Our approval of future Spa Locations and their respective designated territories will be based on our then current site and territory criteria.

Options and Rights of First Refusal to Acquire Additional Franchises

You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Rights

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.

During the term of your Franchise Agreement and as long as you are not in default of any of your obligations to us or our affiliates, whether under your Franchise Agreement or otherwise: (a) we will not establish or open a Live Hydration Spa at a Spa Location within your Designated Territory, and (b) we will not grant another franchisee the right to establish or open a Live Hydration Spa at a Spa Location within your Designated Territory; all subject to our Reservation of Rights below as well as any agreements executed between you and us or our affiliates.

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable, and without any compensation or consideration to you (Franchise Agreement, Article 2.D. and Multi-Unit Development Agreement, Section 2.3), to engage in the following activities (our "*Reserved Rights*"): (a) operate and grant to others the right to develop and operate Spa Location Franchises and Franchised Businesses using the System and Licensed Marks at locations outside your Designated Territory and, if applicable, Development Territory, as we deem appropriate irrespective of the proximity to your Designated Territory and, if applicable, Development Territory; (b) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as or similar to the Franchised Business, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business (but not using the Licensed Marks) within your Designated Territory and, if applicable, within your Development Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as or similar to the Franchised Business, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate businesses that offer and sell products and services that are the same as or similar to the Franchised Business (but not utilizing the Licensed Marks) within your Designated Territory and, if applicable, your Development Territory; (d) operate, and grant to others the right to own and operate, Live Hydration Spas at Spa Locations in non-traditional venues, or captive market sites that are within or outside your Designated Territory and, if applicable, your Development Territory (non-traditional venues or captive market sites include, without limitation, hotels, resorts, airports, universities,

government facilities, and shopping malls); (e) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement; (f) use the Licensed Marks and System to distribute the Approved Services and Products offered and sold by the Franchised Business or products and services similar to the Approved Services and Products offered and sold by the Franchised Business on behalf of regional and/or national customer accounts (such as resorts, retail chain stores, colleges, military bases, corporations, organizations and businesses that maintain outlets, locations, offices, facilities, and/or businesses throughout a regional or nationally (referred to as "*National Accounts*")) within or outside your Designated Territory or, as applicable, your Development Territory; and (g) permit System franchisees or Company-Owned Outlets to offer services to customers at Third Party Sites located within your Designated Territory if the System franchisee had previously engaged with the customer and/or Third Party Site prior to you beginning operation of your Franchised Business.

National Accounts

Although part of our Reserved Rights relate to providing Approved Spa Products and Services to National Accounts located within your Designated Territory, if we enter into a contract with a National Account to provide Approved Spa Products and Services within your Designated Territory, provided that you are in compliance with your Franchise Agreement and provided that we believe you possess the requisite service capacity, we will give you the opportunity to perform and provide Approved Spa Products and Services (at the rates negotiated and agreed to by us with the national account) as to that portion of the project located within your Designated Territory and relative to your performance capability as determined by us. If you meet our standards and specifications, we will provide you with a right to service locations within your Designated Territory so long as you answer within our then-currently required timeframe (e.g., within 24 hours of receipt of a request). We do not require that you provide Approved Spa Products and Services on behalf of any National Accounts unless you agree to do so after we provide you with information as to the relevant project scope and pricing. If you elect not to service a National Account within your Designated Territory, you are not entitled to any compensation from our sale of Approved Spa Products and Services, through other system franchisees or our affiliates, at the National Account location. We do not grant to you any right to share in the proceeds received by us, our affiliates or any third party from the activities outlined in the preceding paragraph as to our Reserved Rights including, soliciting or conducting business under our Reserved Rights (including through franchisees or affiliates at National Accounts) within your Designated Territory.

Soliciting by You Outside Your Territory

You are required to target and direct the marketing of your Spa Location Franchise to and/or on behalf of your associated Spa Location to customers located within your Designated Territory. You may only offer and sell Approved Spa Products and Services from your approved Spa Location within your Designated Territory or from Third Party Sites subject to our Third-Party Site Rules.

Third Party Site Rules

We will permit you to provide services at Third Party Sites, such as customer homes, businesses, and other third-party venues, within your Designated Territory. Third Party Sites must meet our then current standards and specifications as described in the operations Manual. The marketing of your Franchised Business must be targeted to your Designated Territory, and you are not permitted to directly solicit customers outside of your Designated Territory ("*Direct Solicitation*") without our written permission. The term "Direct Solicitation" refers to and means "communications and/or contacts occurring through in person contact, telephone, mail, e-mail, direct mail, distributed print media, digital media and/or other forms of marketing directed toward customers, potential customers or referral sources of a Live Hydration Business. Provided that you do not engage in any Direct Solicitation of customers outside of your Designated Territory or, within the Designated Territory of

another Live Hydration Business, you may provide, subject to our written approval, Approved Spa Products and Services within an Open Area, subject to the following definitions, rules and limited circumstances:

(1) You cannot engage in any Direct Solicitations outside of your Designated Territory without our express written permission, which may be revoked;

(2) You cannot provide Approved Spa Products and Services in the Designated Territory of another Live Hydration Business (an "*Assigned Area*");

(3) An "*Open Area*" is a geographic area that (i) is not an Assigned Area; and (ii) is located within a 50-mile radius of your Designated Territory;

(4) You must obtain our written approval, in each instance, before providing Approved Spa Products and Services to a customer in an Open Area; and

(5) Once an Open Area becomes an Assigned Area you will no longer be authorized to provide Approved Spa Products and Services to any new customers within the Open Area, however, you will be permitted to service any customers with which you have an existing relationship. If we grant you a Designated Territory where a System franchisee has previously serviced customers, the System franchisee will be permitted to continue servicing these customers.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from customers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under the Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Competition by Us Under Different Trademarks

We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sell or will sell goods or services similar to those that will be offered by you through the Franchised Business, but reserve the right to do so.

ITEM 13: Trademarks

Under the terms of the Franchise Agreement, you will be granted a license to use the "Live Hydration Spa" trademark and those other marks we designate from time-to-time. Our affiliate Live Hydration Spa IP LLC is the owner of the Licensed Marks and has granted to us a license with an initial 20-year term and with automatic renewal thereafter to use the Licensed Marks and to license our franchisees to use the Licensed Marks. We reserve the right to supplement and modify the marks that you may or may not use in the operations of your Spa Location Franchise. You may only use the Licensed Marks in the manner authorized by us in writing and pursuant to the terms of the Franchise Agreement. You may not use the Licensed Marks in the name of the Corporate Entity that you may establish to own and operate your Spa Location Franchise. Although the License Agreement may be terminated as a result of a breach of the License Agreement, in the event of any termination of the License Agreement, our franchisees will continue to maintain the right to use the Licensed Marks pursuant to the terms of their Franchise Agreement. Currently there are no agreements that significantly limit the rights that we have to use or license the use of the principal trademarks that are material to the franchise.

Principal Trademarks Registered with the United States Patent and Trademark Office

The principal trademarks identified in the schedule below are a part of the Licensed Marks, our System, are registered with the United States Patent and Trademark Office (the "*USPTO*") and, unless otherwise designated by us, will be used by you in the operations of the Franchised Business. As to these marks, all required affidavits have been filed with the USPTO.

Mark	USPTO Registration	Registration Type	Registration Date
	7982971	Principal	October 14, 2025
Live Hydration Spa	6468876	Principal	August 31, 2021
Live Healthy! Live Hydrated!	6468913	Principal	August 31, 2021

As to our principal trademarks there are no currently effective material determinations by the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state. There are no pending infringement, opposition or cancellation proceedings and no pending litigation involving our principal marks. We know of no superior rights or infringing uses that could materially affect your use of our principal marks or other related rights in any state.

You are required to provide us with written notice of any claims that you may become aware of respecting the Licensed Marks including, but not limited to, your use of the Licensed Marks and/or a claim associated with a third party's use of a trademark that is identical or confusingly similar to the Licensed Marks that we have licensed to you. We maintain the exclusive discretion to take any and all actions, or to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge or claim. As between us, we possess the sole right to exclusively control any and all litigation, legal proceedings, administrative proceedings and/or settlement(s) respecting any actual or alleged infringement, challenge or claim relating to the Licensed Marks. You must sign all documents, instruments, and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable respecting the protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

We will protect your right to use the Licensed Marks and other related rights and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that your use of the Licensed Marks is in accordance with the Franchise Agreement, the Manuals, and is consistent with our instructions and the license granted to you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Franchise Agreement, the Manuals, our written instructions to you and, you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Franchise Agreement and, if applicable, Multi-Unit Development Agreement. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain. If any third party establishes, to our satisfaction and in our discretion that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue and/or modify the Licensed Marks, then we will modify and/or replace the Licensed Marks and you must use the substitutions, replacements and/or variations of and/or to the Licensed Marks and use the those trademarks, service marks, logos and trade names required and designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way

of example, alterations in signage and replacement of marketing materials. Any trademarks referenced in this Disclosure Document that are not our property are the property of their respective owners and are used for identification purposes only.

ITEM 14: Patents, Copyrights, and Proprietary Information

We do not own any patents and, currently, we have not applied to the USPTO for the issuance of any patents. We have copyrighted or may copyright advertising materials and design specifications, our Manuals and other written materials and items. We have not applied to the United States Copyright Office to register these copyrights. Currently we do not own the rights to any license, patent, or copyright that is material to the franchise system.

You must keep our Manuals, any supplements to the Manuals and any other Manuals or written materials (including those materials made available to you in electronic format or as part of an online or cloud-based network that is a part of the System or designated by the System) used in connection with the Franchised Business confidential. The Manuals contain information about our System, Approved Spa Products and Services, System Supplies, proprietary products, marketing systems, and, among other things, confidential methods of operation. We consider the information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and prevent any unauthorized copying, duplication, recording or reproduction of this information. You must also require your employees to sign confidentiality agreements that will require them to maintain the confidentiality, both during and after their employment, of all information designated by us as confidential. You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, proprietary or confidential information, including but not limited to our Manuals. We will take any and all actions or refrain from the same, that we determine, in our discretion, to be appropriate. We may control any action we choose to bring. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that its right to these materials are superior, then you must modify or discontinue your use of these materials in accordance with our written instructions.

ITEM 15: Obligation to Participate in the Actual Operation of the Franchise Business

The Franchise Agreement requires that you or, if you are a Corporate Entity, that your managing shareholder, member, or partner be personally responsible for the management and overall supervision of your Spa Location Franchise (the "*Managing Owner*"). We must approve your Managing Owner. Your Managing Owner must have satisfactorily completed our initial training and must have obtained all required licenses and permits necessary to operate the Franchised Business. While we recommend that your Managing Owner personally participate in the day to day management and on-site supervision and operations of your Spa Location Franchise, you may hire an operating manager (an "*Operating Manager*") to supervise and manage the day to day on-site operations of your Spa Location Franchise provided that your operating manager: (1) meets all of our minimum standards and criteria for managers; (2) completes our initial training program; and (3) signs a confidentiality agreement approved by us. We do not require that your Operating Manager own any equity interest in the franchise. At all times, your Spa Location Franchise must be managed and supervised on-site by either a Managing Owner or Operating Manager. If you own and operate multiple Spa Location Franchises, then each Spa Location Franchise must be managed and supervised on-site by either a Managing Owner or an Operating Manager. You and, if you are a Corporate Entity, each of your members, shareholders, and/or partners (collectively, "Owners"), must personally guarantee all of your obligations to us under the Franchise

Agreement. Each Owner and the spouse of each Owner must personally guarantee your obligations to us under the Franchise Agreement. You and each Owner and spouse must also promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with the Franchised Business, and that for 24 months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), neither you nor your Owners and their spouses will participate in any competitive business located within and/or servicing customers located within your Designated Territory and a 25 mile radius surrounding your Designated Territory. Further, you will not participate in any competitive business located within and/or servicing customers located within a 10-mile radius of any other Spa Location Franchise and/or the designated territory of any other Franchised Business. Your Operating Managers, managers, personnel, and all other officers, employees and agents with access to our confidential information will be required by us to sign a confidentiality agreement.

ITEM 16: Restrictions on What the Franchisee May Sell

You may only sell products and services that we require; including, without limitation, the Approved Spa Products and Services as specified in the Manuals or otherwise approved by us in writing. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered and sold by Spa Location Franchises. You are not limited to whom you may sell products and services of your Spa Location Franchise, provided you do so exclusively from your Spa Location, Third Party Sites meeting our standards and specifications, and as otherwise required by and in compliance with the standards we determine for the System.

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ITEM 17: Renewal, Termination, Transfer, and Dispute Resolution

Item 17 Table A:

THE FRANCHISE RELATIONSHIP

For Franchise Agreement

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.

Table Abbreviations: "FA" – Franchise Agreement; "DA" – Multi-Unit Development Agreement

Provision	Article in FA	Summary
a. Length of the franchise term	2.B	The term of your FA is 10 years.
b. Renewal or extension of the term	15	If you meet our conditions for renewal, you may renew your franchise for one additional 10-year term.
c. Requirements for franchisee to renew or extend	15	To renew your franchise, you must: not be in default with the terms of your FA; have complied with all material terms and conditions of your current FA; your Owners and the spouses of your Owners must be in compliance with and not have violated their agreements with us; provide us with 180 days prior written notice of your request to renew the FA; sign our then current form of FA and related agreements; for the renewal term, sign a general release; in our favor, pay a renewal fee; pay all monetary obligations owed to us;, remodel and upgrade the facility for your Spa; and maintain your Spa to meet our standards and specifications, secure and possess the legal right to for your Spa; and maintain your Spa to meet our standards and specifications, secure and possess the legal right to continue to occupy the Spa Franchise Location. Upon renewal, premises of your Spa Franchise Location, and meet all other renewal requirements contained in the FA. Your Owners must be in compliance with their agreements with us including the Franchise Owner and Spouse Agreement and Guaranty, and they must personally guarantee the terms of your renewal FA that you will be required to sign, which may contain terms and conditions materially different from those in your current FA.
d. Termination by franchisee	16.B	You may terminate the FA if you are in compliance with its terms, we are in material breach of the FA, and we fail to cure the material breach within 30 days of receiving written notice or, if the breach cannot be cured within 30 days, such period of time that is reasonable to cure the material breach. Subject to state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	16.A	We can terminate if you are in default of the terms of the FA. If you have also entered into a DA, termination of the DA does not, by itself, constitute cause for the termination of your single-unit FA(s).

Provision	Article in FA	Summary
g. "Cause" defined–curable defaults	16.A (3) 16.A (4)	You have 10 days to cure a default where you fail to pay any fees and/or obligations due to us and/or to an affiliate of ours, or if you fail to pay a supplier without, as determined by us, a legal justification, provided that the foregoing defaults were not intentionally and knowingly in violation of the FA. You will have 30 days to cure a default where you, fail to: timely lease a location that we approve for your Spa Location Franchise; timely develop and open your Spa Location Franchise; operate your Spa Location Franchise in accordance with the specifications, standards, and requirements set forth in our Manuals; develop or operate your Spa Location Franchise in compliance with all federal, state, and local laws, rules, and regulations, unless, such violation poses a threat to public health or safety; maintain insurance coverage that we require; comply with our standards, systems or specifications as we may designate or as otherwise designated in the operations Manual; fail to operate your Spa Location Franchise in conformity with our system or otherwise violate the FA, except as to events of default that are not curable.

Provision	Article in FA	Summary
h. "Cause" defined–non-curable defaults	16.A (1) 16.A (2)	The following are defaults that cannot be cured: 3 or more instances where you commit a curable default, whether or not you timely cured such default in each instance; you intentionally and knowingly refuse to comply with the terms of the FA, and/or the standards specifications, and/or requirements set forth in the operations Manual and/or as communicated to you by us from time to time; you intentionally, knowingly, or negligently operate the Franchised Business in violation of applicable laws, rules, and regulations and, in doing so, create a foreseeable, imminent, and/or immediate threat to the health and safety of others; you abandon the Franchised Business or fail to maintain the required leasehold and/or ownership interests in your Spa Location Franchise Locations; you or your Owners intentionally made a material statement or omission in questionnaires submitted to us; the data, information, and/or records that you record and/or submit to us are intentionally misleading or false; you transfer or attempt to transfer the Franchised Business or the ownership interests in your franchise company without our approval; you disclose or permit the disclosure of information contained in the operations Manual and/or of confidential information; you or your Owners engage in intentionally dishonest or unethical conduct that impacts our System; you and/or your Owners breach and, if such breach is capable of a cure, fail to timely cure another agreement with us including the Owner and Spouse agreement and Guaranty; you and your Owners and managers fail to complete, to our satisfaction, our initial and on-going training programs; you fail to notify us of the misuse of confidential information and you fail to protect same; you misappropriate or misuse the Licensed Marks; you are deemed insolvent, make an assignment for the benefit of creditors, admit in writing your inability to pay debts; are adjudicated bankrupt, file a voluntary bankruptcy petition or have one filed against you, and/or you acquiesce to the appointment of a trustee or receiver, or a court orders one; execution is levied against the Franchised Business; a final judgment is entered against the Franchised Business and is not satisfied within 30 days; you are dissolved; a lawsuit or action is commenced against the Franchised Business to foreclose on a lien on equipment of the Franchised Business and such action is not dismissed after 60 days; and/or real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; and/or you abandon or fail to continuously own and operate the Franchised Business.

Provision	Article in FA	Summary
i. Franchisee's obligations on termination/non-renewal	6, 17	You must: pay all sums that you owe to us under the FA and all other agreements with us; cease owning and operating the Franchised Business; cease representing yourself as a franchisee of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the operations Manual, the Business Management System, the Business Management System Data, and the System Supplies; return the operations Manual and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location and/or facility associated with the Franchised Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with the Franchised Business; and abide by the post-termination non-competition covenants and restrictions.
j. Assignment of the contract by franchisor	14.A	No restriction on our right to assign.
k. "Transfer" by franchisee–defined	14.B	A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.
l. Franchisor approval of transfer by franchisee	14.B	Transfers require our prior written consent, which may be granted or withheld in our discretion.

Provision	Article in FA	Summary
m. Conditions for franchisor approval of transfer	14.C	For approval of your transfer, you must provide us with 30 days prior written notice of the proposed transfer; you and your Owners must not have defaulted in your obligations under the FA and all other agreements with us; you and your Owners must be in compliance with your obligations under the FA and all other agreements with us; the transferee must agree to be bound by all of the terms and provisions of the FA; the transferee's owners and their spouses must personally guarantee all of the terms and provisions of the FA; you and your Owners and their spouses must sign a general release in favor of us; the transfer must provide for the assignment and/or ownership of the approved location for the Franchised Business, and the transferees continued use and occupancy of such location throughout the term of the FA; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense must complete our training programs; we waive our right of first refusal; and we approve of the transfer and transferee in writing and subject to our discretion; and you pay the Transfer Fee (subject to applicable state laws).
n. Franchisor's right of first refusal to acquire franchisee's business	14.F	We have the right to match any offer to purchase your Spa Location Franchise or the Corporate Entity operating your Spa Location Franchise.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	14.D	If you are an individual, within 30 days of the death or permanent disability of Franchisee, your executor and/or legal representative must appoint an Operating Manager approved by us and within 60 days of such appointment the Operating Manager must complete, to our satisfaction, our initial training program. Within 12 months of the date of death or disability, the FA must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the FA. If the franchisee is a Corporate Entity, within 30 days of the death or permanent disability of your Managing Owner, if there are other Owners, must appoint a replacement Operating Manager approved by us and within 60 days of such appointment the replacement Operating Manager must complete, to our satisfaction, our initial training program.
q. Non-competition covenants during the term of the franchise	6	No involvement in any competitive business and must comply with confidentiality, non-disclosure and non-solicitation covenants.
r. Non-competition covenants after the franchise is terminated or expires	6, 17.E	No involvement, ownership or interest whatsoever for 24 months in any competing business in: your Designated Territory; a 25-mile radius of your Designated Territory; a 10-mile radius of the Designated Territory of any other Spa Location Franchise; and you must comply with confidentiality, non-disclosure and non-solicitation covenants.

Provision	Article in FA	Summary
s. Modification of the agreement	18.L	Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion.
t. Integration/merger clause	18.M	Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	18.G	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Douglas County, Nebraska and, if mediation is unsuccessful, then to binding arbitration in Douglas County, Nebraska. This provision is subject to applicable state law.
v. Choice of forum	18.G	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Douglas County, Nebraska. Subject to applicable state law.
w. Choice of law	18.F	Nebraska law will govern. However, this provision is subject to state law and as otherwise disclosed in Exhibit I to this Disclosure Document.

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Item 17 Table B:

THE FRANCHISE RELATIONSHIP

For Multi-Unit Development Agreement

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.

Table Abbreviations: "FA" – Franchise Agreement; "DA" – Multi-Unit Development Agreement

Provision	Section in DA	Summary
a. Length of the franchise term	3	Varies depending on the number of Spa Location Franchises to be developed and the Development Area. The agreement commences on the effective date and the term automatically expires at the earlier of the opening of the final Spa Location Franchise required for development, or the last day of the calendar month in which the final Spa Location Franchise was required to be open under the DA.
b. Renewal or extension of the term	Not Applicable	There is no renewal of the DA.
c. Requirements for franchisee to renew or extend	Not Applicable	There is no renewal of the DA.
d. Termination by franchisee	Not Applicable	There is no option for your termination of the DA. Subject to state law.
e. Termination by franchisor without cause	Not Applicable	We can terminate without cause only if you and we mutually agree, in writing, to terminate.
f. Termination by franchisor with cause	3.2	We may terminate your DA with cause. Your DA can be terminated by us if: (a) you abandon your obligations under the DA; (b) if you for four consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Spa Location Franchises within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single Development Period including, but not limited to, your failure to establish, open and/or maintain the cumulative number of Spa Location Franchises in accordance with Development Schedule; and/or (e) in the event that any one FA is terminated respecting any Spa Location Franchise and/or FA between you and us.
g. "Cause" defined– curable defaults	Not Applicable	Not Applicable

Provision	Section in DA	Summary
h. "Cause" defined–non-curable defaults	3.2	Your DA can be terminated by us if: (a) you abandon your obligations under the DA; (b) if you for 4 consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Spa Location Franchises within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single Development Period including, but not limited to, your failure to establish, open and/or maintain the cumulative number of Spa Location Franchises in accordance with Development Schedule; and/or (e) in the event that any one FA is terminated respecting any Spa Location Franchise and/or any other FA with us. foreclose on a lien on equipment of the Franchised Business and such action is not dismissed after 60 days; and/or real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; and/or you abandon or fail to continuously own and operate the Franchised Business.
i. Franchisee's obligations on termination/non-renewal	Not Applicable	You lose all rights under the DA. There are no renewal rights respecting the DA.
j. Assignment of contract by franchisor	6	There are no restrictions on our right to assign.
k. "Transfer" by franchisee–defined	6	You have no right to transfer the DA.
l. Franchisor's approval of transfer by franchisee	6	You have no right to transfer the DA.
m. Conditions for franchisor approval of transfer	6	You have no right to transfer the DA.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable

Provision	Section in DA	Summary
q. Non-competition covenants during the term of the franchise	Not Applicable	Not applicable as to DA. However, each Spa Location Franchise developed pursuant to DA will be subject to non-competition covenants set forth in each respective FA.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not applicable as to DA. However, each Spa Location Franchise developed pursuant to DA will be subject to non-competition covenants set forth in each respective FA.
s. Modification of the agreement	5.4, 7.11	Only by written agreement between you and us or if governing law requires a modification. We can change the form of the FA for future Spa Location Franchises which will not alter your obligations under the DA.
t. Integration/merger clauses	7.12	Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	7.5, 7.6	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Douglas County, Nebraska and, if mediation is unsuccessful, then to binding arbitration in Douglas County, Nebraska. This provision is subject to applicable state law.
v. Choice of forum	7.5, 7.6	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Douglas County, Nebraska. Subject to applicable state law.
w. Choice of law	7.5, 7.6	Nebraska law will govern. However, this provision is subject to state law and as otherwise disclosed in Exhibit I to this Disclosure Document.

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ITEM 18: Public Figures

We do not currently use any public figure to promote our franchise. No public figure is currently involved.

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) 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.

Definitions

Average – means the sum of all data points in a set, divided by the number of data points in that set.

Calendar Year – means, as to each respective year, the 12-month period commencing on January 1 and ending on December 31.

Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate, or any person identified in Item 2.

Direct Cost of Goods Sold – means the cost of acquiring merchandise sold to customers. Also included in Direct Cost of Goods Sold is any amount of shrink arising from merchandise loss, expired product, damages, and adjustments to the carrying value of inventory resulting from physical inventory counts. Direct Cost of Goods Sold does not include Direct Labor Cost, managerial labor and expenses, administrative labor and expenses, Disclosed Expenses, operating expenses, or general expenses including, but not limited to, interest, taxes, depreciation, amortization, and Franchise Related Expenses.

Direct Gross Profit – means Gross Sales less Direct Cost of Goods Sold and Direct Labor Cost. Direct Gross Profit is not net profit or income and, except as to Direct Cost of Goods Sold and Direct Labor Cost, does not include the deduction of all other expenses incurred by a Live Hydration Spa including, but not limited to, managerial labor and expenses, administrative labor and expenses, Disclosed Expenses, operating expenses, or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.

Direct Labor Cost – means the direct non-owner labor expenses incurred in the operations of the Outlet and for employees that directly perform or provide services resulting in Gross Sales and includes wages and payroll taxes. Direct Labor Cost does not include compensation related to administrative labor or management of labor. For Franchise Outlets, Direct Labor Cost does not include labor expenses or compensation paid to the franchise owners that perform services on behalf of their Live Hydration Spa.

Disclosed Expenses – means the following select expenses: rent, utilities, insurance, freight expenses, dues and subscriptions, repairs and maintenance, processor fees, continuing education, bank service fees, small medical equipment, and bookkeeping services.

Franchise Outlet – refers to a Live Hydration Spa operated under a Franchise Agreement that is not a Company Owned Outlet.

Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements: Royalty Fees, Brand Development Fund Fees, Technology Fee, and Marketing Management Fees. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.

Gross Sales – means the total revenue derived by each outlet less sales tax, discounts, allowances, and returns.

Median – means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.

Membership Gross Sales – refers to Gross Sales generated as a result of membership fees paid by Spa customers.

New Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2024, as to the 2024 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet and not as an Operational Company Owned Outlet, see definition below. If this Company Owned Outlet remained in operation throughout the 2025 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2025 Calendar Year.

New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023 as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2023 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2023 Calendar Year.

Operational Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2025, as to the 2025 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet, see definition above, and not as an Operational Company Owned Outlet. If this Company Owned Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2024 Calendar Year.

Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2024, as to the 2024 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2025 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2025 Calendar Year.

Outlet – refers to either a Company Owned Outlet or Franchise Outlet, as the context requires.

Product Gross Sales – refers to Gross Sales generated from the sale of products related to Approved Spa Products and Services, excluding any membership subscription fees that are included as Membership Gross Sales and any Service Gross Sales.

Service Gross Sales – refers to Gross Sales generated from the provision of services related to Approved Spa Products and Services, excluding any membership subscription fees that are included as Membership Gross Sales and any Product Gross Sales.

Bases and Assumptions

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Operational Company Owned Outlets is based on information reported to us by our affiliate. Data for our Operational Franchise Outlets is based on information reported to us by our franchisees. The information in this analysis has not been audited, is based on historical financial data, and is not a forecast or projection of future financial performance.

Analysis of Results of Company Owned Outlets

During the 2025 Calendar Year we had a total of 2 Company Owned Outlets, and both Company Owned Outlets constitute Operational Company Owned Outlets. Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (1) managerial skill and efficiency experienced by our Company Owned Outlets as a result of our extensively experienced management team; (2) brand recognition within the local markets in which our Company Owned Outlets operate; and (3) no obligation to pay ongoing monthly fees that a franchisee will pay to us, such as Royalty Fees and Brand Development Fund Fees.

This table provides a summary of our Operational Company Owned Outlets:

Outlet Name	Outlet Description
Legacy	The Legacy Outlet has been in operation since September 2021, is located at 17010 Wright Plaza, Suite 145, Omaha, Nebraska 68130, and operates from a Spa Location that is approximately 2,000 square feet. The Legacy Outlet operates in a Designated Territory that includes approximately 200,000 residents, and the Legacy Outlet also provides out-of-territory services at Third Party Sites within 50 miles of its Spa Location. The Legacy Outlet has an owner that serves as the Medical Director for this location. You may incur additional costs if you hire a third-party Medical Director for your location. The Legacy Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet during the 2025 Calendar Year.
Tualatin	The Tualatin Outlet has been in operation since September 2022, is located at 8215 SW Sherwood Road, Tualatin, Oregon 97062, and operates from a Spa Location that is approximately 3,200 square feet. The Tualatin Outlet operates in a Designated Territory that includes approximately 200,000 residents, and the Tualatin Outlet also provides out-of-territory services at Third Party Sites within 50 miles of the Spa Location. The Tualatin Outlet has an owner that serves as the Medical Director for this location. You may incur additional costs if you hire a third-party Medical Director for your location.

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Below we report select financial performance data of our Operational Company Owned Outlets for the 2025 Calendar Year.

Item 19 Table No. 1:

COMPANY OWNED OUTLET: LEGACY OUTLET (OMAHA, NEBRASKA)

FOR 2025 CALENDAR YEAR

	2025 Total	**%[1]**	**2026 Projected[6]**	
Gross Sales	**$1,039,021**	**100.0%**	**$1,039,021**	**100.0%**
Less:				
Direct Cost of Goods Sold	($230,367)	22.2%	($230,367)	22.2%
Direct Labor Cost	($231,583)	22.3%	($231,583)	22.3%
Direct Gross Profit	**$577,071**	**55.5%**	**$577,071**	**55.5%**
Less: Disclosed Expenses				
Rent	($49,876)	4.8%	($49,876)	4.8%
Utilities	($1,050)	0.1%	($1,050)	0.1%
Insurance	($8,117)	0.8%	($8,117)	0.8%
Freight Expense	($0)	0.0%	($0)	0.0%
Dues and Subscriptions	($13,500)	1.3%	($13,500)	1.3%
Repairs and Maintenance	($2,669)	0.3%	($2,669)	0.3%
Processor Fees	($33,455)	3.2%	($33,455)	3.2%
Continuing Education	$0	0.0%	$0	0.0%
Bank Service Fees	($832)	0.1%	($832)	0.1%
Small Medical Equipment	$0	0.0%	$0	0.0%
Bookkeeping Services	($23,054)	2.2%	($23,054)	2.2%
Direct Gross Profit Less Disclosed Expenses	**$444,518**	**42.8%**	**$444,518**	**42.8%**
Less: Adjustments for Franchise Related Expenses				
Royalty Fee[2]	($77,927)	7.5%	($77,927)	7.5%
Brand Development Fund Fee[3]	($10,390)	1.0%	($20,780)	2.0%
Marketing Management[4]	($12,960)	1.2%	N/A	
Franchise Related Marketing/Tech Fees[5]	N/A		($10,209)	1.0%
Direct Gross Profit Less Disclosed Expenses and Francise Related Expenses	**$343,241**	**33.0%**	**$335,602**	**32.3%**

Notes to Table:

1 "%" represents the percentage of total Gross Sales.

2 The Royalty Fee is equal to 7.5% of Gross Sales.

3 The Brand Development Fund Fee was 1% of Gross Sales in 2025 and increases to 2% in 2026.

4 The Marketing Management Fee was equal to $1,080 per month in 2025 and does not apply to 2026.

5 The current Franchise Related Marketing/Technology Fee is equal to $850.75 per month.

6 2026 amounts are shown as the same as 2025 for illustrative purposes.

Item 19 Table No. 2:

COMPANY OWNED OUTLET: TUALATIN OUTLET (TUALATIN, OREGON)

FOR 2025 CALENDAR YEAR

	Total	**%[1]**	**2026 Projected[6]**	
Gross Sales	**$204,822**	**100.0%**	**$204,822**	**100.0%**
Less:				
Direct Cost of Goods Sold	($69,351)	33.9%	($69,351)	33.9%
Direct Labor Cost	($40,213)	19.6%	($40,213)	19.6%
Direct Gross Profit	**$95,259**	**46.5%**	**$95,259**	**46.5%**
Less: Disclosed Expenses				
Rent	($56,589)	27.6%	($56,589)	27.6%
Utilities	($5,368)	2.6%	($5,368)	2.6%
Insurance	($5,541)	2.6%	($5,541)	2.6%
Freight Expense	($417)	0.2%	($417)	0.2%
Dues and Subscriptions	($4,181)	2.0%	($4,181)	2.0%
Repairs and Maintenance	($820)	0.4%	($820)	0.4%
Processor Fees	($4,381)	2.1%	($4,381)	2.1%
Continuing Education	($39)	0.0%	($39)	0.0%
Bank Service Fees	($254)	0.1%	($254)	0.1%
Bookkeeping Services	($0)	0.0%	($0)	0.0%
Direct Gross Profit Less Disclosed Expenses	**($17,969)**	**8.77%**	**($17,969)**	**8.77%**
Less: Adjustments for Franchise Related Expenses				
Royalty Fee[2]	($15,362)	7.5%	($15,362)	7.5%
Brand Development Fund Fee[3]	($2,048)	1.0%	($2,048)	1.0%
Marketing Management[4]	($12,960)	6.3%	N/A	6.3%
Franchise Related Marketing/Tech Fees[5]	N/A		($10,209)	5.0%
Direct Gross Profit Less Disclosed Expenses and Francise Related Expenses	**($12,401)**	**(6.0%)**	**($9,650)**	**(4.7%)**

Notes to Table:

1 "%" represents the percentage of total Gross Sales.

2 The Royalty Fee is equal to 7.5% of Gross Sales.

3 The Brand Development Fund Fee was 1% of Gross Sales in 2025 and increases to 2% in 2026.

4 The Marketing Management Fee was equal to $1,080 per month in 2025 and does not apply to 2026.

5 The current Franchise Related Marketing/Technology Fee is equal to $850.75 per month.

6 2026 amounts are shown as the same as 2025 for illustrative purposes

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Analysis of Results of Operational Franchise Outlets

During the 2025 Calendar Year we had a total of 24 Franchise Outlets operating during the full year, of which 22 are Operational Franchise Outlets. During the 2025 Calendar Year 2 Operational Franchise Outlets closed. Descriptions of these closed locations are provided below. The table below provides a summary of our operational Franchise Outlets.

This table provides a summary of our Operational Franchise Outlets:

Outlet Name	Outlet Descriptions
Rockbrook	The Rockbrook Outlet has been in operation since July 2021, is located at 10811 Elm Street, Omaha, Nebraska 68144, and operates from a Spa Location that is approximately 2,500 square feet. The Rockbrook Outlet operates in a market in Omaha, Nebraska where the Live Hydration Spa brand maintains significant awareness among consumers and a significant market presence. The Rockbrook Outlet has a nonmedical owner.
Lenox	The Lenox Outlet has been in operation since August 2021, is located at 7121 Pioneers Boulevard, Suite 120, Lincoln, Nebraska 68516, and operates from a Spa Location that is approximately 2,000 square feet. The Lenox Outlet has semi-absentee owners.
Hastings	The Hastings Outlet has been in operation since April 2022, is located at 211 S Burlington Avenue, Hastings, Nebraska 68901, and operates from a Spa Location that is approximately 900 square feet. The Hastings Outlet has an owner operator that is a Registered Nurse.
Old Market	The Old Market Outlet has been in operation since May 2022, is located at 1001 Farnam Street, Suite 1E, Omaha, Nebraska 68102, and operates from a Spa Location that is approximately 800 square feet. The Old Market Outlet operates in a market in Omaha, Nebraska where the Live Hydration Spa brand maintains significant awareness among consumers and a significant market presence. The Old Market Outlet has an owner that serves as the Medical Director for this location and an owner operator that is a registered nurse.
Kirby	The Kirby Outlet has been in operation since July 2022, is located at 2800 Kirby Drive, Suite A-110, Houston, Texas 77098, and operates from a Spa Location that is approximately 1,800 square feet. The Kirby Outlet has a non-medical owner.
Sioux Falls	The Sioux Falls Outlet has been in operation since July 2022, is located at 15011 South Louise Avenue, Sioux Falls, South Dakota 57108, and operates from a Spa Location that is approximately 1,930 square feet. The Sioux Falls Outlet has an owner that serves as the Medical Director for this location and an owner operator that is a registered nurse.
Lakeland	The Lakeland Outlet has been in operation since August 2022, is located at 4664 E County Road, 540A, Lakeland, Florida 33813, and operates from a Spa Location that is approximately 1,200 square feet. The Lakeland Outlet has an owner operator that is a registered nurse.
1488	The 1488 Outlet has been in operation since October 2022, is located at 6402 FM 1488 Road, Magnolia, Texas 77354, and operates from a Spa Location that is approximately 1,400 square feet. The 1488 Outlet has two owners. One of which, the absentee owner, is a nurse and the other owner is a nonmedical owner operator.
Vintage Park	The Vintage Park Outlet has been in operation since November 2022, is located at 130 Vintage Park Boulevard, Suite D, Houston, Texas 77070, and operates from a Spa Location that is approximately 1,400 square feet. The Vintage Park Outlet has an absentee owner that is a nurse.

Outlet Name	Outlet Descriptions
Frisco	The Frisco Outlet has been in operation since December 2022, is located at 4851 Legacy Drive, Suite 606, Frisco, Texas 75034, and operates from a Spa Location that is approximately 2,015 square feet. The Frisco Outlet has an owner operator that is a nurse.
Fort Mill	The Fort Mills Outlet has been in operation since June 2023, is located at 5525 Arden Mill Drive, Suite 104, Fort Mill, South Carolina, 29715 and operates from a Spa Location that is approximately 3,300 square feet. The Fort Mill Outlet has an owner operator that is an advanced practice registered nurse.
Sunset Hills	The Sunset Hills Outlet has been in operation since March 2023, is located 3828 S Lindbergh Blvd Suite 115, Sunset Hills Missouri, 63127 and operates from a Spa Location that is approximately 2,288square feet. The Sunset Hills Outlet has a nonmedical semi-absentee owner.
San Antonio	The San Antonio Outlet has been in operation since April 2023, is located at 17803 La Cantera Terrace Suite 8119, San Antonio, Texas, 78256, and operates from a Spa Location that is approximately 1,200 square feet. The San Antonio Outlet has 2 semi absentee nonmedical owners.
Lebanon	The Lebanon Outlet has been in operation since December 2023, is located at 1501 West Main Street, Lebanon, TN, 37087, and operates from a Spa Location that is approximately 2,100 square feet. The Lebanon Outlet has an owner operator that is a registered nurse.
Elmhurst	The Elmhurst Outlet has been in operation since February 2023, is located at 484 Spring Rd, Elmhurst, Illinois, 60126, and operates from a Spa Location that is approximately 1,700 square feet. The Elmhurst Outlet has an owner operator that is a registered nurse.
Mesa	The Mesa Outlet has been in operation since February 2023, is located at 4459 S Power Rd, B-105, Mesa, AZ 85212 and operates from a Spa Location that is approximately 995 square feet. The Mesa Outlet has an owner operator that is a nurse.
Chandler	The Chandler Outlet has been in operation since January 2024, is located at 4030 W Ray Rd, STE 2, Chandler, AZ 85226 and operates from a Spa Location that is approximately 1,280 square feet. The Chandler Outlet has a nonmedical owner.
Greensboro	The Greensboro Outlet has been in operation since December 2023, is located 3709-G Battleground Ave, Greensboro, North Carolina, 27410 and operates from a Spa Location that is approximately 1,200 square feet. The Greensboro Outlet has a nonmedical owner.
Long Island City	The Long Island City Outlet has been in operation since April 2024, is located at 4605 Vernon Blvd., Long Island City, NY 11101 and operates from a Spa Location that is approximately 1200 square feet. The LIC Outlet has a nonmedical semi-absentee owner.
Eldersburg	The Eldersburg Outlet has been in operation since September 2024, is located at, 1532 Liberty Road, STE 104, Eldersburg, Maryland, 21784 and operates from a Spa Location that is approximately 1500 square feet. The Eldersburg Outlet has an owner operator that is a registered nurse.
Closed Outlets	**Closed Outlet Descriptions**
Wesley Chapel Horsham	Closure of Franchise Spa Locations in 2025 resulted primarily from location-specific business management decisions. All of the Franchise Spa Locations that closed were operated by absentee owners and emphasized ancillary products and services that were related, but not core to the Franchised Business (e.g., weight-loss management) that we offer. The focus on non-core products and services created challenges for these franchisees' ability to support

Outlet Name	Outlet Descriptions
	their ongoing operations, marketing, and staffing related to the Franchised Business. Dilution of a franchisee's focus on the core-service offerings of the Franchised Business challenge a franchisee's ability to build and sustain the primary revenue streams associated with the Franchised Business model that we describe in this Disclosure Document. In our experience, the Franchised Business performs best when franchisees prioritize and execute the established core service offerings according to our model.

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Below we report select financial performance data of our Operational Franchise Outlets for the 2025 Calendar Year.

Item 19 Table No. 3:

OPERATIONAL FRANCHISE OUTLETS GROSS SALES

FOR 2025 CALENDAR YEAR

Operational Franchise Outlet	Gross Sales
Rockbrook	$710,127
Lenox	$1,102,370
Hastings	$281,118
Old Market	$533,184
Kirby	$718,023
Sioux Falls	$216,573
Lakeland	$398,784
1488	$451,591
Vintage Park	$443,156
Frisco	$536,990
Fort Mill	$1,092,424
Sunset Hills	$588,092
San Antonio	$131,009
Lebanon	$430,051
Elmhurst	$426,263
Mesa	$91,286
Chandler	$211,701
Greensboro	$163,120
Long Island City	$314,939
Eldersburg	$303,188
Closed Operational Franchise Outlet[1]	
Wesley Chapel	$93,964
Horsham	$153,253

Notes to Table:
1: Gross Sales for closed Franchise Spa Locations are reported through their close date.
2: 20 Locations listed above do not include the 2 Corporate locations.

Item 19 Table No. 4:

OPERATIONAL FRANCHISE OUTLETS AVERAGE, MEDIAN, HIGH, AND LOW GROSS SALES

FOR 2025 CALENDAR YEAR[1]

Average[2]	Number of Outlets Above Average	Percentage of Outlets Above Average	Median[2]	Low	High
$471,156	7	32%	$428,157	$91,286	$1,102,370

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Item 19 Table No. 5:

OPERATIONAL FRANCHISE OUTLETS SUMMARY GROSS SALES BY CATEGORY

FOR 2025 CALENDAR YEAR

Outlet	Membership Gross Sales	Membership Gross Sales Percentage[1]	Service Gross Sales	Service Gross Sales Percentage[1]	Product Gross Sales	Product Gross Sales Percentage[1]	Total Gross Sales
Rockbrook	$154,220	21.7%	$555,907	78.3%	$0	0.0%	$710,127
Lenox	$339,612	30.8%	$759,963	68.9%	$2,795	0.6%	$1,102,370
Hastings	$101,460	36.1%	$179,187	63.7%	$470	0.1%	$281,118
Old Market	$114,435	21.5%	$414,573	77.8%	$4,176	0.9%	$533,184
Kirby	$127,046	17.7%	$588,531	82.0%	$2,446	0.5%	$718,023
Sioux Falls	$44,615	20.6%	$170,985	79.0%	$973	0.2%	$216,573
Lakeland	$137,695	34.5%	$261,089	65.5%	$0	0.0%	$398,784
1488	$111,580	24.7%	$339,854	75.3%	$157	0.0%	$451,591
Vintage Park	$127,481	28.8%	$315,471	71.2%	$203	0.0%	$443,156
Frisco	$141,114	26.3%	$386,332	71.9%	$9544	2.1%	$536,990
Fort Mill	$142,019	13.0%	$927,590	84.9%	$22,806	5.1%	$1,092,424
Sunset Hills	$126,195	21.5%	$454,116	77.2%	$7,781	1.7%	$588,092
San Antonio	$28,560	21.8%	$97,001	74.0%	$5,448	1.2%	$131,009
Lebanon	$110,470	25.7%	$317,186	73.8%	$2,395	0.5%	$430,051
Elmhurst	$137,976	32.4%	$287,733	67.5%	$554	0.1%	$426,263
Mesa	$16,508	18.1%	$74,779	81.9%	$0	0.0%	$91,286
Chandler	$78,871	37.3%	$132,476	62.6%	$354	0.1%	$211,701
Greensboro	$19,535	12.0%	$143,585	88.0%	$0	0.0%	$163,120
Long Island City	$100,455	31.9%	$208,877	66.3%	$5,607	1.2%	$314,939
Eldersburg	$69,265	22.9%	$233,498	77.0%	$425	0.1%	$303,188

Note to Table:

[1] "%" represents the percentage of total Gross Sales.

***Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much. If you rely on these figures, you must accept the risk that you may not do as well.**

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. Other than the preceding financial performance representations, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Casey Kuhl, Live Hydration Spa Franchise LLC at 17010 Wright Plaza, Suite 145, Omaha, Nebraska 68130 and (712) 253-7278, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20: Outlets and Franchisee Information

Item 20 provides statistical information related to the number of franchised outlets and company-owned outlets for the proceeding 3-year period.

Item 20 Table No. 1:

SYSTEMWIDE OUTLET SUMMARY

FOR YEARS 2023 TO 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	14	25	+11
	2024	25	31	+6
	2025	31	28	-3
Company Owned	2023	2	2	0
	2024	2	2	0
	2025	2	2	0
Total Outlets	**2023**	**16**	**27**	**+11**
	2024	**27**	**33**	**+11**
	2025	**33**	**30**	**-3**

Item 20 Table No. 2:

TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)

FOR YEARS 2023 TO 2025

State	Year	Number of Transfers
South Dakota	2023	0
	2024	0
	2025	1
Florida	2023	0
	2024	0
	2025	1
Total	**2023**	**0**
	2024	**0**
	2025	**2**

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Item 20 Table No. 3:

STATUS OF FRANCHISED OUTLETS

FOR YEARS 2023 TO 2025

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2023	0	2	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	1	2
Florida	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	1	2
Illinois	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Iowa	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	2	1
Minnesota	2023	0	1	0	0	0	0	1
	2024	1	0	1	0	0	0	0
	2025	0	0	0	0	0	0	0
Missouri	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Montana	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	1	0
Nebraska	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	1	1	0	0	0	5
Pennsylvania	2023	2	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	1	0
South Dakota	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
South Carolina	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
California	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	1	0
	2025	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Tennessee	2023	0	2	0	0	0	0	2
	2024	2	0	1	0	0	0	1
	2025	1	0	0	0	0	0	1
Texas	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	1	4
	2025	4	0	0	0	0	0	4
Wisconsin	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	1	0
Maryland	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
North Carolina	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Totals	**2023**	**16**	**13**	**0**	**0**	**0**	**0**	**27**
	2024	**26**	**5**	**2**	**0**	**0**	**2**	**27**
	2025	**28**	**1**	**1**	**0**	**0**	**6**	**22**

Item 20 Table No. 4:

STATUS OF COMPANY-OWNED OUTLETS

FOR YEARS 2021 TO 2025

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Nebraska	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Oregon	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Total	**2023**	2	0	0	0	0	0	**2**
	2024	2	0	0	0	0	0	**2**
	2025	2	0	0	0	0	0	**2**

Item 20 Table No. 5:

PROJECTED OPENINGS AS OF DECEMBER 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
North Carolina	1	1	0
DC	1	1	0
California	1	1	0
Virginia	1	1	0
New York	1	1	0
South Carolina	1	1	0
Missouri	1	1	0
Totals	**7**	**7**	**0**

Explanatory Notes to Item 20 Tables:

During the last 3 fiscal years, some current or former franchisees have signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our franchise system. We know of no franchisee organizations that are associated with our System and that utilize our Licensed Marks or the Live Hydration Spa trade name as part of the franchisee organizations name.

Exhibit G to this Disclosure Document contains a list of our then current franchisees as of the end of the Issuance Date of this Disclosure Document.

Exhibit H to this Disclosure Document contains a list of franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

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

During the last fiscal year, the following franchisees left the Live Hydration Spa Franchise System.

Former Franchisee Contact Information			
Name	City	State	Current Business / Last Known Home Phone
Daniel & Christine Ferrer	Des Moines	IA	Optimize Wellness & Aesthetics / 515-306-6212
Ric & Jen Kenworthy	Scottsdale	AZ	Aesthetic Revival / 402-708-5253
Brady & Morgan	Whitefish Bay	WI	MDRN Wellness Medical Spa / 262-957-6003
Katie Pipek	Kalispell	MT	Aurora Wellness / 406-309-2315
Michael Brand	Horsham	PA	Unknown / 267-606-5346
Holly Worsham	Omaha	NE	Unknown / 402-212-5543

In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with Live Hydration Spas. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

We have not created, nor do we sponsor or endorse any trademark-specific (i.e., Live Hydration Spa-specific) franchisee associations.

ITEM 21: Financial Statements

Attached as Exhibit D are our audited financial statements for 2023, 2024, and 2025. We were established on November 20, 2020, and began franchising in February 2021, and our fiscal year ends on December 31.

ITEM 22: Contracts

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

Exhibits to this Disclosure Document

Exhibit E Franchise Agreement
Exhibit F Multi-Unit Development Agreement
Exhibit I State Specific Addenda

Schedules and Exhibits to the Franchise Agreement

Schedule 1 Location and Designated Territory Acknowledgement
Schedule 2 Statement of Franchisee's Owners
Exhibit 1 Franchise Owner and Spouse Agreement and Guaranty
Exhibit 2 Confidentiality Agreement
Exhibit 3 Site Selection Acknowledgment
Exhibit 4 Lease Agreement Rider
Exhibit 5 Collateral Assignment of Lease
Exhibit 6 Assignment of Telephone Numbers and Digital Media Accounts
Exhibit 7 General Release
Exhibit 8 ACH Authorization Form
Exhibit 9 Sample Form Management Agreement

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Schedules and Exhibits to the Multi-Unit Development Agreement
Schedule A Development Information Sheet

Individual state law may supersede the provisions contained in your Franchise Agreement and, if applicable, your Multi-Unit Development Agreement respecting the requirement that you execute a general release as a condition to assignment, sale or transfer. See, the state specific addendums contained in Exhibit I of this Disclosure Document.

ITEM 23: Receipts

Two copies of a detachable receipt in Exhibit K are located at the very end of this Disclosure Document.

Please sign one copy of the receipt and return it to us at the following address Casey Kuhl, 17010 Wright Plaza, Suite 145, Omaha, Nebraska 68130. The duplicate copy is for your records.

You agree this Disclosure Document, and any agreements, documents or instruments signed in connection with it, may be signed electronically. Electronically signed receipts constitute originals, are valid and effective, and electronic and other copies of these signed receipts create enforceable obligations.

[THIS DISCLOSURE DOCUMENT ENDS HERE]

California
Department of Financial Protection and Innovation
320 West 4th Street Suite 750
Los Angeles, CA 90013

651 Bannon Street, Suite 300
Sacramento, CA 95811
866-275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii
Commissioner of Securities
Dept of Commerce & Consumer Affairs
Business Registration Division
335 Merchant St, Room 203
Honolulu, HI 96813

Illinois
Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

Indiana
Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street Room E-111
Indianapolis, IN 46204

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

Maine
Department of Professional and Financial Regulations
Bureau of Banking Securities Division
121 Statehouse Station
Augusta, ME 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
PO Box 30213
Lansing, MI 48909

Minnesota
Minnesota Department of Commerce
Securities Division
85 7th Place East, Suite 280
St. Paul, MN 55101

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, NE 68509

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

North Carolina
Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

North Dakota
Securities Department
600 East Boulevard Avenue, State Capitol
Fourteenth Floor – Dept 414
Bismarck, ND 58505-0510
Phone 701-328-4712

List of State Administrators (continued)

Rhode Island
Department of Business Registration
Division of Securities
233 Richmond Street Suite 232
Providence, RI 02903

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota
Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
PO Box 146704
Salt Lake City, UT 84114

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington
Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507
360-902-8700

Wisconsin
Franchise Office
Wisconsin Securities Commission
PO Box 1768
Madison, WI 53701

List of State Administrators (continued)

Rhode Island
Department of Business Registration
Division of Securities
233 Richmond Street Suite 232
Providence, RI 02903

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota
Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

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Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
PO Box 146704
Salt Lake City, UT 84114

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington
Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507
360-902-8700

Wisconsin
Franchise Office
Wisconsin Securities Commission
PO Box 1768
Madison, WI 53701

LIVE Hydration Spa Franchise LLC
17010 Wright Plaza, Suite 145
Omaha, NE 68130
Attn: Casey Kuhl

Smith Pauley LLP
RE: Live Hydration Spa
Attn: Dan Pauley
3555 Farnam St, Suite 1000
Omaha, NE 68131

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

651 Bannon Street, Suite 300
Sacramento, CA 95811
866-275-2677

Connecticut
Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii
Commissioner of Securities
Dept of Commerce & Consumer Affairs
Business Registration Division
335 Merchant St, Room 203
Honolulu, HI 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

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

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

Minnesota
Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

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

North Dakota
North Dakota Securities Department
Securities Commissioner
600 East Boulevard Avenue, State Capitol
Fifth Floor, Dept 414
Bismarck, ND 58505
Phone 701-328-4712

Rhode Island
Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota
Director, Division of Securities
Department of Commerce and Regulation
445 East Capitol Avenue
Pierre, SD 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington
Securities Administrator
Washington Department of Financial Institutions
150 Israel Road SW
Tumwater, WA 98501

Wisconsin
Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703

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Live Hydration SPA Franchise, LLC

Independent Auditor's Report
And
Financial Statements
December 31, 2025 and2024

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Metwally CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT

2901 Corporate Cir, Flower Mound, Texas 75028

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the Members of
Live Hydration SPA Franchise, LLC

Opinion

We have audited the accompanying financial statements of Live Hydration SPA Franchise, LLC (the Company), which comprise the balance sheets as of December 31, 2025 and 2024 and the related statements of operations, members' equity (deficit), and cash flows for the years 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 the Company as of December 31, 2025 and 2024 and the results of its operations and its cash flows for the years 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.

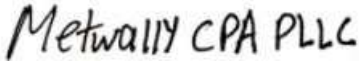
Auditor's Responsibilities for the Audit of the Financial Statements

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 are considered material if there is a substantial likelihood that, individually or in 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.



Metwally CPA PLLC
Flower Mound, Texas
March 10, 2026

Live Hydration SPA Franchise, LLC

Balance Sheets
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 87,152	$ 112,002
Accounts receivable	22,042	182,274
Deferred commission, current portion	98,415	96,215
Due from related parties	26,619	20,795
Other assets	26,368	10,443
Total Current Assets	**260,596**	**421,729**
Non-Current Assets		
Property and equipment, net	122	2,688
Deferred commission, net of current portion	535,318	600,375
Operating lease right-of-use assets	-	16,884
Total Non-Current Assets	**535,440**	**619,947**
Total Assets	**$ 796,036**	**$ 1,041,676**
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable and accrued liabilities	$ 303,101	$ 101,776
Deferred revenue, current portion	258,530	273,330
Operating lease liabilities, current portion	-	18,180
Due to related parties	69,805	53,055
Debt	6,477	-
Total Current Liabilities	**637,914**	**446,341**
Long Term-Liabilities		
Deferred revenue, net of current portion	1,389,977	1,694,087
Total Long-Term Liabilities	**1,389,977**	**1,694,087**
Total Liabilities	**2,027,891**	**2,140,428**
Members' Equity (Deficit)		
Members' equity (deficit)	(1,231,854)	(1,098,752)
Total Members' Equity (Deficit)	**(1,231,854)**	**(1,098,752)**
Total Liabilities and Members' Equity (Deficit)	**$ 796,036**	**$ 1,041,676**

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

Live Hydration SPA Franchise, LLC

Statements of Operations
Years Ended December 31, 2025 and 2024

	2025	2024
Revenues		
Royalties	$ 985,713	$ 877,903
Other income related to franchise	767,837	114,300
Initial franchise fees	362,359	244,068
Technology fees	239,300	248,405
Marketing and development fees	164,095	59,100
Total Revenues	**2,519,304**	**1,543,776**
Operating Expenses		
General and administrative	597,105	472,831
Wages and salaries	519,626	377,519
Marketing and advertising	735,500	233,985
Technology fees	284,289	208,920
Legal and professional	349,162	129,601
Commission expense	124,858	84,515
Depreciation expense	2,566	7,252
Total Operating Expenses	**2,613,105**	**1,514,623**
Operating Income / (Loss)	**(93,801)**	**29,153**
Other Income/(Expense)		
Interest expense	(1,270)	-
Total Other Income/(Expense)	**(1,270)**	**-**
Net Income / (Loss)	**$ (95,071)**	**$ 29,153**

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

Live Hydration SPA Franchise, LLC

Statements of Members' Equity (Deficit)

Years Ended December 31, 2025 and 2024

Members' Equity (Deficit) At December 31, 2023	**$ (987,841)**
Net income (loss)	29,153
Members' contributions	6,612
Members' distributions	(146,675)
Members' Equity (Deficit) At December 31, 2024	**$ (1,098,752)**
Net income (loss)	(95,071)
Members' contributions	4,000
Members' distributions	(42,031)
Members' Equity (Deficit) At December 31, 2025	**$ (1,231,854)**

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

Live Hydration SPA Franchise, LLC

Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Net (loss) / income	$ (95,071)	$ 29,153
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,566	7,252
Amortization of operating lease ROU assets	16,885	42,254
Change in assets and liabilities		
Accounts receivable	160,232	111,307
Deferred commission	62,857	(97,485)
Due from related parties	(5,824)	(11,677)
Other assets	(9,448)	(10,443)
Accounts payable and accrued liabilities	201,325	22,519
Due to related parties	16,750	(190)
Deferred revenue	(318,910)	147,432
Operating lease liabilities	(18,181)	(44,381)
Net Cash Provided By (Used In) Operating Activities	**13,181**	**195,741**
Cash Flows From Investing Activities		
Net Cash Flows Provided By (Used In) Investing Activities	**-**	**-**
Cash Flows From Financing Activities		
Members' contributions	4,000	6,612
Members' distributions	(42,031)	(146,675)
Net Cash Flows Provided By (Used In) Financing Activities	**(38,031)**	**(140,063)**
Net Change In Cash And Cash Equivalents During The Year	**(24,850)**	**55,677**
Cash and cash equivalents - beginning of the year	112,002	56,325
Cash And Cash Equivalents - End of The Year	**$ 87,152**	**$ 112,002**
Supplemental Disclosures of Cash Flow Information		
Interest paid	$ 1,270	-
Supplemental Disclosures of noncash transactions Financing and Investing Activities		
Prepaid insurance premium paid by financing	$ 6,477	-

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

Live Hydration SPA Franchise, LLC
Notes To Financial Statements
December 31, 2025 and 2024

1. COMPANY AND NATURE OF OPERATIONS

Live Hydration SPA Franchise, LLC (the Company) is a Limited Liability Company formed in the state of Nebraska on November 20, 2020. The Company offers qualified individuals the right to operate a business that either: (1) offers and provides all-natural intravenous nutrient therapy, oxidative therapy, probiotic drinks, nutrient supplements, and related products and services to customers from a Hydration Center Location Franchise facility under the Hydrate2O brand, or; (2) offers and sells management, marketing, and facility-based services to medical practices and licensed professionals offering and providing all-natural intravenous nutrient therapy, oxidative therapy, probiotic drinks, nutrient supplements, and related products and services under the Hydrate2O brand. The Company offers individual unit Hydration Center Location Franchises and area development franchises for the development of multiple Hydration Center Location Franchises. The Hydration Center Location Franchise may be established as either a full-service "brick and mortar" location or a Hydrate2O kiosk operating within another business establishment.

On March 03, 2023, C&F Holding Company, LLC (a Nebraska Limited Liability Company) acquired all of Company's outstanding shares. The Company is wholly owned by C & F Holding Company, LLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

C. Accounts Receivable

Accounts Receivable arise primarily from other franchise-related fees and royalties and are carried at their estimated collectible amounts, net of any estimated allowances for credit losses. The measurement and recognition of credit losses involve the use of judgement. The management's assessment of expected credit losses includes consideration of current and expected economic conditions, market and industry factors affecting the Company's customers (including their financial condition), the aging of account balances, historical credit loss experience, customer concentration, and customer creditworthiness. Management evaluates its experience with historical losses and then applies this historical loss ratio to financial assets with similar characteristics. The Company's historical loss ratio or its determination of risk pools may be adjusted for changes in customer, economy, market or other circumstances. The company may also establish an allowance for credit losses for specific receivables when it is probable that the receivable will not be collected, and the loss can be reasonably estimated. Amounts are written off against the allowance when they are considered to be uncollectible, and reversal of previously reserved amounts are recognized if a specifically reserved item is settled for an amount exceeding the previous estimate.

As of December 31, 2025 and 2024, the allowance for credit losses is considered immaterial and accordingly, no allowance for credit losses has been recorded.

D. Federal Income Taxes

As a limited liability Company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statements.

E. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

F. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily using straight-line method over estimated useful lives of the assets, which range from 3 to 7 years.

G. Lease

Effective January 1, 2022, the Company adopted, with modified retrospective application, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)" (ASC 842). The amended guidance requires lessees, at the commencement date, to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and to record a right-of-use ("ROU") asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. In July 2018, the FASB issued ASU 2018-11, Leases, Targeted Improvements, which gave companies the option of applying the new standard at the adoption date, rather than retrospectively to the earliest period presented in the financial statements. The Company elected the package of practical expedients permitted under the new standard, which among other things, allowed the Company to carry forward the historical lease classification. The Company also elected the practical expedient to not recognize a lease liability and ROU asset for short-term leases less than 12 months. The Company chose the option to apply the new standard at the adoption date, and therefore we are not required to restate the financial statements for prior periods, nor are the Company required to provide the disclosures required by the new standard for prior periods. Upon adoption, the Company recognized an approximate $143,729 ROU asset, and an approximate $143,729 lease liability. Our adoption of the new standard did not impact on our cash flows or have a material impact on our results of operations. We have expanded our financial statement disclosures to comply with the requirements of the new standard.

H. Reclassifications

Certain reclassifications have been made to 2024 financial statements to conform to the 2025 presentation. There were no changes to previously reported members' equity or net income as a result of the reclassifications.

I. Advertising Expenses

Advertising and brand development costs are charged to operations in the year incurred.

J. Concentration Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

K. Revenue Recognition

The Company follows ASC 606, Revenue from Contract with Customers, ("ASC 606") for revenue recognition. The core principle of ASC 606 is built on the contract between a vendor and a customer for the provision of goods and services and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Franchise Fees

Initial franchise fees consist of initial fees paid by franchisees at the start of the agreement, area development fees, and renewal fees. The fixed non-refundable fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and does not include a finance component. Initial franchise fees are made up of performance obligations for training, access to plans, access to vendors and Company specific pricing, area exclusivity, and the right to use the Company's intellectual property over the term of the agreement. In accordance with ASC 606, the initial franchise services or exclusivity of the development agreements, are not distinct from the continuing rights or services offered during the term of the franchise agreement and are therefore treated as a single performance obligation. As such, initial franchise and development fees received, and subsequent renewal fees, are recognized over the term of the franchise agreement or renewal, which is typically 10 years. This performance obligation is satisfied over the renewal term, which is typically 10 years, while payment is fixed and due at the time the renewal is signed.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

Brand Development Fund and Technology Fees

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

Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

L. Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company beginning January 1, 2023. There was no impact on the Company's financial statements as a result of the implementation of this standard.

In February 2016, the FASB issued ASU 2016-02 Leases, which requires lessees to recognize on the balance sheet certain operating and financing lease liabilities and corresponding right-of-use assets that have lease terms of greater than 12 months. This topic retains the distinction between finance leases and operating leases. The ASU is effective on a modified retrospective approach for annual periods beginning after December 15, 2021, with early adoption permitted. Entities are permitted to adopt this guidance either prospectively or retrospectively. The Company implemented the new standard, see note 8.

3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2025 and 2024, the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents.

The Company has approximately $87,152 and $112,002 in cash at its operating bank account as of December 31, 2025 and 2024 respectively.

4. ACCOUNTS RECEIVABLE

At the years ended December 31, 2025 and 2024, Accounts Receivable consist of the following:

	2025	2024
Initial franchise fees receivable	$ -	$ 110,750
Royalty's receivable	14,100	45,754
Brand development fund receivable	4,030	13,077
Technology fee receivable	3,912	12,693
Total Accounts Receivable	**$ 22,042**	**$ 182,274**

5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2025 and 2024, consist of the following:

	2025	2024
Computers	$ 12,327	$ 12,327
Furniture and equipment	10,299	10,299
Total Cost	**22,626**	**22,626**
Accumulated depreciation	(22,504)	(19,938)
Property and equipment, net	**$ 122**	**$ 2,688**

Depreciation expense for the years ended December 31, 2025 and 2024 are $2,566 and $7,252, respectively.

6. DEBT

On October 29, 2025, the Company entered into a financing agreement related to an insurance policy in the total amount of $8,713, inclusive of principal and interest. The agreement bears interest at an annual rate of 19.95% and requires monthly installment payments of $871 over a 10-month term. As of December 31, 2025, the outstanding balance under the agreement was $6,477.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	2025	2024
Revenue recognized over time	$ 397,009	$ 244,068
Revenue recognized at a point in time	2,156,945	1,299,708
Total Revenue	**$ 2,553,954**	**$ 1,543,776**

Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

	2025	2024
Beginning balance	$ 696,590	$ 599,105
Additional deferred expenses	62,000	182,000
Expenses recognized – additional deferred expenses	(124,858)	(84,515)
Deferred expenses	**633,732**	**696,590**
Less: current maturities	(98,415)	(96,215)
Deferred expenses, net of current maturities	**$ 535,318**	**$ 600,375**

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2025 and 2024, respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	2025	2024
Beginning balance	$ 1,967,417	$ 1,819,985
Additional deferred revenue	137,500	391,500
Revenue recognized – additional deferred revenue	(362,359)	(244,068)
Deferred revenue	**1,742,557**	**1,967,417**
Less: current maturities	(258,530)	(273,330)
Less: terminated agreements	(94,050)	-
Deferred revenue, net of current maturities	**$ 1,389,977**	**$ 1,694,087**

8. RELATED PARTY TRANSACTIONS

The Company is under common ownership with other related parties. As of December 31, 2025 and 2024, the Company had $26,619 and $20,795 due from a related party respectively, for operating costs paid by the Company on behalf of the related party. The Company also had $69,805 and $53,055 respectively due to the related party for operating costs paid by the related party on behalf of the Company.

9. LEASES

The Company leases spaces in Omaha Nebraska. The lease terms for the space is from July 1, 2021 and ending on June 30 , 2024 for one space and is from June 1, 2022 and ending May 31, 2025 to other space.

Right-of-use lease assets and lease liabilities are recognized as of the commencement date based on the present value of the remaining lease payments over the lease term, that are reasonably certain to exercise. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

Operating lease expense included within cost of sales and selling, general and administrative expense was as follows:

	2025	2024
Operating lease expense under ASC 842, Leases		
General and administrative	$ 16,885	$ 42,254

Leases recorded on the balance sheets consist of the following:

(1) Discount rates used for existing operating leases upon adoption of Topic 842 were established based on the risk-free rates treasury note 5 years term as of January 1, 2022 as the lease didn't provide an implicit rate, the Company uses its risk-free rate.

	2025	2024
Assets		
Operating Lease right-of-use assets	$ -	$ 16,884
Liabilities		
Operating lease liabilities, current portion	-	18,180
Operating lease liabilities, net of current portion	-	-
	$ -	**$ 18,180**

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 19,088	$ 47,509
ROU assets obtained in exchange for lease liabilities in non-cash transactions:		
Operating lease assets obtained in exchange for operating lease liabilities	$ 16,885	$ 42,254
Remaining lease term	-	0.5 -1 Years
Discount rate (1)	5%	5%

10. ADVERTISING EXPENSES

Advertising and brand development costs for the years ended December 31, 2025 and 2024 were $735,500 and $233,985, respectively.

11. CONTINGENCIES

The Company is, from time to time, involved in ordinary and routine litigation. Management presently believes that there are no proceedings, individually or in the aggregate, which will have a material adverse effect on the Company's financial position, results of operations or cash flows. Nevertheless, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include money damages and, in such event, could result in a material adverse impact on the Company's financial position, results of operations or cash flows for the period in which the ruling occurs. There is no pending litigation, or known threat of litigation, as of the date on which these financial statements were available to be issued.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 10, 2026, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

Live Hydration SPA Franchise, LLC

Independent Auditor's Report
And
Financial Statements
December 31, 2024 and 2023

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Metwally CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the Members of
Live Hydration SPA Franchise, LLC

Opinion

We have audited the accompanying financial statements of Live Hydration SPA Franchise, LLC (the Company), which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of operations, members' equity (deficit), and cash flows for the years 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 Live Hydration SPA Franchise, LLC as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years 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 Live Hydration SPA Franchise, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

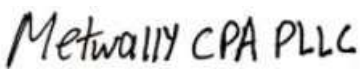
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 Live Hydration SPA Franchise, LLC ’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Live Hydration SPA Franchise, 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.



Metwally CPA PLLC
Bedford, Texas
April 16, 2025

Live Hydration SPA Franchise, LLC

Balance Sheets
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 112,002	$ 56,325
Accounts receivable	182,274	293,581
Deferred commission, current portion	96,215	78,015
Due from related parties	20,795	9,118
Prepaid expenses	10,443	-
Total Current Assets	**421,729**	**437,039**
Non-Current Assets		
Property and equipment, net	2,688	9,940
Deferred commission, net of current portion	600,375	521,090
Operating lease right-of-use assets	16,884	59,138
Total Non-Current Assets	**619,947**	**590,168**
Total Assets	**$ 1,041,676**	**$ 1,027,207**
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable and accrued liabilities	$ 101,776	$ 79,257
Deferred revenue, current portion	273,330	234,180
Operating lease liabilities, current portion	18,180	44,381
Due to related parties	53,055	53,245
Total Current Liabilities	**446,341**	**411,063**
Long Term-Liabilities		
Deferred revenue, net of current portion	1,694,087	1,585,805
Operating lease liabilities, net of current portion	-	18,180
Total Long-Term Liabilities	**1,694,087**	**1,603,985**
Total Liabilities	**2,140,428**	**2,015,048**
Members' Equity (Deficit)		
Members' equity (deficit)	(1,098,752)	(987,841)
Total Members' Equity (Deficit)	**(1,098,752)**	**(987,841)**
Total Liabilities and Members' Equity (Deficit)	**$ 1,041,676**	**$ 1,027,207**

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

Live Hydration SPA Franchise, LLC

Statements of Operations
Years Ended December 31, 2024 and 2023

	2024	2023
Revenues		
Royalties	$ 877,903	$ 534,833
Technology fees	248,405	152,864
Initial franchise fees	244,068	234,180
Other income	114,300	49,683
Marketing and development fees	59,100	148,370
Total Revenues	**1,543,776**	**1,119,930**
Operating Expenses		
General and administrative	469,703	216,510
Wages and salaries	377,519	291,970
Advertising and marketing	233,985	326,868
Technology fees	208,920	104,766
Legal and professional	129,601	99,889
Commission expense	84,515	78,015
Depreciation expense	7,252	6,599
Total Operating Expenses	**1,511,495**	**1,124,617**
Operating Income / (Loss)	**32,281**	**(4,687)**
Other Income/(Expense)		
Interest expense	(3,128)	(5,686)
Total Other Income/(Expense)	**(3,128)**	**(5,686)**
Net Income / (Loss)	**$ 29,153**	**$ (10,373)**

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

Live Hydration SPA Franchise, LLC

Statements of Members' Equity (Deficit)

Years Ended December 31, 2024 and 2023

Members' Equity (Deficit) At December 31, 2022	**$ (950,812)**
Net income (loss)	(10,373)
Members' contributions	52,478
Members' distributions	(79,134)
Members' Equity (Deficit) At December 31, 2023	**$ (987,841)**
Net income (loss)	29,153
Members' contributions	6,612
Members' distributions	(146,675)
Members' Equity (Deficit) At December 31, 2024	**$ (1,098,752)**

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

Live Hydration SPA Franchise, LLC

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Net (loss) / income	$ 29,153	$ (10,373)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,252	6,599
Change in assets and liabilities		
Accounts receivable	111,307	(200,443)
Deferred commission	(97,485)	8,015
Due from related parties	(11,677)	(9,118)
Prepaid expenses	(10,443)	6,722
Accounts payable and accrued liabilities	20,392	15,175
Due to related parties	(190)	53,245
Deferred revenue	147,432	161,820
Net Cash Provided By (Used In) Operating Activities	**195,741**	**31,642**
Cash Flows From Investing Activities		
Purchases of property and equipment	-	(4,852)
Net Cash Flows Provided By (Used In) Investing Activities	**-**	**(4,852)**
Cash Flows From Financing Activities		
Members' contributions	6,612	52,478
Members' distributions	(146,675)	(79,134)
Net Cash Flows Provided By (Used In) Financing Activities	**(140,064)**	**(26,656)**
Net Change In Cash And Cash Equivalents During The Year	**55,677**	**134**
Cash and cash equivalents - beginning of the year	56,325	56,191
Cash And Cash Equivalents - End of The Year	**$ 112,002**	**$ 56,325**
Supplemental Cash Flow Disclosures - non-cash items:		
Cash paid for interest	$ (3,128)	$ (5,686)

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

Live Hydration SPA Franchise, LLC
Notes To Financial Statements
December 31, 2024 and 2023

1. COMPANY AND NATURE OF OPERATIONS

Live Hydration SPA Franchise, LLC (the Company) is a Limited Liability Company formed in the state of Nebraska on November 20, 2020. The Company offers qualified individuals the right to operate a business that either: (1) offers and provides all-natural intravenous nutrient therapy, oxidative therapy, probiotic drinks, nutrient supplements, and related products and services to customers from a Hydration Center Location Franchise facility under the Hydrate2O brand, or; (2) offers and sells management, marketing, and facility-based services to medical practices and licensed professionals offering and providing all-natural intravenous nutrient therapy, oxidative therapy, probiotic drinks, nutrient supplements, and related products and services under the Hydrate2O brand. The Company offers individual unit Hydration Center Location Franchises and area development franchises for the development of multiple Hydration Center Location Franchises. The Hydration Center Location Franchise may be established as either a full-service "brick and mortar" location or a Hydrate2O kiosk operating within another business establishment.

On March 03, 2023, C&F Holding Company, LLC (a Nebraska Limited Liability Company) acquired all of Company's outstanding shares. The Company is wholly owned by C & F Holding Company, LLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

C. Accounts Receivable

Accounts Receivable arise primarily from initial franchise fees, royalties, brand fund, and technology fees and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company assesses the collectability of all receivables on an ongoing basis by considering its expected historical loss experience, current economic conditions, and other relevant factors. The Company has determined that no allowance for doubtful accounts was necessary on December 31, 2024 and 2023.

D. Federal Income Taxes

As a limited liability Company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statements.

E. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

F. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily using straight-line method over estimated useful lives of the assets, which range from 3 to 7 years.

G. Lease

Effective January 1, 2022, the Company adopted, with modified retrospective application, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)" (ASC 842). The amended guidance requires lessees, at the commencement date, to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and to record a right-of-use ("ROU") asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. In July 2018, the FASB issued ASU 2018-11, Leases, Targeted Improvements, which gave companies the option of applying the new standard at the adoption date, rather than retrospectively to the earliest period presented in the financial statements. The Company elected the package of practical expedients permitted under the new standard, which among other things, allowed the Company to carry forward the historical lease classification. The Company also elected the practical expedient to not recognize a lease liability and ROU asset for short-term leases less than 12 months. The Company chose the option to apply the new standard at the adoption date, and therefore we are not required to restate the financial statements for prior periods, nor are the Company required to provide the disclosures required by the new standard for prior periods. Upon adoption, the Company recognized an approximate $143,729 ROU asset, and an approximate $143,729 lease liability. Our adoption of the new standard did not impact on our cash flows or have a material impact on our results of operations. We have expanded our financial statement disclosures to comply with the requirements of the new standard.

H. Advertising Expenses

Advertising and brand development costs are charged to operations in the year incurred.

I. Concentration Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

J. Revenue Recognition

The Company follows ASC 606, Revenue from Contract with Customers, ("ASC 606") for revenue recognition. The core principle of ASC 606 is built on the contract between a vendor and a customer for the provision of goods and services and attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Franchise Fees

Initial franchise fees consist of initial fees paid by franchisees at the start of the agreement, area development fees, and renewal fees. The fixed non-refundable fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and does not include a finance component. Initial franchise fees are made up of performance obligations for training, access to plans, access to vendors and Company specific pricing, area exclusivity, and the right to use the Company's intellectual property over the term of the agreement. In accordance with ASC 606, the initial franchise services or exclusivity of the development agreements, are not distinct from the continuing rights or services offered during the term of the franchise agreement and are therefore treated as a single performance obligation. As such, initial franchise and development fees received, and subsequent renewal fees, are recognized over the term of the franchise agreement or renewal, which is typically 10 years. This performance obligation is satisfied over the renewal term, which is typically 10 years, while payment is fixed and due at the time the renewal is signed.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

Brand Development Fund and Technology Fees

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

Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

K. Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company beginning January 1, 2023. There was no impact on the Company's financial statements as a result of the implementation of this standard.

In February 2016, the FASB issued ASU 2016-02 Leases, which requires lessees to recognize on the balance sheet certain operating and financing lease liabilities and corresponding right-of-use assets that have lease terms of greater than 12 months. This topic retains the distinction between finance leases and operating leases. The ASU is effective on a modified retrospective approach for annual periods beginning after December 15, 2021, with early adoption permitted. Entities are permitted to adopt this guidance either prospectively or retrospectively. The Company implemented the new standard, see note 8.

L. Reclassifications

Certain reclassifications have been made to 2023 financial statements to conform to the 2024 presentation. There were no changes to previously reported members' equity or net income as a result of the reclassifications.

3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2024 and 2023, the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents.

The Company has approximately $112,002 and $56,325 in cash at its operating bank account as of December 31, 2024 and 2023 respectively.

4. ACCOUNTS RECEIVABLE

At the years ended December 31, 2024 and 2023, Accounts Receivable consist of the following:

	2024	2023
Initial franchise fees receivable	$ 110,750	$ 219,750
Royalty's receivable	45,754	47,230
Brand development fund receivable	13,077	13,499
Technology fee receivable	12,693	13,102
Total Accounts Receivable	**$ 182,274**	**$ 293,581**

5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024 and 2023, consist of the following:

	2024	2023
Computers	$ 12,327	$ 12,327
Furniture and equipment	10,299	10,299
Total Cost	**22,626**	**22,626**
Accumulated depreciation	(19,938)	(12,686)
Property and equipment, net	**$ 2,688**	**$ 9,940**

Depreciation expense for the years ended December 31, 2024 and 2023 are $7,252 and $6,599, respectively.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	2024	2023
Revenue recognized over time	$ 244,068	$ 234,180
Revenue recognized at a point in time	1,299,708	885,750
Total Revenue	**$ 1,543,776**	**$ 1,119,930**

Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

	2024	2023
Beginning balance	$ 599,105	$ 607,120
Additional deferred expenses	182,000	70,000
Expenses recognized – additional deferred expenses	(84,515)	(78,015)
Deferred expenses	**696,590**	**599,105**
Less: current maturities	(96,215)	(78,015)
Deferred expenses, net of current maturities	**$ 600,375**	**$ 521,090**

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2024 and 2023, respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	2024	2023
Beginning balance	$ 1,819,985	$ 1,658,165
Additional deferred revenue	391,500	396,000
Revenue recognized – additional deferred revenue	(244,068)	(234,180)
Deferred revenue	**1,967,417**	**1,819,985**
Less: current maturities	(273,330)	(234,180)
Deferred revenue, net of current maturities	**$ 1,694,087**	**$ 1,585,805**

7. RELATED PARTY TRANSACTIONS

The Company is under common ownership with other related parties. As of December 31, 2024 and 2023, the Company had $20,795 and $9,118 due from a related party respectively, for operating costs paid by the Company on behalf of the related party. The Company also had $53,055 and $53,245 respectively due to the related party for operating costs paid by the related party on behalf of the Company.

8. LEASES

Live Hydration SPA Franchise, LLC leases spaces at 18881 West Dodge Road, Suites 206C and 213C, Omaha Nebraska 68022. The lease terms for the space, 206C is from July 1, 2021 and ending on June 30 ,2024 and for the space 213C is from June 1, 2022 and ending May 31, 2025.

Right-of-use lease assets and lease liabilities are recognized as of the commencement date based on the present value of the remaining lease payments over the lease term, that are reasonably certain to exercise. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

Operating lease expense included within cost of sales and selling, general and administrative expense was as follows:

	2024	2023
Operating lease expense under ASC 842, Leases		
General and administrative	$ 42,254	$ 55,045

Leases recorded on the balance sheets consist of the following:

	2024	2023
Assets		
Operating Lease right-of-use assets	$ 16,884	$ 59,138
Liabilities		
Operating lease liabilities, current portion	18,180	44,381
Operating lease liabilities, net of current portion	-	18,180

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 47,509	$ 61,149
ROU assets obtained in exchange for lease liabilities in non-cash transactions:		
Operating lease assets obtained in exchange for operating lease liabilities	$ 42,254	$ 55,045
Remaining lease term	0.5 -1 Years	1.5 - 2 Years
Discount rate (1)	5%	5%

(1) Discount rates used for existing operating leases upon adoption of Topic 842 were established based on the risk-free rates treasury note 5 years term as of January 1, 2022 as the lease didn't provide an implicit rate, the Company uses its risk-free rate.

Future lease obligations for lease that have commenced were as follows as of December 31, 2024:

	Lease
FY 2025	$ 19,088
Total lease payments	**19,088**
Less: Interest	(908)
Present value of lease liabilities	**$ 18,180**

As of December 31, 2024, the term and discount rate for the Company's lease were 1 year and 5%, respectively.

9. ADVERTISING EXPENSES

Advertising and brand development costs for the years ended December 31, 2024 and 2023 were $233,985 and $326,868, respectively.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 16, 2025, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

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LIVE HYDRATION SPA
FRANCHISE AGREEMENT

FRANCHISEE:

Franchise Agreement

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FRANCHISE AGREEMENT

Live Hydration Spa

This Franchise Agreement (the "Agreement") is entered into on _____ (the "Effective Date"), by and between **Live Hydration Spa Franchise LLC**, a Nebraska limited liability company with a principal place of business located at 17010 Wright Plaza, Suite 145, Omaha, NE 68130 (the "Franchisor"); and _____ (the "Franchisee").

RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the "System") for the non-medical development, management and, potentially, the operation of a spa (the "Spa") that offers and wellness products and services that include IV hydration and/or vitamin therapy, neurotoxins (e.g., BOTOX®), injectables, peptides, ionic detoxification, oxygen therapy, weight management, hormone therapy, and related spa products and services (the "Approved Spa Products and Services") under the Licensed Marks (defined below);

WHEREAS, the System relates to and includes the development and operation of a spa location franchised business (hereinafter referred to as either the "Spa Location Franchise" or the "Franchised Business"), that depending on Franchisee's qualifications and applicable local, state and federal laws and regulations involves either:

a Spa Location Franchise that Owns and Operates a Spa: Franchisee's development and operation of a Spa Location Franchise that owns and operates a Spa that provides the Approved Spa Products and Services under the Licensed Marks and in accordance with the requirements of the System; or

a Spa Location Franchise that Owns and Operates a Spa Facility and Management Company: Franchisee's development and operation of a Spa Location Franchise that owns and operates a management business (the "Spa Management Business") that provides management, marketing, and spa facility based services (the "Spa Facility and Management Services") to medical practices, professional corporations and licensed professionals authorized to offer and provide the Approved Spa Products and Services (hereinafter referred to as "Authorized Care Providers") at a Spa that is operated and potentially owned by the Authorized Care Providers authorized to offer and provide the Approved Spa Products and Services.

WHEREAS, If the Franchised Business is a Spa Location Franchise that owns and operates a Spa Management Business, among other things, Franchisee will be required to enter into a management agreement (the "Management Agreement") with the Authorized Care Providers whereby, among other things, Franchisee will provide the Authorized Care Providers the Spa Facility and Management Services and grant the Authorized Care Providers a license to use the Licensed Marks at Franchisee's spa facility location (the "Spa Location");

WHEREAS, Franchisee has been advised that, among other things, the Approved Spa Products and Services and the Spa Facility and Management Services, involve products, services and activities of a nature and type that require the administration, supervision, management, and oversight of Authorized Care Providers, including licensed medical professionals and health care providers and that whether or not Franchisee may own and operate a Spa Location Franchise and, if applicable, the types of activity that Franchisee's Spa Location Franchise may engage in is subject to and requires compliance with significant federal, state and local rules and regulations related to the practice of medicine and other licensing requirements (collectively referred to as the "Authorized Care Provider Regulation");

WHEREAS, Franchisee has been advised that prior to signing this Agreement that prior to developing a Spa Location Franchise, that Franchisee should retain Franchisee's own independent legal counsel to advise Franchisee as to all applicable Authorized Care Provider Regulation, whether or not Franchisee may own a Spa Location Franchise and, if applicable, the types of activities that Franchisee's Spa Location Franchise may or may not engage in.

WHEREAS, the System and, therefore, each Spa, is identified by the Licensed Marks and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time; and

WHEREAS, Franchisee desires to obtain the non-exclusive license and right to use the System in the development and operation of one Spa Location Franchise from a single fixed Spa Location within a designated territory and pursuant to the terms of this Agreement.

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

ARTICLE 1
DEFINITIONS

Supplementing the terms and definitions contained in the foregoing "Recitals":

"**Accounting Period**" refers to and means the period of time selected and determined by Franchisor for the required measurement and reporting of financial information and payment of financial obligations by Franchisee. The applicable measurement period will be determined by Franchisor from time to time with respect to Franchisee's obligations to report financial information and data to Franchisor and Franchisee's payment of all fees, including, and other obligations under this Agreement. The respective "Accounting Periods" shall be those Franchisor designated times, whether instantly on a recurring basis upon receipt of Gross Sales, weekly, monthly, or otherwise, as designated by Franchisor, with all such Accounting Periods automatically commencing on the earlier of the (a) Scheduled Business Commencement Date, or (b) the Actual Business Commencement Date of the Franchised Business and, continuing, throughout the Term of this Agreement. Unless otherwise designated by Franchisor at any time, unless otherwise specified in this Agreement, the Accounting Period shall be a monthly period for each and every month throughout the Term of this Agreement.

"**Actual Business Commencement Date**" refers to and means the date of the grand opening of the Franchised Business and/or the date upon which the Franchised Business is open to the public.

"**Additional Initial Training Fee**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Advertising Contributions**" refers to and means any and all obligations of Franchisee to contribute to or pay fees to Franchisor, Franchisor's affiliate and/or designees as set forth in this Agreement including, but not limited to, the Brand Development Fund Fee (Article 9.A.).

"**Advertising Cooperative**" shall have the meaning defined and set forth in Article 9.F. of this Agreement.

"**Alternative Channels of Distribution**" refers to and means outlets that do not include spas but do include stand-alone spas and/or internet / web-based sales and similar outlets that sell wellness products, and/or related branded products or services to the public.

"**Ancillary Agreements**" refers to and means, individually and collectively, each and every agreement between: (a) Franchisor and Franchisee but, not including this Agreement; (b) Franchisor and each of Franchisee's Owners, whether individually and/or collectively; and (c) Franchisor and each Spouse of Franchisee's Owners, whether individually and/or collectively. Without limitation to the foregoing, the term Ancillary Agreements includes the Franchise Owner and Spouse Agreement and Guaranty, Lease Agreement Rider, Collateral Assignment of Lease and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually and/or collectively, may have been entered into between the foregoing parties.

"**Annual Conference Attendance Fee**" refers to and means an annual conference fee to be paid by Franchisee to Franchisor in an amount determined by Franchisor but not to exceed $1,500 annually.

"**Annual System Conference**" refers to and means a conference that may be established and organized by Franchisor for the purpose of facilitating networking among Spa Location Franchise franchisees, and general education. Franchisor shall designate and determine whether or not an Annual System Conference shall occur and, if one is established in any particular year, the dates, content and location of the Annual System Conference. The Annual System Conference shall be for a duration of not more than three consecutive days per calendar year. Franchisee is responsible for all costs and expenses associated with Franchisee's travel to and attendance at the Annual System Conference.

"**Approved Spa Products and Services**" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean those products and services that Franchisor authorizes for sale by Spas, and, performed by Spa Location Franchises including, as applicable, the Spa Facility and Management Services. Franchisor shall exclusively designate and determine the Approved Spa Products and Services and Franchisor, in Franchisor's Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Spa Products and Services offered and sold by Spas and/or Spa Location Franchises. Notwithstanding anything contained herein to the contrary, to the extent that the Approved Spa Products and Services are governed by and/or subject to Authorized Care Provider Regulation and/or any other federal, state or local rules or regulations that prohibit and/or otherwise restrict Franchisor's determination as to the required Approved Spa Products and Services, the foregoing definition shall be interpreted to provide Franchisor with the fullest discretion and ability to specify and designate the Approved Spa Products and Services without violating the Authorized Care Provider Regulation and applicable laws, rules and regulations. At all times Franchisee is responsible for ensuring that, at all times, Franchisee shall comply with Authorized Care Provider Regulations and all other applicable laws, rules, and regulation related to a Spa.

"**Assigned Area**" refers to and means the operating area, designated area and/or territory of current and future Live Hydration Businesses other than the Designated Territory of Franchisee's Live Hydration Business. Franchisor shall exclusively determine Assigned Areas.

"**Assignment of Telephone Numbers and Digital Media Accounts**" refers to and means the Assignment of Telephone Numbers and Digital Media Accounts agreement attached to this Agreement as Exhibit 6.

"**Authorized Care Providers**" shall have the meaning defined in the "Recitals" section of this Agreement and is supplemented, as follows: the term "Authorized Care Providers" shall further refer to and mean those licensed individuals, professional corporations and other individuals and entities

that, under applicable federal, state and local rules and regulations are trained, authorized and permitted to perform, offer, provide, oversee, and manage the delivery and performance of those Approved Spa Products and Services that such individual and/or Corporate Entity performs, offers, provides, oversees, and/or manages at a Spa Location and/or on behalf of a Spa Location Franchise.

"**Authorized Care Provider Regulation**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: the term "Authorized Care Provider Regulation" shall further refer to and mean all applicable federal, state and local rules and regulations that relate to the ownership and operation of a Spa, the Approved Spa Products and Services, Spa Facilities and Management Services, Spa Management Agreements, and the operations of a Spa Management Business including, but not limited, laws related to actions that an Authorized Care Provider may or may not engage in regarding ownership, diagnosis, treatment, supervision, delegation, flow of funds and the actions that Franchisee may or may not engage in. Without limitation to the foregoing, Authorized Care Provider Regulation shall include all health law regulations and rules including, but not limited to, to health privacy laws that include the Health Insurance Portability and Accountability Act of 1996.

"**Brand Development Fund**" shall have the meaning defined and set forth in Article 9.A. of this Agreement.

"**Brand Development Fund Fee**" shall have the meaning defined and set forth in Article 9.A. of this Agreement.

"**Business Management System**" refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by Franchisor, in Franchisor's Reasonable Business Judgment, as being required for use by the Franchised Business. Franchisor reserves the right to modify and designate alternative Business Management Systems as Franchisor determines in Franchisor's Reasonable Business Judgment. At all times Franchisor shall possess direct live access and storage based access to the Business Management System for the Franchised Business and to Franchisee's Business Management System Data.

"**Business Management System Data**" refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered by Franchisor or Franchisee into the Business Management System; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the Franchised Business.

"**Captive Market**" refers to and means any and all facilities, venues, and/or institutions with captive audiences or consumers, workers, members and/or participants. Without limitation to the foregoing, the term Captive Market shall further refer to and include, among other things: airports, transportation stations, government facilities, military bases, hotels, resorts, amusement parks, recreational parks and facilities, seasonal facilities, and shopping malls.

"**Collateral Assignment of Lease**" refers to and means the Collateral Assignment of Lease agreement attached to this Agreement as Exhibit 5.

"**Competitive Business**" refers to and means any business that is the same as or similar to a Spa Location Franchise and/or a Spa including, but not limited to a business that offers or provides either: (a) medical spa and any business and/or other businesses that offers, sells, and/or provides products and/or services similar to the Approved Spa Products and Services that are authorized and designated by Franchisor as of the Effective Date of this Agreement and, as Franchisor may

designate from time to time in the future; or (b) administration, management and/or marketing services for any business that offers or provides IV hydration therapy. injectable wellness products, and any business and/or other businesses that offers, sells, and/or provides products and/or services similar to the Spa Facility and Management and Services that are authorized and designated by Franchisor as of the Effective Date of this Agreement and, as Franchisor may designate from time to time in the future.

"**Confidential Information**" refers to and means all of Franchisor's and/or Franchisor's affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of Spa Location Franchises; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by Spa Location Franchises; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Spa Location Franchises; (d) customer lists and information related to Spa Location Franchises and the Franchised Business; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

"**Confidentiality Agreement**" refers to and means the sample form of "Confidentiality Agreement" attached to this Agreement as Exhibit 2.

"**Controlling Interest**" shall exist for the following individuals, Owners, partners and/or entities: (a) if Franchisee is a corporation, a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Franchisee as (i) shall permit voting control of Franchisee on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) if Franchisee is a general partnership, a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) if Franchisee is a limited partnership, a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) if Franchisee is a limited liability company, a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

"**Copyrights**" refers to and means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor uses and/or allows Spa Location Franchise franchisees to use in the operation of a Spa and/or Spa Location Franchise, whether as of the Effective Date of this Agreement or any time in the future.

"**Corporate Entity**" refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

"**Customer Vouchers**" refers to and means any and all gift cards, service packages involving the pre-purchase of multiple services to be utilized over a period of time, vouchers, receipts, cards and other evidence of a pre-paid purchase transaction or credit that Franchisor authorizes concerning a Spa and/or Spa Location Franchise.

"**Designated Territory**" refers to and means the territory identified and described in Schedule 1 attached to and made a part of this Agreement or, if Schedule 1 is not completed at the time of signing this Agreement, as Schedule 1 is otherwise completed in accordance with this Agreement. Franchisor, in Franchisor's Reasonable Business Judgment and discretion, shall determine the Designated Territory. If Schedule 1 is not completed and/or is not signed by Franchisor there shall be no Designated Territory.

"**Digital Media**" refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to Spa Location Franchises, the Franchised Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

"**Direct Solicitation**" refers to and means "communications and/or contacts occurring through in person contact, telephone, mail, electronic mail, direct mail, distributed print media, Digital Media, Marketing Media, Media Distribution and/or marketing directed toward customers, potential customers or referral sources of a Live Hydration Business.

"**Due Date**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Effective Date**" shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

"**Franchise Owner and Spouse Agreement and Guaranty**" refers to and means the form of "Franchise Owner and Spouse Agreement and Guaranty" attached to this Agreement as Exhibit 1. The Franchise Owner and Spouse Agreement and Guaranty is an agreement and guarantee individually, jointly and severally entered into by the Owners and Spouses of Franchisee.

"**Franchised Business**" refers to and means the Spa Location Franchise that Franchisee shall develop and is required to establish, maintain and operate as part of the System and in accordance with the terms, conditions and obligations set forth in this Agreement and the Operations Manual.

"**Franchisee's Spa Facility**" refers to and means the Spa Facility from which Franchisee establishes, operates and manages the Franchised Business. Franchisee's Spa Facility must be located at a Spa Location that has been approved by Franchisor.

"**Franchisee's Spa Location**" shall have the meaning defined and set forth in Article 2.A. of this Agreement. Franchisee's Spa Location must be designated in accordance with Schedule 1 of this Agreement and must be approved by Franchisor, in Franchisor's Reasonable Business Judgment.

"**Franchisor's Reasonable Business Judgment**" refers to, means and relates to any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System generally, Spa Location Franchises and the Franchised Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit

the System. When making decisions and/or taking actions in Franchisor's Reasonable Business Judgment, Franchisor may, in addition to all other rights afforded to Franchisor under this Agreement, consider factors, in whole or in part, that include: Franchisor's profits, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of Spa Location Franchises, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor's Reasonable Business Judgment that such decision, determination, action or choice made by Franchisor shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor's Reasonable Business Judgment that: (a) Franchisor possesses a legitimate interest in seeking to maximize Franchisor's profits; (b) Franchisor shall not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor's obligations under this Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for Franchisor's Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor's Reasonable Business Judgment in any legal proceeding that Franchisee possesses the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor's Reasonable Business Judgment.

"**GAAP**" refers to and means United States Generally Accepted Accounting Principles.

"**Gift Cards**" refers to and means any and all gift cards, vouchers, receipts, cards and other evidence of a pre-paid purchase transaction or credit that Franchisor authorizes concerning a Spa Location Franchise.

"**Gross Sales**" refers to and means the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by Franchisee or any other person or entity in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by Franchisee or any other person (including Authorized Care Providers) or Corporate Entity involving or relating to either (a) the Approved Spa Products and Services, or (b) business conducted or which started in, on, from, related to, or through Franchisee's Spa Location Franchise, Franchisee's Spa Location, and, if applicable Franchisee's Spa Management Business, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales shall further include the total gross amount of revenues and sales from whatever source derived from and/or derived by Franchisee (including any person and/or Corporate Entity acting on Franchisee's behalf and/or an Authorized Care Provider) from business conducted within and/or outside Franchisee's Designated Territory that is related to Franchisee's Spa Location Franchise, the underlying Spa associated with Franchisee's Spa Location Franchise and/or a competitive business located and/or operated at Franchisee's Spa Location, within Franchisee's Designated Territory, outside Franchisee's Designated Territory, and/or otherwise. Gross Sales do not include sales or use taxes collected by Franchisee. Gross Sales includes proceeds received by Franchisee for the purpose of replacing lost revenue and/or sales related to the Franchised Business.

"**Immediate Family Member**" refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children, and grandchildren of such person. Immediate Family Member shall further refer to and mean the spouse, children, grandchildren, and other members of the household of each Franchisee, if Franchisee is an individual, or each Owner of Franchisee if Franchisee is a Corporate Entity.

"**IP Claim**" shall have the meaning defined and set forth in Article 11.E of this Agreement.

"**Know-How**" refers to means Franchisor's trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Spa and/or Spa Location Franchise including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"**Lease Agreement Rider**" refers to and means the form "Lease Agreement Rider" attached to this Agreement as Exhibit 4.

"**Licensed Marks**" refers to and means the trademarks, service marks, emblems and indicia of origin, including the "Live Hydration Spa" trademark, the Live Hydration Spa logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by Franchisor in connection with the identification of Spa Location Franchises and the Approved Spa Products and Services, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor in Franchisor's Reasonable Business Judgment.

"**Live Hydration Spa Business(s)**" shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section, the definition of "Live Hydration Spa Business", shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor's affiliates and/or authorized franchisees that use and/or is/are required to use the System and/or Licensed Marks, and, including, but not limited to, the Franchised Business.

"**Management Agreement**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: the term "Management Agreement" shall apply to a Spa Location Franchise that operates as a Spa Management Business and shall further refer to and mean an agreement / agreements that relate to Spa Facility and Management Services performed by Franchisee on behalf of Authorized Care Providers related to the Approved Spa Products and Services offered and provided by a Spa at Franchisee's Spa Location. The Management Agreement must be prepared by Franchisee in accordance with Authorized Care Provider Regulation and must be approved by Franchisor in writing. Franchisor's approval of a Management Agreement does not, in any way, constitute any representation or warranty by Franchisor that the Management Agreement complies with Authorized Care Provider Regulation – Franchisor's approval only indicates that Franchisor does not object to Franchisee's use of the Management Agreement. To the extent that Franchisor supplies Franchisee with form sample Management Agreements, Franchisor only does so as to inform Franchisee as to the types of Management Agreements that Franchisor, typically, will not object to. At all times Franchisee must have an independent lawyer employed directly by Franchisee to review and approve of all Management Agreements used by Franchisee, even if the Management Agreement is a proposed agreement provided to Franchisee by Franchisor. At no time does Franchisor make any representation and/or warranty as to any Management Agreement and to the extent that Franchisor provides Franchisee with a sample Management Agreement same is provided to Franchisee "AS IS" and without any representation or warranty whatsoever including, but not limited

to, any representation as to the fitness of the Management Agreement for the fitness of the Spa Location Franchise. To the extent that Franchisor approves of a Management Agreement proposed by Franchisee, Franchisor does so on an "AS IS" basis and without any representation or warranty whatsoever including, but not limited to, any representation as to the fitness of the Management Agreement for the fitness of the Spa Location Franchise. Subject to the foregoing, attached as Exhibit 9 to this Agreement is a sample form Management Agreement indicating the type of form Management Agreement that Franchisor may not object to.

"**Management Service Fees**" shall have the meaning defined and set forth in Articles 7.J. and 14.D. of this Agreement.

"**Managers**" refers to and means the Managing Owner plus all assistant managers of the Franchised Business and all other employees, independent contractors, consultants, directors, officers and board members who may possess access to the Confidential Information.

"**Managing Owner**" refers to and means, if Franchisee is a partnership or Corporate Entity, the Managing Owner shall be the Owner responsible for the day to day oversight, management and operation of the Franchised Business. The Managing Owner must possess and maintain an ownership and equity interest in the Franchisee such that said individual owns, holds and controls not less than 25% of the equity and ownership interests in Franchisee. At all times, the Managing Owner must manage the operations of the Franchised Business.

"**National Accounts**" refers to and means customers or potential customers of the Approved Spa Products and Services that possesses and/or maintains stores, outlets, shopping centers, venues, facilities and/or operations at multiple locations located throughout a region or the nation.

"**Notice Period**" shall have the meaning defined and set forth in Article 16.A of this Agreement.

"**Open Area**" refers to a geographic territory and area that (a) is not an Assigned Area; and (b) is located within a 50 mile radius of Franchisee's Designated Territory.

"**Operating Manager**" refers to and means the Manager designated by Franchisee or Franchisee's Managing Owner, that is charged with the obligation and responsibility to supervise and manage (on-site at Franchisee's Spa Facility) the day to day operations of the Franchised Business. At all times, the Operating Manager must: (a) meet all of Franchisor's minimum training and brand quality control standards and criteria for managers as may be set forth in the Operations Manual; (b) successfully complete Franchisor's initial training program; (c) sign the Confidentiality Agreement; and (d) agree, in writing, to assume responsibility for the on-site management and supervision of the Franchised Business.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of Spa Location Franchises including, but not limited to, the policies, procedures and requirements for the development and operation of Spa Location Franchises, Spas, and Spa Management Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and based on Franchisor's Reasonable Business Judgment, the Operations Manual shall, among other things, designate, as applicable, the Approved Spa Products and Services and/or the Spa Facility and Management Services that must be offered and provided by the Franchised. Only Approved Spa Products and Services and/or, as applicable,

the Spa Facility and Management Services may be offered and sold by the Franchised Business.

"**Operations Non-Compliance Fee**" shall have the meaning defined and set forth in Article 7.K. of this Agreement.

"**Operations Violation**" shall have the meaning defined and set forth in Article 7.K. of this Agreement.

"**Out of Territory Service Request**" refers to and means a written documentation that is prepared and submitted in accordance with Franchisor's standards and specifications wherein Franchisee: (a) identifies the name and contact information of a prospective customer located in an Open Area that has requested the services of Franchisee's Live Hydration Business; (b) identifies the date for the proposed services and/or products to be provided by the Franchised Business; and (c) requests Franchisor's written notification either approving or disapproving Franchisee's request to provide Approved Spa Products and Services on behalf of the prospective Open Area customer.

"**Owner**" refers to and means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s). Franchisee's Owners are identified in Schedule 2 to this Agreement.

"**Payment Non-Compliance Fee**" shall have the meaning defined and set forth in Article 5.D. of this Agreement.

"**Post-Term Restricted Period**" refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Post-Term Restricted Period" means the 18 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity.

"**Prohibited Activities**" shall have the meaning defined and set forth in Article 6.D. of this Agreement.

"**Published Content**" refers to and means any and all information, data, articles, blog posts, press releases, frequently asked questions, special offers, product information, service information, web posts, videos and other information relating to or concerning the Franchised Business, the System, or the Licensed Marks that is or was made available by Franchisee or Franchisee's agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to or posted to Digital Media.

"**Renewal Ancillary Agreements**" shall have the meaning defined and set forth in Article 15.B. of this Agreement.

"**Renewal Fee**" shall have the meaning defined and set forth in Article 15.A. of this Agreement. The Renewal Fee is a fixed sum of $10,000.

"**Renewal Franchise Agreement**" shall have the meaning defined and set forth in Article 15.B. of this Agreement.

"**Renewal Notice**" shall have the meaning defined and set forth in Article 15.B. of this Agreement.

"**Renewal Term**" shall have the meaning defined and set forth in Article 15 of this Agreement.

"**Reporting Non-Compliance Fee**" shall have the meaning defined and set forth in Article 12.C. of this Agreement.

"**Reputation Management Services**" refers to and means the customer review, customer review monitoring and/or reporting services and/or reputation management services designated by Franchisor. Franchisor, in Franchisor's Reasonable Business Judgement, shall exclusively select the Reputation Management Services to be used by Franchisee and to determine and select the websites, social media sites, reporting services, surveys, and service platforms to be included in any evaluation and/or determination of Franchisee's monthly customer satisfaction and approval ratings.

"**Reserved Rights**" shall have the meaning defined and set forth in Article 2.D. of this Agreement.

"**Restricted Territory**" refers to and means the geographic area: (a) comprising Franchisee's Designated Territory; (b) comprising a 25 mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee's Spa Location; (c) comprising a 10 mile radius surrounding the Spa Locations for all other Spa Location Franchises operating and/or under development as of the Effective Date of this Agreement; and (d) comprising a 10 mile radius surrounding the Spa Locations for all other Spa Location Franchises that are in operation or under development during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area comprising Franchisee's Designated Territory plus a 25 mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee's Spa Location.

"**Royalty and Activity Report**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Royalty Fee**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Royalty Rate**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Royalty Report**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Scheduled Business Commencement Date**" refers to and means the date that occurs on the nine month anniversary of the Effective Date of this Agreement.

"**Site Selection Acknowledgment**" refers to and means the form "Site Selection Acknowledgment" attached to this Agreement as Exhibit 3.

"**Site Selection Area**" shall have the meaning defined and set forth in Article 2.A.(4) of this Agreement.

"**Site Selection Period**" refers to and means the period of time commencing on the Site Selection Acknowledgment Date (as such date may be set forth by Franchisor, and only Franchisor, in the Site Selection Acknowledgment) and automatically expiring 60 calendar days after the Site Selection Acknowledgment Date. If the Site Selection Acknowledgment Date is not set forth and acknowledged by Franchisor in the Site Selection Acknowledgment then, the Site Selection Period shall be zero (o) days. If the Site Selection Acknowledgment is not signed by Franchisor, then there shall be no Site Selection Period.

"**Spa**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: the term "Spa" shall further refer to and mean a business that operates at a Spa Location from which the Approved Spa Products and Services, under the Licensed Marks, are offered and provided to customers in accordance with the terms of this Agreement and the requirements of the System and/or a Spa Location from which the Approved Spa Products and Services are required to be offered and provided in accordance with the terms of this Agreement.

"**Spa Facility**" refers to and means the fixed commercial facility including, the fixtures and improvements, from which a Spa is established, operated and managed.

"**Spa Facility and Management Services**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: the term "Spa Facility and Management Services", shall refer to and mean those services authorized by Franchisor as set forth in the Operations Manual and to be further described in the Management Agreement that Franchisee will enter into, including and relating to (a) the development and maintenance of a Spa Facility at a Spa Location designated and established in accordance with the terms of this Agreement; (b) services involving the subleasing and/or license of a Spa Facility to Authorized Care Providers subject to a Management Agreement; (c) administration and management services related to the administration and management of a Spa in connection with all Spa where such administrative and management services do not violate Authorized Care Provider Regulation or other applicable laws, rules or regulations; (d) all services and/or products that Franchisor authorizes for a Management Agreement; and (e) all other services and products that Franchisor, in Franchisor's Reasonable Business Judgment, designates and authorizes in the Operations Manual and as Franchisor, in Franchisor's Reasonable Business Judgment, may supplement and modify from time to time. Notwithstanding anything contained herein to the contrary, to the extent that the Spa Facility and Management Services are governed by and/or subject to Authorized Care Provider Regulation and/or any other federal, state or local rules or regulations that prohibit and/or otherwise restrict Franchisor's determination as to the required Spa Facility and Management Services, the foregoing definition shall be interpreted to provide Franchisor with the fullest discretion and ability to specify and designate the Spa Facility and Management Services without violating the Authorized Care Provider Regulation and applicable laws, rules and regulations. At all times Franchisee is responsible for ensuring that, at all times, Franchisee shall comply with Authorized Care Provider Regulations and all other applicable laws, rules, and regulation related to a Spa.

"**Spa Location(s)**" refers to and means the fixed locations from which Spas are established, operated and managed and from which a Spa Location Franchise is operated. Franchisee's Spa Location must be selected, established, controlled and established by Franchisee in accordance with the terms of this Agreement.

"**Spa Location Franchise**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: the term "Spa Location Franchise" shall refer to and mean the Franchised Business wherein, if permitted by applicable laws, rules and regulations including, but not limited to, Authorized Care Provider Regulation, owns and operates a Spa at a Spa Location in accordance with the terms of this Agreement, the System, and the Operations Manual. At all times Franchisee must directly operate, maintain and control the Spa Location. If, under applicable laws, rules and regulations including, but not limited to, Authorized Care Provider Regulation, Franchisee is not permitted to directly own and operate a Spa then the term Spa Location Franchise shall refer to and mean a Spa Management Business that offers and providers Spa Facility and Management Services in accordance with the terms of this Agreement, the System and the Operations Manual at a Spa Location.

"**Spa Management Business**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: the term "Spa Management Business" shall further

refer to and mean a Spa Location Franchise that offers and provides Spa Facility and Management Services.

"**Spouse**" refers to and means the legal spouse of an Owner as of the Effective Date.

"**Supplemental Training**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Supplemental Training Fee"** shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Supplier Evaluation Fee**" refers to and means the fee determined by Franchisor, in Franchisor's Reasonable Business Judgment, and based upon the fees and/or expenses incurred by Franchisor in connection with the evaluation of a request by Franchisee for Franchisor's consideration and/or review of a potential supplier. Under no circumstance is Franchisor required to approve of suppliers requested by Franchisee.

"**System**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: the term "System" shall further include and mean: (a) methods, procedures and requirements for the development and operation of a Spa Location Franchise, a Spa Management Business, a Spa, a Spa Location, a Spa Facility, (b) the Approved Spa Products and Services, Spa Facility and Management Services, System Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Spa Location Franchise and/or Spa; (c) the Licensed Marks; (d) the Trade Dress; (e) Copyrights; (f) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Spa Location Franchise and/or Spa; (g) Operations Manual; (h) Business Management System Data; (i) Know-How; (j) Confidential Information; and (k) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor's Reasonable Business Judgment.

"**System Supplies**" refers to and means the products, equipment, supplies, inventory, materials and services including, but not limited to, branded and unbranded packaging, materials, uniforms, displays, and retail merchandise, and the Business Management System designated by Franchisor in the Operations Manual and as may be modified and supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment.

"**System Website**" refers to and means the web page and/or pages located on the world wide web at the www.livehydrationspa.com URL (uniform resource locator) and shall further include all webpages and subdomains that are a part of www.livehydrationspa.com, or as designated by Franchisor being associated with the URL of www.livehydrationspa.com and/or Spas.

"**Technology Fee**" shall have the meaning defined and set forth in Article 5.C. of this Agreement.

"**Term**" refers to and means the period of time set forth and defined in Article 2.B. of this Agreement and, the Renewal Term if Franchisee invokes Franchisee's renewal rights in accordance with the terms of this Agreement.

"**Third Party Payer**" refers to and means any individual, Corporate Entity (including, but not limited to, a health insurance company or employer), and/or government entity (including government sponsored and/or administered programs such as Medicare), that, pays for the Approved Spa Products and Services offered and provided by a Spa on behalf of a customer of a Spa, and/or that

reimburses a customer of a Spa for the costs and expenses incurred by such customer in connection with the Spa Products or Services.

"**Third Party Site**" refers to a location defined in the Operations Manual as an approved location for the provision of Approved Spa Products and Services outside of the Spa Location.

"**Trade Dress**" refers to and means the Live Hydration Spa designs, images, marketing materials, packaging, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by Franchisor from time to time.

"**Training Program**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Transfer**" refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owners interests and/or voting rights in Franchisee.

"**Transfer Fee**" shall have the meaning defined in Article 14.C.(11) of this Agreement. The Transfer Fee is 50% of the then current initial franchise fee.

ARTICLE 2
GRANT OF FRANCHISE

2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive license and right to develop, own and operate a Spa Location Franchise from a fixed Spa Location within a specified territory. Notwithstanding anything in the Agreement to the contrary and subject to the Reserved Rights, Franchisor grants a limited right to provide Approved Spa Products and Services at Third Party Sites. Relying on the representations made by Franchisee and/or Franchisee's Owners in any submitted application and during the application process and, subject to the terms and conditions of this Agreement, Franchisee's request has been approved by Franchisor, subject to the following terms and conditions:

(1) During the Term of this Agreement and subject to the rights of Franchisor including, but not limited to, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts, the non-exclusive license, right and obligation to develop and operate, one Spa Location Franchise in conformity with the System and this Agreement from a single fixed location, selected by Franchisee but requiring the approval of Franchisor ("Franchisee's Spa Location") and, as designated by Franchisor in Franchisor's discretion and Reasonable Business Judgment, within a Designated Territory;

(2) If, as of the Effective Date, Franchisee has selected a proposed Spa Location that Franchisor approves as Franchisee's Spa Location, then Franchisee's Spa Location shall be identified in Schedule 1 of this Agreement and, Franchisee's Designated Territory shall be identified in Schedule 1 of this Agreement. To be effective, Schedule 1 must be completed and signed by Franchisor. Franchisee's execution of Schedule 1 with a specific location for Franchisee's Spa Location shall constitute Franchisee's obligation to develop and operate the Franchised Business

at the designated Franchisee Spa Location;

(3) If, as of the Effective Date, Franchisee has not selected a proposed Spa Location, and/or has not obtained Franchisor's approval of the proposed Spa Location, and/or Schedule 1 to this Agreement is left incomplete or is not signed by Franchisor, Franchisee must locate, identify and secure a Spa Location for the Franchised Business in accordance with the terms of this Agreement, including the requirement that Franchisee must obtain Franchisor's approval of Franchisee's Spa Location. If, after the Effective Date, Franchisee proposes and Franchisor approves of Franchisee's proposed Spa Location, such approval must be in writing and must be evidenced by Franchisor's execution of Schedule 1 with a specific Spa Location designated and identified in Schedule 1. At the time of executing Schedule 1 and, thereby, approving Franchisee's proposed Spa Location, Franchisor, in Franchisor's discretion and Reasonable Business Judgment, shall designate and determine Franchisee's Designated Territory;

(4) If, as of the Effective Date or other appropriate periods after the Effective Date, Franchisee has not selected a proposed Spa Location that is approved by Franchisor but, Franchisee has identified an area in which Franchisee may look to secure a site for the Franchised Business, Franchisor, in Franchisor's discretion and Reasonable Business Judgment, may enter into the Site Selection Acknowledgment attached to this Agreement as Exhibit 3. If executed by Franchisor, within the Exhibit 3 Site Selection Acknowledgment, Franchisor shall designate a geographic area (the "Site Selection Area") within which Franchisor, during the Site Selection Period, shall not, on behalf of any third party, approve any new Spa Location. Franchisee agrees that the Site Selection Acknowledgment does not, in any way, constitute the approval of Franchisor as to any proposed Spa Location, does not constitute or determine Franchisee's final approved Spa Location, does not constitute Franchisor's designation of Franchisee's Designated Territory, does not afford Franchisee any territorial rights in or to the Site Selection Area, and does not extend and/or modify any obligation on the part of Franchisee to timely secure an approved Spa Location in accordance with the terms of this Agreement;

(5) At all times, Franchisee's rights in and to the real property and the business premises of Franchisee's Spa Location shall be subordinate and subject to Franchisee's and Franchisee's landlord's agreement to and execution of the Spa Location Lease Agreement Rider attached to this Agreement as Exhibit 4, and Franchisee's agreement and execution of the Collateral Assignment of Lease attached to this Agreement as Exhibit 5;

(6) Franchisee may only offer and sell, as applicable, the Approved Spa Products and Services from Franchisee's Spa Location in accordance with the requirements set forth in the Operations Manual and/or the Spa Facility and Management Services from Franchisee's Spa Location in accordance with the requirements set forth in the Operations Manual;

(7) The Spa operated at Franchisee's Spa Facility shall only offer the Approved Spa Products and Services under the Licensed Marks, exclusively utilizing the System Supplies and in compliance with Franchisor's requirements and specifications as set forth in the Operations Manual;

(8) Franchisor, in Franchisor's Reasonable Business Judgment and for any reason or no reason at all, may prohibit Franchisee from soliciting Spa customers located outside Franchisee's Designated Territory;

(9) Except as otherwise provided in this Agreement including, but not limited to, the Reserved Rights, provided that, at all times Franchisee is and remains in compliance with all of the terms and provisions of this Agreement, during the Term of this Agreement, neither Franchisor nor any affiliate of Franchisor will establish or operate, or grant a franchise to any third party to establish or operate, a Spa Location Franchise using the Licensed Marks and System at a Spa Location

that is located within Franchisee's Designated Territory (provided that a Designated Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement). Notwithstanding the foregoing, Franchisee agrees that Franchisee may face competition from other Live Hydration Spas, Spa Location Franchises and other System franchisees with Spa locations and/or designated territories that are located adjacent to and/or within a close proximity to Franchisee's Spa Location and/or Designated Territory. Franchisee agrees that although Franchisor may disapprove of any marketing medium that is distributed and/or reaches outside of Franchisee's Designated Territory, that Franchisor is not obligated to do so and that Franchisee may face competition from other Spas, Spa Location Franchises and System franchisees that market and promote their Spa(s) through internet, mail, public relations, and other marketing activities and mediums that are distributed to or within Franchisee's Designated Territory. Franchisee agrees that Franchisee shall not receive any compensation whatsoever if Franchisor or another System franchisee solicits customers from within Franchisee's Designated Territory; and

(10) The foregoing rights granted in this Article 2.A. are subject to and contingent upon each and every, term and condition of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights.

2.B. TERM

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of 10 consecutive years, commencing from the Effective Date (the "Term").

2.C. GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS

If Franchisee is, at any time, a Corporate Entity, Franchisee agrees that each Owner and their respective Spouse shall execute, sign and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and, in doing so, among other things, will individually, jointly, and severally, guarantee Franchisee's obligations under this Agreement and personally bind themselves to confidentiality and non-competition covenants and restrictions.

2.D. FRANCHISOR'S RESERVED RIGHTS

Franchisor on behalf of itself, its affiliates and its assigns retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to operate a Franchised Business and/or other Spas and/or Spa Location Franchises using the System and Licensed Marks at locations outside Franchisee's Designated Territory; (b) acquire or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses, including Competitive Businesses (but not using the Licensed Marks) within Franchisee's Designated Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate such businesses, including Competitive Businesses (but not utilizing the Licensed Marks) within Franchisee's Designated Territory; (d) use the Licensed Marks and System to distribute the Approved Spa Products and Services or products and services similar to the Approved Spa Products and Services in Alternative Channels of Distribution within or outside Franchisee's Designated Territory; (e) operate and grant to others the right to operate Spas, and/or Spa Location Franchises at Captive Markets both within and outside Franchisee's Designated Territory; (f) use the Licensed Marks and System and to license others to use the Licensed Marks and System to engage in all other activities not expressly prohibited by this Agreement; (f) use the Licensed Marks and System to distribute the Approved Spa Products and Services offered and sold by the Franchised Business or products and services similar to the Approved Spa Products and Services offered and sold by the Franchised Business on behalf of regional and/or national

customer accounts (such as resorts. retail chain stores, colleges, military bases, corporations, organizations and businesses that maintain outlets, locations, offices, facilities, and/or businesses throughout a regional or nationally (referred to as "National Accounts") within or outside your Designated Territory; and (g) permit System franchisees or Company-Owned Outlets to offer services to customers at Third Party Sites located within your Designated Territory if the System franchisee had previously engaged with the customer and/or Third Party Site prior to you beginning operation of your Franchised Business.

2.E. MODIFICATION OF SYSTEM

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right at all times to supplement, modify, alter and/or amend the System. Franchisee shall promptly comply with all such modifications to the System whether such modification(s) results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor shall provide Franchisee with a reasonable time period to comply with any change or modification to the System which shall be communicated in writing by Franchisor to Franchisee, including, but not limited to, modifications, updated, amendments, and changes made by Franchisor to the Operations Manual. Franchisor's modifications to the System shall not materially alter Franchisee's fundamental rights under this Agreement.

2.F. CORPORATE ENTITY OWNERSHIP

If Franchisee is a Corporate Entity, Franchisee represents that the information contained in Schedule 2 to this Agreement is and shall remain complete, true and accurate throughout the Term of this Agreement.

ARTICLE 3
LOCATION, DEVELOPMENT AND OPERATIONS

3.A. SPA LOCATION

Franchisee shall develop, operate and manage the Franchised Business from a Spa Facility that is constructed and established at a Spa Location, that: (a) was identified and evaluated by Franchisee; (b) complies with the terms and conditions of this Agreement; (c) satisfies and meets Franchisor's standards and specifications; (d) is timely presented by Franchisee to Franchisor for approval as Franchisee's proposed Spa Location; (e) is approved by Franchisor as Franchisee's Spa Location; (f) is timely secured by Franchisee, as evidenced by a binding lease for an appropriate amount of time; (g) is and, at all times, shall be exclusively dedicated to the operation of the Franchised Business; (h) is located within the Designated Territory, if Franchisor previously designated and approved, in writing, a Designated Territory; and (i) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

Franchisee will not lease, purchase or otherwise acquire a proposed Spa Location until such information as Franchisor may require as to the proposed Spa Location has been provided to Franchisor by Franchisee and, Franchisor has approved the location in accordance with the terms and conditions of this Agreement including, but not limited to, Article 2.A. of this Agreement. Franchisor shall respond to Franchisee's request for approval of a proposed Spa Location within a reasonable time period but not exceeding 30 days following Franchisor's receipt, from Franchisee, of complete written information about Franchisee's proposed Spa Location. If Franchisor rejects or disapproves Franchisee's proposed Spa Location, Franchisee must nevertheless identify and obtain Franchisor's approval of a proposed Spa Location within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed Spa Location shall not serve as a basis to extend any deadline or requirement set forth in this Agreement.

Franchisor's approval of Franchisee's proposed Spa Location is not and does not constitute a representation or warranty by Franchisor of any kind other than that Franchisor does not object to or disapprove of Franchisee's proposed Spa Location. No provision of this Agreement shall be construed or interpreted to impose an obligation on Franchisor to locate a Spa Location for the Franchised Business, to assist Franchisee in the selection of a suitable Spa Location for the Franchised Business or to provide assistance to the Franchisee in the purchase or lease of a Spa Location. If Franchisee leases Franchisee's

Spa Location, Franchisee must use Franchisee's best efforts to ensure that the landlord signs the Lease Agreement Rider that is attached to this Agreement as Exhibit 4. If Franchisee's landlord refuses to sign the Lease Agreement Rider in substantially the same form as the attached Exhibit 4, such refusal may constitute grounds upon which Franchisor refuses to approve Franchisee's proposed Spa Location.

3.B. SPA DEVELOPMENT

Franchisee shall develop and construct Franchisee's Spa Facility and Spa Location in accordance with Franchisor's standards and specifications and using only those types of construction materials, decorating materials, furniture, fixtures, equipment, trade dress signs, suppliers, advisors and contractors that Franchisor has approved in the Operations Manual, in supplements to the Operations Manual or as Franchisor otherwise designates and approves of in a writing specifically directed to Franchisee and signed by Franchisor.

Franchisee's Spa Facility and Franchisee's Spa Location must be constructed and established in accordance with Franchisor's plans and specifications. Promptly after signing a lease or closing on a purchase of the premises of Franchisee's Spa Location, Franchisor shall provide Franchisee with Franchisor's generalized prototype plans and specifications. Prior to constructing, equipping and building out Franchisee's Spa Facility and Franchisee's Spa Location, Franchisee shall:

(1) Prepare and submit to Franchisor for approval, which approval, specific plans and specifications prepared by the design consultants designated or approved by Franchisor and hired by Franchisee, at Franchisee's sole expense, whereby such plans and specifications are prepared specifically for Franchisee's Spa Facility and Franchisee's Spa Location and shall reflect and comply with Franchisor's generalized plans and specifications and otherwise satisfy the specifications and requirements set forth in the Operations Manual. If Franchisor determines, in Franchisor's Reasonable Business Judgment, that any plans are not consistent with Franchisor's prototype plans and specifications, Franchisor may prohibit implementation of the plans and disapprove the plans;

(2) Obtain all required building, utility, sign, health, sanitation, and business permits and licenses, and any other required permits and licenses;

(3) Construct all required improvements to Franchisee's Spa Location, purchase and install all required furniture, fixtures and equipment and decorate the premises in compliance with the plans and specifications approved in writing by Franchisor and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

(4) Provide Franchisor timely written reports regarding the process of construction and remodeling in compliance with Franchisor's then current specifications; and

(5) Establish filing, accounting, and inventory control systems, conforming to the requirements prescribed by Franchisor, if any.

At all times, in the construction and operation of the Franchised Business, Franchisee shall exclusively install, use, attach, maintain, replenish and replace only those types of construction and decorating materials, furniture, fixtures, equipment, and signs that Franchisor has approved or designated in the Operations Manual for Spa Location Franchises as meeting Franchisor's specifications and standards for appearance, function and performance. Franchisee only may purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by Franchisor, which may include Franchisor and Franchisor's affiliates.

3.C. SPA LOCATION FRANCHISE AND SPA OPENING

Franchisee must identify its location, develop, and open its Spa Location Franchise to the public, commencing day-to-day operations, within the earlier of 7 months of signing this Agreement or 3 months

after receiving a certificate of occupancy; but in no event later than 9 months after the Effective Date of this Agreement. Notwithstanding the foregoing, prior to opening the Franchised Business to the Public, Franchisee must: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations set forth by Franchisor in the Operations Manual; (c) have completed and satisfied the training obligations designated by Franchisor; and (d) obtained Franchisor's written consent to open.

3.D. SPA LOCATION FRANCHISE OPERATIONS

At all times, the Franchised Business shall, subject to compliance with applicable laws, rules and regulations including, but not limited to Authorized Care Provider Regulation: (a) be exclusively operated from Franchisee's Spa Location that has been previously approved by Franchisor; (b) be exclusively operated from a Spa Facility; (c) exclusively offer and sell the Approved Spa Products and Services (either directly or, if the Franchised Business operates as a Spa Management Business, from the underlying Spa located at the Spa Location) as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (d) if the Franchised Business operates as a Spa Management Business, offer and sell the Spa Facility and Management Services as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (e) ensure that the Approved Spa Products and Services are provided by, administered by, and supervised by Authorized Care Providers in accordance with all applicable laws, rules and regulations; (f) from the Spa located at Franchisee's Spa Location, exclusively utilize, maintain and stock in inventory, offer and/or provide the System Supplies in such quantities and as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (g) exclusively purchase the System Supplies from the suppliers and vendor(s) approved by Franchisor and designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (h) be operated in conformity with the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's Reasonable Business Judgment; (i) be operated in conformity with and in compliance with all Authorized Care Provider Regulation and all applicable healthcare, safety, privacy rules and regulations to be evaluated by Franchisee. At all times Franchisee must maintain the necessary licenses and permits and those licenses and permits recommended and/or required by Franchisor in connection with Franchisee's ownership and operation of the Franchised Business; (j) if the Franchised Business operates as a Spa Management Business, the Franchised Business must utilize a Management Agreement that has been prepare, reviewed, and confirmed by independent legal counsel to Franchisee as being compliant with all Authorized Care Provider Regulation and such Management Agreement must be approved by Franchisor as a Management Agreement that Franchisor does not object to; and (k), except as specifically approved in writing by Franchisor, in its sole discretion, not accept third-party payments and/or reimbursements (for clarity, Franchisee acknowledges that accepting third-party payments and reimbursements significantly increases legal liability, administrative burden, government or regulatory review of its billing, and potential repayment, or claw-backs, of amounts received for services). Except for third-party payment programs specifically approved by Franchisor, accepting third-party payments and/or reimbursements without Franchisor's written permission is a material breach of this Agreement.

Franchisee is solely and exclusively responsible for taking necessary or appropriate security and safety measures to protect employees, customers, those engaging in business with Franchisee, those coming on the premises of Franchisee's Spa Location Franchise and the general public at large. Franchisor in no way shares any responsibility for the foregoing obligations of Franchisee.

3.E. BUSINESS MANAGEMENT SYSTEM

At all times, Franchisee shall exclusively use the Business Management Systems designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified, supplemented or replaced by Franchisor from time to time. Franchisee cannot substitute or replace the Business Management System in favor of any substitutes or other systems. To the extent that the Business Management System is hosted, maintained, licensed or operated by third party suppliers, Franchisee

shall purchase, license and maintain such Business Management System and/or systems from such third-party suppliers designated by Franchisor and subject to Franchisor's standards and specifications. To the extent that the designated Business Management Systems is/are internet or cloud-based with accounts and data, including accounts and data associated with the Franchised Business, stored off-site, Franchisor may require that Franchisee's license, and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor or licensed through Franchisor. To the extent that the Business Management System(s) is/are stored locally on computer systems maintained by Franchisee, then Franchisee shall provide Franchisor with internet and complete remote access to such systems. Franchisor may be and/or become the exclusive supplier and/or reseller of the Business Management System.

Franchisee shall be responsible for initial license fees, training fees and continuing monthly license fees required for use of the Business Management System as specified by Franchisor. Such fees shall be designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment or by the suppliers designated by Franchisor and approved by Franchisor in Franchisor's Reasonable Business Judgment, and shall be paid to Franchisor and/or to the third-party suppliers approved by Franchisor. Franchisee must complete training, purchase and license the Business Management Systems no later than 45 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date.

Supplementing the foregoing, Franchisee agrees that the Business Management System will contain proprietary and confidential information owned by Franchisor and related to the System, and that:

(1) Franchisee shall use the Business Management System and the Business Management System Data for the exclusive benefit of the Franchised Business and in accordance with the terms of this Agreement and Franchisor's standards and specifications as set forth in the Operations Manual;

(2) All rights in and to the Business Management System are non-transferable and non-assignable to Franchisee and shall be utilized by Franchisee subject to the terms and conditions of this Agreement, Business Management System licenses that Franchisor may approve of and otherwise as determined by Franchisor in Franchisor's Reasonable Business Judgment;

(3) As between Franchisee and Franchisor, Franchisor is and shall be the exclusive owner of the Business Management System Data, except that Franchisee shall store and maintain such data in accordance with all applicable local, state and federal privacy, data collection and solicitation laws. Among other things, upon expiration or termination of this Agreement for any reason, Franchisee shall preserve and maintain the Business Management System data for the purpose of transferring such data to Franchisor;

(4) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the Business Management System and Franchisee shall electronically transfer and transmit to Franchisor all Business Management System Data;

(5) When instructed by Franchisor, Franchisee shall upgrade, replace and modify the Business Management System;

(6) Franchisee shall promptly disclose to Franchisor all ideas and suggestions for modifications or enhancements to the Business Management System, to the configuration and templates associated with the Business Management System and that Franchisor shall have the right to use such ideas and suggestions and that Franchisee shall not receive or obtain any ownership rights or interests in any modifications or enhancements to the Business Management System;

(7) Other than permitting access to employees of the Franchised Business for the purpose of conducting the authorized operations of the Franchised Business, Franchisee shall not permit nor allow any third party to access, utilize or duplicate the Business Management System or the Business Management System Data without Franchisor's prior written consent;

(8) Franchisee shall keep and maintain the Business Management System and the Business Management System Data as secret and confidential and Franchisee shall maintain security precautions to maintain the confidentiality and secrecy of the Business Management System Data and to prevent the unauthorized access or use; and

(9) In no event shall Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

3.F. DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS

Franchisee agrees that the significance of Digital Media to the System and necessity for Franchisor's control over Digital Media. As between Franchisor and Franchisee, Franchisor is the absolute owner of all right, title, and interest in or to Digital Media. Franchisee shall not use, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing, which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's sole discretion and which approval, if given, shall be limited to the marketing and promotion of the Franchised Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Franchisee's right to utilize Digital Media and/or otherwise as to any rights, title, or interests of Franchisee in or to the Digital Media shall automatically terminate and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media used by Franchisee shall be transferred to Franchisor, if not already Franchisor's. Under no circumstances shall Franchisee utilize Digital Media for purposes of or with the effect of libeling, slandering, or otherwise disparaging Franchisor or any third party, nor shall Franchisee violate any copyrights when using Digital Media, in connection with which as between Franchisee and any third party, Franchisee is exclusively responsible for such libel, slander, disparagement, and/or copyright infringement if Franchisee published and/or caused such content to be published; and will indemnify Franchisor, is owners, members, managers, officers, employees, and agents for all third party claims arising in connection therewith.

Franchisee agrees that Digital Media and/or Published Content, if permitted by Franchisor, must be approved by Franchisor in writing prior to publication or use in any form. Digital Media and Published Content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by and inure to the benefit of Franchisor. As between Franchisor and Franchisee, any and all interest and right in or to Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement. Franchisee agrees that the System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and shall be the exclusive property of Franchisor. During the Term of this Agreement and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website shall include information related to the Franchised Business as shall be determined and designated by Franchisor in Franchisor's Reasonable Judgment. Franchisee agrees that in the event of the termination of this Agreement, for any reason, any accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor.

Without limitation to the foregoing, Franchisee shall, upon the request of Franchisor, execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6. Upon the request of Franchisor, Franchisee shall execute, update, and/or re-execute the Assignment of Telephone Numbers and Digital Media agreement upon the request of Franchisor. As between Franchisor and all third parties, Franchisee does hereby represent and acknowledge that such third party is authorized to rely on the Assignment of Telephone Numbers and Digital Media agreement, irrespective of any dispute and/or controversy between Franchisor and Franchisee and irrespective of any contrary instructions of Franchisee.

3.G. SPA RELOCATION

To the extent that Franchisee wishes to relocate the Franchised Business and, thereby, Franchisee's Spa Location and Franchisee's Spa Facility, Franchisee must obtain Franchisor's prior written consent, which Franchisor may refuse in Franchisor's Reasonable Business Judgment. Franchisee agrees that if Franchisor does consent to the relocation of the Franchised Business, that Franchisor may condition Franchisor's consent to Franchisee's relocation request on requirements imposed by Franchisor which may include, among other things: (a) that the proposed Spa Location meet and satisfy Franchisor's then current standards for Spa Locations; (b) that the proposed Spa Facility meet and satisfy Franchisor's then current standards for Spa Facilities; (c) that the proposed Spa Facility be constructed and established in accordance with Franchisor's current standards and specifications; (d) that the proposed Spa Location be located within Franchisee's Designated Territory; (e) that the proposed Spa Location (even if it is located within the Designated Territory) not be within a close proximity to the Designated Territory and/or Spa Location of another Spa and/or Spa Location Franchise; and (f) that, as to the proposed Spa Facility and proposed Spa Location, Franchisee satisfy the terms and conditions set forth in this Agreement for Spa Facilities, and Spa Locations including, but not limited to, the requirements set forth in Articles 2.A. and 3.B of this Agreement. Franchisee agrees that Franchisor possesses sole discretion as to whether or not Franchisor approves of Franchisee's relocation request.

3.H. FRANCHISEE'S COMPLIANCE WITH HEALTH LAWS AND AUTHORIZED CARE PROVIDER REGULATION

NOTWITHSTANDING ANYTHING CONTAINED IN THIS ARTICLE 3 OR THIS FRANCHISE AGREEMENT TO THE CONTRARY, FRANCHISOR AND FRANCHISEE ACKNOWLEDGE AND AGREE THAT:

(1) FRANCHISEE REPRESENTS THAT FRANCHISEE HAS BEEN ADVISED THAT BEFORE SIGNING THIS AGREEMENT FRANCHISEE HAS INDEPENDENTLY EVALUATED AND INTERPRETED – WITH FRANCHISEE'S OWN LEGAL COUNSEL – APPLICABLE AUTHORIZED CARE PROVIDER REGULATIONS AS THEY RELATE TO FRANCHISEES OWNERSHIP AND OPERATION OF A SPA LOCATION FRANCHISE;

(2) NOTHING IN THIS AGREEMENT, THE OPERATIONS MANUAL, OR OTHERWISE SHALL BE INTERPRETED AS PERMITTING FRANCHISOR TO EXERT CONTROL OVER THE DELIVERY OF HEALTH CARE SERVICES, INCLUDING BUT NOT LIMITED TO, AS APPLICABLE, THE PERFORMANCE, CARE AND/OR DELIVERY OF THE SPA PRODUCTS AND SERVICES. TO THE EXTENT THAT ANY ONE OR ALL OF THE SPA PRODUCTS AND SERVICES REQUIRE THE JUDGMENT, TREATMENT AND/OR ACTION OF AN AUTHORIZED CARE PROVIDER, SUCH JUDGMENT, TREATMENT AND/OR ACTION SHALL BE EXCLUSIVELY DETERMINED BY THE AUTHORIZED CARE PROVIDER AND THIS AGREEMENT AND THE OPERATIONS MANUAL SHALL BE INTERPRETED AS MANDATING SAME;

(3) UNDER NO CIRCUMSTANCE DOES OR SHALL THE SYSTEM OR THE COMPONENTS OF THE SYSTEM INCLUDE STANDARDS, PROCEDURES AND/OR REQUIREMENTS RELATED TO THE DELIVERY OF HEALTH CARE SERVICES AND/OR THE TREATMENT OF ANY

PATIENTS. TO THE EXTENT THAT THE SPA PRODUCTS AND SERVICES CONSTITUTE THE DELIVERY OF HEALTH SERVICES REQUIRING AN AUTHORIZED CARE PROVIDER THEN THE AUTHORIZER CARE PROVIDER SHALL EXCLUSIVELY DETERMINE THE LEVEL OF CARE TO BE PROVIDED;

(4) TO THE EXTENT THAT THE BUSINESS MANAGEMENT SYSTEM AND THE BUSINESS MANAGEMENT SYSTEM DATA CONTAIN CONFIDENTIAL AND PRIVILEGED DATA THAT UNDER APPLICABLE AUTHORIZED CARE PROVIDER REGULATION CANNOT BE TRANSMITTED OR SHARED WITH FRANCHISOR THEN THIS FRANCHISE AGREEMENT SHALL BE INTERPRETED SO AS TO COMPLY WITH SUCH APPLICABLE REGULATION;

(5) FRANCHISEE AGREES THAT, AT ALL TIMES, IT IS FRANCHISEES SOLE AND EXCLUSIVE OBLIGATION TO ENSURE THAT FRANCHISEE'S SPA LOCATION FRANCHISE AND THE UNDERLYING SPA OPERATED AT FRANCHISEE'S SPA LOCATION IS OPERATED IN ACCORDANCE WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS, INCLUDING ALL AUTHORIZED CARE PROVIDER REGULATION.

(6) FRANCHISOR DOES NOT AND CANNOT AUTHORIZE FRANCHISEE TO THE PRACTICE MEDICINE OR PROVIDE HEALTHCARE RELATED SERVICES THAT REQUIRE THE PERFORMANCE, ADMINISTRATION AND/OR MANAGEMENT OF AN AUTHORIZED CARE PROVIDER;

(7) IN CONNECTION WITH THE OPERATIONS OF THE FRANCHISED BUSINESS, UNDER NO CIRCUMSTANCE SHALL FRANCHISEE PROVIDE MEDICAL AND/OR HEALTHCARE RELATED SERVICES THAT REQUIRE THE PERFORMANCE, ADMINISTRATION AND/OR MANAGEMENT OF AN AUTHORIZED CARE PROVIDER; AND

(8) TO THE EXTENT THAT FRANCHISOR PROVIDES TRAINING AND ASSISTANCE SUCH TRAINING AND ASSISTANCE RELATES TO THE PERFORMANCE OF BUSINESS ACTIVITIES AND UNDER NO CIRCUMSTANCE SHALL OR DOES SUCH TRAINING AND/OR ASSISTANCE RELATE TO THE PRACTICE MEDICINE OR THE PERFORMANCE OF HEALTHCARE RELATED SERVICES THAT REQUIRE THE PERFORMANCE, ADMINISTRATION AND/OR MANAGEMENT OF AN AUTHORIZED CARE PROVIDER.

3.I. NATIONAL ACCOUNTS

The license and rights granted to Franchisee in this Agreement are limited to, among other things, the Designated Territory, the grant of franchise rights set forth in Article 2.A. of this Agreement, and the reservation of rights set forth in Article 2.D. of this Agreement. Subject to the following terms and conditions and, Franchisee's compliance with same (hereinafter, the "National Account Rules"), Franchisee may provide Approved Spa Products and Services on behalf of a National Account location within Franchisee's Designated Territory:

National Account Rules

(1) Franchisee must be in compliance with the terms and conditions of this Agreement;

(2) If Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee possesses the operational capacity and experience sufficient for performing the services on behalf of the National Account, Franchisor shall submit to Franchisee a proposed work order (the "Work Order") to Franchisee disclosing that portion of the Approved Spa Products and Services designated by Franchisor to be performed by Franchisee, the pricing related thereto, timing requirements, and other information determined to be relevant by Franchisor;

(3) Franchisee shall have a minimum time to evaluate the Work Order and determine whether or not Franchisee wishes to accept same; and

(4) If Franchisee elects to accept the Work Order, Franchisee shall perform and comply with same. If Franchisee elects to reject the work order Franchisee is under no obligation to perform same. If Franchisee fails to respond in writing within the allotted timeframe where Franchisee either accepts or rejects the Work Order, Franchisee shall be deemed to have rejected the Work Order.

Franchisee acknowledges and agrees that if Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee does not possess the requisite capacity, skills and/or resources to provide Approved Spa Products and Services in connection with the National Account, that Franchisor may elect to not submit a Work Order to Franchisee and either Franchisor, Franchisor's affiliates, and/or other System franchisee's may be selected to provide Approved Spa Products and Services on behalf of a National Account located within Franchisee's Designated Territory.

The license and rights granted to Franchisee in this Agreement are limited to, among other things, the Operating Territory, the grant of franchise rights set forth in Article 2.A. of this Agreement, and the reservation of rights set forth in Article 2.D. of this Agreement. Subject to the existence of an Open Area and Franchisee's compliance with following rules and requirements ("Territory Rules"), Franchisee may provide the Approved Spa Products and Services on behalf of customers located within an Open Area

(a) Franchisee cannot engage in any Direct Solicitations outside of Franchisee's Designated Territory without our express written permission.

(b) Franchisee cannot provide Approved Spa Products and Services in the Designated Territory of another Live Hydration Business (an "Assigned Area");

(c) An "Open Area" is a geographic area that (i) is not an Assigned Area; and (ii) is located within a 50 mile radius of Franchisee's Designated Territory.

(d) Franchisee must obtain our written approval, in each instance, before providing Approved Spa Products and Services to a customer in an Open Area; and

(e) Once an Open Area becomes an Assigned Area Franchisee will no longer be authorized to provide Approved Spa Products and Services to any new customers within the Open Area, however, Franchisee will permitted to service any customers with which Franchisee have an existing relationship.

3.I. TERRITORY RULES

Nothing contained in this Section 3.I. shall expand either the non-exclusive franchise rights granted to franchisee in Article 2 of this Agreement or, Franchisee's Operating Territory and, in the event of any inconsistency or conflict between the terms of this Section 3.I. and Article 2, Article 2 shall take precedence and govern.

ARTICLE 4
TRAINING AND OPERATING ASSISTANCE

All Training and Operating Assistance obligations set forth in this Article 4 are subject to Franchisee's initial and on-going compliance with the obligations and requirements set forth in Article 3.H. of this Agreement.

4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING

(1) Within 45 days of the earlier of the Scheduled Business Commencement Date or the Actual Business Commencement Date, Franchisee's Managing Owner and one manager must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program"). Franchisor will provide Franchisee, comprised of Franchisee's Managing Owner, and

one designated manager, with Franchisor's Training Program. If Franchisee would like more than two individuals to attend the initial Training Program, subject to Franchisor's approval, Franchisee shall pay to Franchisor an additional fee of $800 per additional person attending the Initial Training Program (the "Additional Initial Training Fee"). Additional Initial Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee. Additional Initial Training Fees are subject to increase as determined by Franchisor, in Franchisor's Reasonable Business Judgment.

Prior to opening and commencing the operations of the Franchised Business, the Managing Owner and other personnel as designated or determined by Franchisor, must attend and successfully complete the Training Program designated by Franchisor. The training may include classroom and on-the-job instruction at a location or facility designated by Franchisor, and/or, at the election of Franchisor and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, may be conducted remotely through online web based conferencing. Following completion of the Training Program, Franchisee shall be responsible for the ongoing training of Franchisee's employees, staff and all other employees of the Franchised Business. Said on-going training must conform to Franchisors standards and specifications. The Training Program shall be structured, configured and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases.

(2) Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner and Manager, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as Franchisor periodically may designate or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(3) Franchisee shall pay all costs and expenses incurred by Franchisee, and those attending training on behalf of Franchisee, in connection with Franchisee's participation in all Training Programs and, satisfaction of Franchisee's Training Program obligations as designated by Franchisor.

(4) Subject to Franchisor's approval and agreement, Franchisor may offer supplemental training to Franchisee at the location of Franchisee's Spa Location Franchise, within Franchisee's Designated Territory or, as elected by Franchisor, remotely through online web based conferencing (hereinafter referred to as "Supplemental Training"). Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right to reject or approve of any request by Franchisee for Supplemental Training. If Franchisor does agree to offer and provide Supplemental Training, Franchisee shall pay to Franchisor a supplemental training fee at the rate of $800 per trainer per day for a minimum of three days, plus, if applicable, reimbursement of travel and hotel accommodation expenses incurred by Franchisor (the "Supplemental Training Fee"). Franchisee agrees that in each instance where Franchisee hires a new Operating Manager, and/or Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee is not satisfying and/or meeting Franchisor's operational standards, then, Franchisor may require that Franchisee, and/or, as applicable, Franchisee's Operating Manager participate in and, successfully, complete, Supplemental Training pay the Supplemental Training Fees. Supplemental Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee. Supplemental Training Fees are subject to increase as determined by Franchisor, in Franchisor's Reasonable Business Judgment.

(5) Franchisor, in Franchisor's Reasonable Business Judgment must approve of all individuals

attending and participating in the Training Program and all Supplemental Training programs. All participants in the Training Program must qualify as either an Owner or Operating Manager and, prior to training, among other things, must have executed the Franchise Owner and Spouse Agreement and Guaranty or the Confidentiality Agreement, respectively.

4.B. OPERATING ASSISTANCE

From time to time and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor shall advise Franchisee of those applicable standards, procedures and System requirements concerning the Franchised Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, consist of:

(1) Establishing and communicating systems and procedures related to the development and operation of the Franchised Business;

(2) Establishing and communicating Approved Spa Products and Services and, as applicable and as determined by Franchisor, modifications, if any, to the Approved Spa Products and Services including, but not limited to, additions, deletions, and/or changes to the Approved Spa Products and Services;

(3) Establishing and communicating approved Spa Facility and Management Services, and, as applicable and as determined by Franchisor, modifications, if any, to the approved Spa Facility and Management Services including, but not limited to, additions, deletions, and/or changes to the approved Spa Facility and Management Services;

(4) Designating and communicating System Supplies and, as applicable and as determined by Franchisor, modifications, if any, to the System Supplies including, but not limited to, additions, deletions, and/or changes to the System Supplies;

(5) Designating and communicating approved and designated suppliers of the Franchised Business and, as applicable and as determined by Franchisor, modifications, if any, to approved and designated suppliers including, but not limited to, additions, deletions, and/or changes to the approved and designated suppliers;

(6) Establishing and communicating marketing and brand standards related to the promotion of the Franchised Business;

(7) Approving or disapproving of Franchisee requests related to marketing materials and Digital Media that may be used to market the Franchised Business; and

(8) Establishing and communicating System standards and requirements in the form of the Operations Manual and, as Franchisor, in Franchisor's sole discretion.

4.C. OPERATIONS MANUAL

Franchisor shall provide Franchisee with access to the Operations Manual. The Operations Manual contains, as designated and determined by Franchisor, mandatory and, as applicable, suggested specifications, standards and operating procedures that Franchisor prescribes for Spa Location Franchises. Franchisee shall operate the Franchised Business in strict accordance with the standards, specifications, and requirements set forth in the Operations Manual as, such standards, specifications, and requirements including, but not limited to, authorized Approved Spa Products and Services, authorized Spa Facility and Management Services, System Supplies, and, authorized and designated suppliers, as of the Effective Date of this Agreement and, as they may be supplemented, modified, changed, and/or replaced in the future and, from time to time, by Franchisor, in Franchisor's Reasonable Business Judgment. Franchisee shall keep and maintain the confidentiality of the Operations Manual

and, shall keep and maintain all files, data and information contained in the Operations Manual in a secure location and/or in a protected confidential state and, as otherwise directed by Franchisor. The master copy and official version of the Operations Manual is and shall be the copy and/or version maintained and designated by Franchisor in Franchisor's ordinary course of business. Franchisor shall provide Franchisee with reasonable notice of modifications and changes made to the Operations Manual and, such notice may take form of electronic communications including emails and, if the Operations Manual is maintained on an online web based platform, notifications within said platform. Franchisor shall provide Franchisee with a reasonable period of time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, to implement change and modifications to the as set forth in the Operations Manual.

ARTICLE 5
FEES

5.A. INITIAL FRANCHISE FEE

Upon execution of this Agreement Franchisee shall pay to Franchisor a non-recurring initial franchisee fee (the "Initial Franchise Fee") of $57,500. The Initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement and is not refundable.

5.B. ROYALTY FEES

Royalty Fee: Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable royalty fee (the "Royalty Fee") in an amount equal to 7.5% (the "Royalty Rate") of Franchisee's monthly Gross Sales throughout the Term of this Agreement. Without limitation to the foregoing, Franchisee agrees that if the Franchised Business is operated as a Spa Management Business that the Gross Sales shall not be limited to sales and revenue related to the Spa Facility and Management Services but, shall also include, among other things, Gross Sales related to the Spa Location Franchise including sales and revenues from the Approved Spa Products and Services.

Notwithstanding the foregoing, Franchisor and Franchisee further agree that if any federal, state, and/or local government agency, entity, law, rule and/or regulation, and/or any court order or order from any legal proceeding prohibits and/or invalidates, Franchisee's payment of royalty fees based on Gross Sales related to services and/or products related to and/or associated with services performed by and/or administered by an Authorized Care Provider and/or the Franchised Business, then Franchisor, at Franchisor's election and in Franchisor's sole discretion, may either:

(a) increase the Royalty Rate, as applied to the permissible portion of the Gross Sales that is not otherwise restricted or prohibited, to a rate determined by Franchisor so that the net dollar amount of the Royalty Fees paid by Franchisee to Franchisor shall not be less than the Royalty Fees that Franchisor would have received had the federal, state, and/or local government agency, entity, law, rule and/or regulation not prohibited Franchisee's payment of royalty fees based on Gross Sales related to a restricted activity; or

(b) modify the Royalty Fee to a fixed fee Royalty Fee to be charged to and paid by Franchisee to Franchise in accordance with the following schedule (the "Franchisor's Optional Fixed Fee Royalty Fee"):

Franchisor's Optional Fixed Fee Royalty Structure	
Months 1 to 12	$4,000 per month
Months 13 to 24	$7,400 per month
Months 25 to 36	$8,000 per month
Months 37 to 48	$9,000 per month

Months 49 to 60	$11,000 per month
Months 61 to 72	$12,000 per month
Months 73 and each month thereafter	$13,000 per month
Renewal Term: During any applicable renewal term, Franchisor's Optional Fixed Fee Royalty shall be not less than the Minimum Monthly Royalty applicable in months 73 and after and shall be subject to increase as determined by us provided that within each calendar year of any renewal term we shall not increase Franchisor's Optional Fixed Fee Royalty by more than $600 per month.	

On-Going Obligation: The Royalty Fee is an on-going obligation due from Franchisee to Franchisor, is payable in United States Dollars and, as designated by Franchisor, is to be calculated and paid monthly, unless another recurring Accounting Period is designated by Franchisor, on the Gross Sales for the previous monthly Accounting Period for each and every month throughout the Term of this Agreement and any applicable renewal term. If Franchisee's accounts reflect insufficient funds during any Accounting Period, Franchisor has the right to require that the Royalty Fee or any other on-going fees be paid weekly and sent by ACH, electronic funds transfer, or as otherwise designated by Franchisor for each and every week throughout the Term of this Agreement and any applicable renewal term.

Payment and Due Date: Royalty Fee payments will be paid monthly and sent by ACH, electronic funds transfer, or as otherwise designated by Franchisor and shall be due on the 5th of each monthly Accounting Period, for the preceding month and each month thereafter throughout the entire Term of this Agreement, or such other specific day of the month that Franchisor designates from time to time or for such other period that Franchisor may designate (the "Due Date").

Tax Obligations: If any federal, state or local tax, other than an income tax, is imposed on the Royalty Fee paid by Franchisee to Franchisor that, Franchisor cannot directly and, dollar for dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor for the Royalty Fee is not less than that which has been established by this Agreement and which was due to Franchisor on the effective date of this Agreement.

Payment Authorization: Upon the request of Franchisor and in no event not later than 30 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date, Franchisee shall execute Franchisor's designated ACH Authorization Form and such other authorization agreements, in the form proscribed by Franchisor and permitting Franchisor's direct withdrawal and/or electronic transfer of sums from Franchisee's designated business bank account, for the on-going payment of Royalty Fees, and other fees and sums due from Franchisee under this Agreement. As of the Effective Date, Franchisor's current ACH authorization that must be executed and complied with by Franchisee is attached to this Agreement as Exhibit 8. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than ACH and/or automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

Royalty and Activity Reports: On the Due Date each month, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, as designated by Franchisor, a Royalty and Activity Reports containing information as designated by Franchisor and relating to the Gross Sales, financial performance, and operations of the Franchised Business for the preceding monthly Accounting Period (the "Royalty and Activity Report"). Franchisor shall have the right to verify such royalty payments from time to time, as it deems necessary in any reasonable manner.

5.C. OTHER FEES

As designated by Franchisor in this Agreement, the Operations Manual, or otherwise, Franchisee shall pay to Franchisor and/or as otherwise directed by Franchisor, each of the following additional fees:

(1) Technology Fee – Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable technology fee (the "Technology Fee"). Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees the Technology Fee as set forth in Item 6 of the FDD.

(2) Brand Development Fund Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees the Brand Development Fund Fee as set forth in Item 6 of the FDD.

(3) Quality Assurance Audit Fees – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees related to quality assurance programs designated by Franchisor related to periodic inspections of Franchisee's Spa and secret shopper evaluations as set forth in Item 6 of the FDD.

(4) Inventory Management Fees – Franchisor may assess a per item fee for any System Supplies or other products purchased by Franchisee, including without limitation, branded items and materials and/or products purchase from suppliers that provide special pricing to Franchisor as set forth in Item 6 of the FDD.

(5) Annual Conference Fees – Franchisee shall be responsible for all expenses of its personnel attending the Annual System Conference including travel, meals and lodging. Franchisee shall be required to pay to Franchisor an Annual Conference Attendance Fee as set forth in Item 6 of the FDD. **Franchisee agrees that if Franchisee fails to attend the Annual System Conference that Franchisor shall, nevertheless, charge and Franchisee shall pay the Annual Conference Attendance Fee – even if Franchisor waives such fee for franchisees who attend the Annual System Conference.**

(6) Digital Ad Spend – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees related to digital advertising as set forth in Item 6 of the FDD.

(7) Bookkeeping Services Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees a set-up fee plus an on-going monthly fee related to bookkeeping services and shall use a supplier of bookkeeping services as designated by Franchisor as set forth in Item 6 of the FDD.

(8) Supplemental Training Fees – Franchisee shall pay to Franchisor all training fees in accordance with the terms of this Agreement including, without limitation, those Additional Employee Initial Training Fees and Supplemental On-Site RN/Executive Training Fees, and other Training Fees as set forth in Item 6 of the FDD.

(9) Non-Compliance Fees – Franchisee shall pay to Franchisor all non-compliance fees in accordance with the terms of this Agreement including, without limitation, the Reporting Non-Compliance, Payment Non-Compliance, and Operations Non-Compliance Fees as set forth in Item 6 of the FDD.

(10) All Other Fees and Obligations Set Forth in this Agreement – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees all other fees, charges, and/or expenses set forth in Item 6 of the FDD and/or this Agreement and in accordance with the terms of this Agreement. If no particular due date is stated in this Agreement then such date or dates shall be determined by Franchisor in Franchisor's Reasonable Business Judgment.

5.D. PAYMENT NON-COMPLIANCE FEES AND CHARGES

In addition to all other rights afforded to Franchisor under this Agreement, in connection with each and every fee, charge, and/or obligation payable and due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to, this Article 5, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor: (a) a payment non-compliance fee in the amount of $150 per occurrence (the "Payment Non-Compliance Fee") for each and every instance where a fee, charge, and/or obligation payable to Franchisor under this Agreement is not paid in full when due; plus (b) Interest on all unpaid fees, sums, and/or obligations payable and due from Franchisee to Franchisor at an interest rate equal to the lesser of either 18% per annum, or the maximum interest rate allowed by applicable law and with interest accruing on the date when such fee, sum, or obligation was due; plus (c) all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorney's fees, costs, and expenses. The foregoing does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Franchised Business. Nothing contained in this Article 5.D. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

5.E. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

5.F. WITHHOLDING PAYMENTS UNLAWFUL

Franchisee agrees that under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

ARTICLE 6
RESTRICTIVE COVENANTS AND OBLIGATIONS

6.A. NECESSITY FOR RESTRICTIVE COVENANTS

Franchisee agrees that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor's training, use of the Licensed Marks and, access to the Operations Manual and Confidential Information. Franchisee agrees that competition by Franchisee, Owners, Spouses and/or Immediate Family Members could jeopardize the entire System and cause irreparable harm to Franchisor and franchisees of Spas and/or Spa Location Franchises. Accordingly, Franchisee and Franchisee's Owners and Spouses, agree to comply with the restrictive covenants set forth in this Article 6 and throughout this Agreement.

6.B. RESTRICTIVE COVENANTS: KNOW-HOW

Franchisee agrees that, at all times, both during the Term of this Agreement and after its expiration or termination, Franchisee: (a) shall not use the Know-How in any business or capacity other than the operation of the Franchised Business pursuant to this Agreement and as instructed by Franchisor; (b) shall maintain the confidentiality of the Know-How at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the

Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Know-How was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

Franchisee agrees that, at all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee: (a) shall not use the Confidential Information in any business or capacity other than the Spa Location Franchise operated by Franchisee; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Confidential Information was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Term of this Agreement, Franchisee shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest whether, as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or, in any similar capacity, in a Competitive Business other than, owning an interest of 3% or less in a publicly traded company that is a Competitive Business; (b) operating, managing, funding and/or performing services whether, as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or, in any similar capacity, for or benefitting a Competitive Business; (c) diverting or attempting to divert any business or customers from Franchisor or, one of Franchisor's affiliates or franchisees; (d) inducing any customer or client of Franchisor, Franchisor's affiliates, franchisees of the System, or, of Franchisee, to any other person or business that is not a Spa and/or Spa Location Franchise; and/or (e) engaging in any actions, inactions, and/or activities in violation of Articles 6.B. and/or 6.C. of this Agreement (all, individually and, collectively, referred to as the "Prohibited Activities"). Franchisee agrees that if Franchisee were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and, would cause harm to Franchisor, the System and other Spas and/or Spa Location Franchises. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Post-Term Restricted Period, Franchisee shall not engage in any Prohibited Activities provided, however, that the Prohibited Activities relating to Franchisee's having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within a Restricted Territory. If Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee agrees that Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity and, any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach. Franchisee agrees that the foregoing covenants and restrictions shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and

Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Franchisee agrees that the covenants and restrictions set forth in this Article 6.E. and, otherwise in this Article 6, are fair and reasonable and, that if Franchisee engaged in any Prohibited Activity that such actions would constitute acts of unfair competition, causing irreparable harm to Franchisor and the System.

6.F. IMMEDIATE FAMILY MEMBERS

Franchisee agrees that should Franchisee circumvent the restrictive covenants and obligations of this Article 6 by disclosing Confidential Information or Know-How to an Immediate Family Member that Franchisor and, the System, will be irreparably harmed. Franchisee agrees that if Franchisee or, one of Franchisee's Owners, discloses Confidential Information or Know-How to an immediate family member and, the immediate family member of Franchisee or an Owner, uses the Confidential Information to engage in activities that, for Franchisee, qualify as Prohibited Activities, that Franchisor and the System will be irreparably harmed. Franchisee agrees that as between Franchisee and Franchisor, that Franchisee and Franchisee's Owners are in a better position to know if Franchisee permitted and/or provided an immediate family member with access to the Confidential Information or Know-How and that, therefore, Franchisee agrees that Franchisee will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Article 6 if any member of Franchisee's immediate family or the immediate family of an Owner: (a) engages in any Prohibited Activities during any period of time during which Franchisee is prohibited from engaging in the Prohibited Activities; and/or (b) uses or discloses the Confidential Information and/or Know-How. Franchisee may rebut the foregoing presumption by providing evidence conclusively demonstrating that neither Franchisee nor Franchisee's Owners disclosed the Confidential Information and did not permit disclosure of the Confidential Information to the family member of Franchisee or Franchisee's Owner. Franchisee agrees that the foregoing covenants, obligations, representations and burden of proof shall also apply to Franchisee's Owners and Spouses and, that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.G. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that: (a) the terms of this Article 6 are reasonable both in time and in scope of geographic area; and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Article 6. **Franchisee hereby waives any right to challenge the terms of this Article 6 as being overly broad, unreasonable or otherwise unenforceable.** Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Article 6 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of this Article 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon Franchisee under this Article 6 to ensure that the terms and covenants are enforceable under applicable law.

6.H. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that Franchisee's failure and/or Franchisee's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Article 6 will cause irreparable harm to Franchisor and/or other Spa and/or Spa Location Franchise franchisees for which there is no adequate remedy at law. Franchisee agrees that any violation of these Article 6 covenants and obligations by either Franchisee and/or any Owner(s) will entitle Franchisor to injunctive relief. Franchisee agrees that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

If a court requires the filing of a bond notwithstanding the preceding sentence, the Franchisee and Franchisor agree that the amount of the bond shall not exceed $1,000 or the specific amount set by the court. Franchisor's remedies under this Article 6.H. are not exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

6.I. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION

Franchisee agrees that with regard to the Franchised Business all customer lists and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods and products conceived or developed by Franchisee and Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of Spas and/or Spa Location Franchises. Franchisee hereby assigns to Franchisor and Franchisee agrees to procure from Franchisee's Owners, affiliates and employees assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 6.I. Franchisor shall have no obligation to make any lump sum or on-going payments to Franchisee or Franchisee's Owners, affiliates or employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee will not use nor will Franchisee allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

ARTICLE 7
OPERATING STANDARDS

The Operating Standards set forth in this Article 7 are all subject to Article 3.H. of this Agreement. In connection with Franchisee's compliance with the terms of this Article 7, if Franchisee discovers, learns of, and/or becomes aware of any conflict and/or discrepancy between Franchisee's obligations under this Article 7 and/or Article 3.H. of this Agreement with Franchisor's standards and/or specifications as contained in this Agreement and/or otherwise, in the Operations Manual, and/or as otherwise designated by Franchisor from time to time, Franchisee shall immediately notify Franchisor in writing of such discrepancy. In the event of any conflict or ambiguity, Franchisor's determination and/or resolution made by Franchisor, in writing, and, specifically with regard to the presented conflict or ambiguity, shall be determinative as between Franchisor and Franchisee and the operations of the Franchised Business.

7.A. OPERATING REQUIREMENTS

At all times, Franchisee and the Franchised Business shall: (a) exclusively offer and sell the Approved Spa Products and Services or Spa Facility and Management Services, as applicable and, as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and as may be modified by Franchisor from time to time; (b) exclusively purchase and utilize the System Supplies as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time; (c) maintain a complete and updated inventory and supply of System Supplies as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time; (d) maintain Franchisee's Spa Facility in a clean, sanitary, functional and well maintained condition; and (e) maintain, update and recondition Franchisee's Spa Facility as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time. For clarity and notwithstanding anything to the contrary in this Agreement, Franchisee shall operate the Franchised Business according to and follow the standards and requirements set forth in the Operations Manual or as otherwise designated by Franchisor in writing.

7.B. UPDATING AND UPGRADING

Upon the request of Franchisor, Franchisee must improve, modify and remodel Franchisee's Spa Facility to the Franchisor's then current standards and specifications. Franchisee agrees to make such

improvements or modifications when changes to Franchisor's standards and specifications are made applicable to Franchisee's Spa Facility.

7.C. FRANCHISOR ENTRY FOR UPDATES, UPGRADES, AND APPEARANCE REQUIREMENTS

If Franchisee fails or refuses to initiate within 30 days after Franchisor's request, and/or fails to continue in good faith and with due diligence, any required improvement, modification, refurbishment, renovation, and/or remodel of Franchisee's Spa Facility, then Franchisor has the right, but is not obligated, to enter upon Franchisee's Spa Facility and Franchisee's Spa Location and effect such improvement, modification, refurbishment, renovation, and/or remodel on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand.

7.D. DAMAGE CAUSED BY CASUALTY

If Franchisee's Spa Facility is damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than two months after such casualty, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue until completion of the repairs or reconstruction, in order to restore the premises of Franchisee's Spa Facility to its original condition before casualty and otherwise in accordance with Franchisor's standards and specifications.

7.E. ALTERATIONS

Franchisee shall not make any material alterations to Franchisee's Spa Facility without Franchisor's prior written consent. Franchisee shall not replace or make any unapproved replacements of or material alterations to the fixtures, equipment, furniture, designs or signs, comprising or being a part of, Franchisee's Spa Facility. Franchisor has the right, in its sole discretion and at the sole expense of Franchisee, to rectify any material alterations to Franchisee's Spa Facility not previously approved by Franchisor or contrary to the specifications and standards of Franchisor as contained in the Operations Manual or otherwise set forth by Franchisor. Franchisor will provide written notice to Franchisee before Franchisor makes the correction, if Franchisor elects to do so.

7.F. BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS

Franchisee shall develop and operate the Franchised Business in strict conformity with the methods, standards, specifications, procedures, and operational requirements as, designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment, and as set forth in the Operations Manual, as prescribed by Franchisor in writing, and, as Franchisor, in Franchisor's Reasonable Business Judgment, may supplement, modify, and amend from time to time. Supplementing, and without limitation to the foregoing, Franchisee, agrees that the foregoing standards, specifications, procedures, and operational requirements shall relate and include, among other things, the Approved Spa Products and Services and, as applicable, the Spa Facility and Management Services, the System Supplies, System standards as designated by Franchisor, authorized and mandatory inventory levels and inventory items, authorized and mandatory supplies and inventory supply levels, designated suppliers, equipment requirements, equipment manufacturers, standards related to brand uniformity including, brand standards regarding uniforms, marketing materials, marketing media, the appearance and operations of the Franchised Business, customer service and satisfaction standards including, customer rewards programs, refund policies, gift card policies, special promotions and other customer incentive and goodwill programs, brand standards and brand standard requirements as to employee knowledge and implementation of System brand standards but, not related to employment or joint employment policies, secret shopper programs, Franchisor designated secret quality control inspections, payment processing systems, manager requirements, Franchisor access to Business Management Systems, Franchisor access to the Franchised Business and, the overall operations of the Franchised Business. If Franchisee elects to use a branded vehicle, Franchisee acknowledges and agrees that such vehicle shall comply with Franchisor's then current standards and specifications for a branded vehicle.

7.G. APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS

Franchisee agrees that, among other things, the products and services to be offered and sold by the

Franchised Business, the supplies, suppliers and equipment used by the Franchised Business, the methods for monitoring customer satisfaction and, the methods for marketing and promoting the Franchised Business must conform to Franchisor's System standards and specifications as determined by Franchisor, in Franchisor's Reasonable Business Judgment, and, as designated by Franchisor in the Operations Manual and, as modified by Franchisor from time to time. Without limitation to the foregoing, Franchisee agrees that:

(1) The Franchised Business shall exclusively offer, sell, and provide, as applicable and, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, the Approved Spa Products and Services or Spa Facility and Management Services.

(2) Franchisee's Spa Location shall exclusively offer, sell, and provide to the public only those Approved Spa Products and Services designated and authorized by Franchisor, in Franchisor's Reasonable Business Judgment, and, as may be modified by Franchisor from time to time in Franchisor's Reasonable Business Judgment.

(3) The Franchised Business will exclusively: (a) offer and provide the Approved Spa Products and Services or, as applicable the Spa Facility and Management Services; (b) offer and provide from the Spa Location the Approved Spa Products and Services in accordance with the System's standards and specifications; (c) exclusively purchase and use System Supplies purchased from Franchisor or Franchisor's designated suppliers; (d) exclusively purchase and utilize equipment, supplies, promotional materials, point of sale systems and Business Management System(s) designated by Franchisor and subject to Franchisor's specifications; (e) purchase interior displays, point of sale displays, uniforms, supplies, marketing materials and promotional materials including, but not limited to, System Supplies, as designated by Franchisor and only from Franchisor or Franchisor's approved supplier(s); and (f) purchase from distributors and other suppliers approved by Franchisor all other materials, goods, and supplies (including but not limited to System Supplies) used in preparing, offering, selling, promoting, and serving the Approved Spa Products and Services.

(4) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies and products including, but not limited to, System Supplies, that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be utilized by the Franchised Business.

(5) Franchisor, in Franchisor's Reasonable Business Judgment, may, from time to time, modify the list of approved brands, suppliers and distributors of System Supplies and approved equipment, supplies and services to be utilized by the Franchised Business and Franchisee shall, after receipt in writing of such modification, not reorder any brand and/or purchase from any supplier or distributor that is no longer designated or approved by Franchisor.

(6) Franchisor reserves the right to designate, from time to time, a single supplier and/or distributor for any services, products, equipment, supplies, or materials including, but not limited to, the System Supplies and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier and/or distributor may be Franchisor and/or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers and/or distributors on account of such supplier's or distributor's dealings with Franchisee and other franchisees and may use all amounts so received without restriction and for any purpose Franchisor and its affiliates deem appropriate.

(7) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers and/or distributors for use in the Franchised Business where such

products, services, equipment, supplies, suppliers and/or distributors are not presently, at the time of Franchisee's request, approved for use in the System: (a) Franchisee must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier and/or distributor, the reason for Franchisee's request; (b) shall timely submit to Franchisor such information, reports, specifications, and samples as Franchisor, in Franchisor's Reasonable Business Judgment requests; and (c) shall pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier and/or distributor to be considered including, but not limited to, the Supplier Evaluation Fees that Franchisor, in Franchisors Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating, assessing and testing the proposed product, service, equipment, supply, supplier and/or distributor including, but not limited to Franchisor's internal employees and independent third parties engaged and/or retained by Franchisor for evaluation and testing. The foregoing fees and payments shall be paid by Franchisee to Franchisor within 14 days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within 60 days of the completion of all inspections and evaluations, Franchisor shall notify Franchisee of Franchisor's approval or disapproval which shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance shall the foregoing be construed as implying that Franchisor is required to approve alternative suppliers and Franchisor shall exclusively determine, in Franchisor's Reasonable Business Judgment, the level of evaluation to be conducted by Franchisor.

7.H. MARKET RESEARCH AND TESTING

Franchisor may conduct market research and testing to evaluate, modify, test and/or sample the services, products, equipment and supplies authorized by Franchisor and to determine consumer trends and the viability of certain services and products. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services and/or products from the Franchised Business. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding such market research. Franchisee agrees to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

7.I. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall, at all times, secure and maintain in full force all required licenses, permits and certificates relating to the operation of the Franchised Business, and Franchisee must operate the Franchised Business in full compliance with all applicable laws, ordinances, codes and regulations.

(2) Franchisee shall, at all times, investigate, review, and comply with all laws applicable to the operation of the Franchised Business, including, without limitation, all labor laws and obligations, wage and hour laws and obligations, employer practices laws and obligations, labor department rules and regulations, workers compensation and unemployment laws and rules, insurance obligations, health and safety laws, healthcare laws, rules, and regulations, and Authorized Care Provider Regulation.

(3) Franchisee shall, at all times, investigate, review, and comply with all laws, rules, and regulations related to all laws, rules, and regulations related to customer and employee privacy obligations and protections and, all laws, rules, and regulations, related to the privacy and protection of customer and employee information and data and, all laws, rules, and regulations related to customer and employee solicitations.

(4) Franchisee must, at all times, immediately notify Franchisor in writing of any of the following concerning Franchisee, the Franchised Business, Franchisee's Spa Location and/or Franchisee's Spa Facility: (a) any cause of action, claim, lawsuit, proceeding, and investigation; (b) issuance of any order, writ, injunction, award, and/or decree by any court, agency, or other governmental entity; and (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(5) Franchisee shall, at all times, ensure that all advertising and promotion of the Franchised Business by Franchisee is completely factual and conforms to the highest standards of ethical advertising. Franchisee agrees to refrain from any business practice, advertising practice, or personal conduct that may be injurious to Franchisor, the System, Spa Location Franchises, or the Licensed Marks. Franchisor, in Franchisor's sole discretion, shall possess, among other things, the unilateral right to reject any and all advertising relating to the Franchised Business, Franchisor, the System, Spa Location Franchises and/or using the Licensed Marks.

(6) Franchisee and Owners agree to comply with, and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at http://www.treasury.gov) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee agrees to immediately notify Franchisor if Franchisee or any Owner become so listed. "Anti-Terrorism Laws" refers to and means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. If Franchisee, an Owner, or Franchisee's employees violate any of the Anti-Terrorism Laws and/or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

7.J. MANAGEMENT OF SPA

(1) Franchisee agrees that critical to the success of the Franchised Business is the active, continuing and substantial personal involvement and hands-on supervision of Franchisee's Managing Owner. At all times, Franchisee's Spa Location Franchise must be under the active, continuing and substantial personal involvement and hands-on supervision of Franchisee's Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Franchised Business unless Franchisee delegates management functions to an authorized Operating Manager who, among other things, satisfactorily completed Franchisor's Initial Training Program and has otherwise meet the criteria and conditions for qualification as an Operating Manager. If the Operating Manager is a family member of Franchisee and/or an Owner then the Operating Manager must also sign and agree to be bound by the terms of the Franchise Owner and Spouse Agreement and Guaranty.

(2) Franchisee must, at all times, faithfully, honestly and diligently perform its obligations hereunder, and continuously exert its best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Licensed Marks.

(3) If, at any time, the Franchised Business is not being managed by a Managing Owner or Operating Manager who satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on behalf of Franchisee. Franchisor's appointment of a manager of the Franchised Business does not relieve Franchisee of its obligations or constitute a waiver of Franchisor's right to terminate the Franchise pursuant to Article 16. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by Franchisor's appointed manager. Franchisor has the right to charge fees and expenses, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, for management services (the "Management Service Fees"). Any

determination as to whether or not Franchisor may elect to provide management services, if any, and the extent of such services, and/or the discontinuation thereof, shall be exclusively determined by Franchisor in Franchisor's Reasonable Business Judgment. The Management Service Fee shall be immediately payable upon invoice by us.

(4) Franchisee will at all times maintain sufficient working capital to fulfill its obligations under this Agreement.

7.K. REMEDIES FOR NONCOMPLIANCE WITH FRANCHISOR'S OPERATIONAL STANDARDS

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 7 (an "Operations Violation"), within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor an operations non-compliance fee (the "Operations Non-Compliance Fee") in the amount of: (a) $1,000 for each and every instance / event related to an Operations Violation involving the sale of services and/or products that are not Approved Spa Products and Services and/or authorized Spa Facility and Management Services; (b) $1,000 for each and every instance / event related to an Operations Violation involving the failure to exclusively use System Supplies, and/or Franchisor designated suppliers; and (c) $1,000 for all other Operations Violation. Additionally, in each of the foregoing instances, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor all costs and expenses incurred by Franchisor in connection with any inspections, audits, and/or re-inspections directed and/or undertaken by Franchisor for the purpose, as determined by Franchisor in Franchisor's Reasonable Business Judgment, of determining whether or not Franchisee's Operations Violation has been cured in accordance with Franchisor's standards and specifications. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Operations Violations. Nothing contained in this Article 7.K. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16, and as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

ARTICLE 8
INSURANCE

Franchisee, at Franchisee's sole expense, must purchase and maintain in full force at all times during the Term of this Agreement an insurance policy or policies protecting Franchisee as named insured and naming, as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor. The policy or policies must be written by a carrier or carriers with an A.M. Best Rating of at least A-, VII and reasonably acceptable to Franchisor.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Operations Manual. Franchisor may, in Franchisor's Reasonable Business Judgment, periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Notwithstanding the immediately foregoing sentence, Franchisor shall not increase such minimum coverage more than once every two years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees of Franchisor by reason of the negligence of Franchisee and/or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees.

By the earlier of 90 days after the Effective Date or prior to the commencement of the Training Program,

Franchisee must deliver, or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Article 8. All insurance policies required must expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.

In the event Franchisee fails, for any reason, to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority (but not the obligation) to immediately to procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a reasonable administrative fee for Franchisor's expenses in so acting, shall be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.

ARTICLE 9
BRAND DEVELOPMENT AND MARKETING

Franchisor is not required to conduct any marketing on behalf of Franchisee or the System.

9.A. BRAND DEVELOPMENT FUND

At all times and from time to time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor may institute, implement, maintain, delegate and administer a brand development fund (the "Brand Development Fund"). The following shall apply to the Brand Development Fund at all times throughout the Term:

(1) If Franchisor institutes the Brand Development Fund, Franchisee shall pay, on the Due Date, a mandatory and continuing fee to the Brand Development Fund in an amount equal to a percentage of Gross Sales (as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment) for each monthly Accounting Period (the "Brand Development Fund Fee"), provided, however, Franchisee will not be required to contribute more than 2% of the Gross Sales, or such amount set forth in Item 6 of the FDD, of the Franchised Business for each monthly Accounting Period;

(2) Franchisor will provide Franchisee with written notice of the percentage of Gross Sales that Franchisee is required to contribute to the Brand Development Fund. Upon such written notice to Franchisee, the percentage of Gross Sales to be paid by Franchisee to the Brand Development Fund will be applicable for each and every monthly Accounting Period thereafter during the Term until otherwise designated by Franchisor in writing. The Brand Development Fund Fee shall be paid to Franchisor on the Due Date and in accordance with the payment terms and methods set forth in Article 5.B for the payment of Royalty Fees;

(3) Franchisor, in Franchisor's Reasonable Business Judgment, shall direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Development Fund, with sole discretion over the strategic direction, creative concepts, materials, and endorsements used by the Brand Development Fund, and the geographic, market, and media placement and allocation thereof. Without limiting the foregoing, the Brand Development Fund may also be utilized for evaluation and monitoring of the Business Management Systems, maintenance and upgrades to the System Website, and development of Digital Media;

(4) Franchisee agrees that the purpose of the advertising, media, marketing and activities financed by the Brand Development Fund is and shall be for the general enhancement of the System brand as associated with the Licensed Marks and general public brand recognition and awareness of the Licensed Marks. The Brand Development Fund will not be utilized to directly or indirectly market or promote the Franchised Business or, unless otherwise directed by Franchisor, in

Franchisor's Reasonable Business Judgment, pay for media placements that may benefit or include any media market that includes Franchisee's Spa Location or Designated Territory;

(5) Franchisee agrees that the Brand Development Fund may be used to pay various costs and expenses of Franchisor for such reasonable salaries, wages, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration, activities and/or the brand awareness goals of the Brand Development Fund including expenses incurred by Franchisor for advertising, marketing, product and service testing, product and service development, maintenance, evaluation and monitoring of the Business Management Systems, upgrades to the System Website, development of Digital Media and creative development that is internally administered or prepared by Franchisor and other marketing activities made by Franchisor, provided, however, that salary expenses for Franchisor's personnel paid by the Brand Development Fund shall be commensurate with the amount of that time spent by such personnel on Brand Development Fund matters. Franchisor shall not use contributions to the Brand Development Fund to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration and activities of the Brand Development Fund and creation or conduct of its marketing programs including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Development Fund. Franchisor may spend in a fiscal year an amount greater or less than the aggregate contributions of all Spa Location Franchises to the Brand Development Fund in that year;

(6) Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Development Fund;

(7) Spa Location Franchises owned by Franchisor or Franchisor's affiliates are not required to pay any Brand Development Fund Fee or contribute to or make any contribution to the Brand Development Fund;

(8) Franchisee and Franchisor acknowledge and agree that (a) the Brand Development Fund is not a trust, (b) Franchisor is not a trustee or fiduciary of the Brand Development Fund, and (c) Franchisor may deposit and maintain any and all funds of the Brand Development Fund Fee in Franchisor's general accounts. Brand Development Fund Fees are not required to be segregated from other assets or accounts of Franchisor. The Brand Development Fund is not required to expend Brand Development Fund Fees in the year that they are collected and the Brand Development Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the Brand Development Fund, and Franchisor may cause the Brand Development Fund to invest any surplus for future use by the Brand Development Fund. All interest earned on monies contributed to the Brand Development Fund will be used to pay costs of the Brand Development Fund before other assets of the Brand Development Fund are expended. A summary statement of monies collected and costs incurred by the Brand Development Fund for Franchisor's immediately preceding fiscal year shall be made available to Franchisee upon Franchisee's written request. Franchisor will have the right to cause the Brand Development Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity shall have all rights and duties of Franchisor pursuant to this Article 9.A(8);

(9) Although Franchisor will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs, Franchisor undertakes no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by Spa Location Franchises operating in that geographic area or that any Spa Location Franchises will benefit directly or in proportion to its contribution to the Brand Development Fund from the development

of advertising and marketing materials. Franchisor may use the Brand Development Fund to promote or benefit any type of Spa Location Franchises in the System. Franchisor may use the Brand Development Fund to promote or benefit Spa Location Franchises located within a particular region of the United States. Franchisee agrees that Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to contribute to the Brand Development Fund. Franchisee agrees that the failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the Brand Development Fund shall not in any way release Franchisee from or reduce Franchisee's obligations under this Article 9, such obligations being separate and independent obligations of Franchisee under this Agreement. Except as expressly provided in this Article 9, Franchisor assumes no direct or indirect liability, responsibility, or obligation to Franchisee with respect to the maintenance, direction, and/or administration of the Brand Development Fund; and

(10) Franchisor, in Franchisor's Reasonable Business Judgment, may establish a council to provide guidance respecting the administration of the Brand Development Fund and marketing matters concerning the Brand Development Fund. The council shall only serve in an advisory capacity and Franchisor shall select members of the council which may be comprised of employees of Franchisor, Franchisor, franchisees of the System and third parties.

9.B. MARKETING MANAGEMENT

Franchisor and/or its appointed affiliates will execute Marketing Programs aimed at promoting the franchise System. These programs encompass advertising, public relations, promotion, market research, and various marketing activities. Franchisee shall participate in all Marketing Programs specified by Franchisor, unless Franchisor designates a particular Marketing Program as options. The ongoing Marketing Fees contribute to funding these Marketing Programs. Franchisee shall use Franchisor's designated vendor for Marketing Management Services. Franchisor reserves the right to increase the monthly marketing management fee if the designated vendor increases its fees for marketing management services. On or before the 5th day of each month, or, such other dates as specified by Franchisor, Franchisee shall provide Franchisor with an accurate accounting of Franchisee's marketing management expenditures, placements, activities, and metrics for the immediately preceding month. At the request of Franchisor, Franchisee shall provide Franchisor with on-going access to any and all data and systems that record and/or report information related to Franchisee's marketing management activities and expenditures and provide Franchisor such other periodic reports and records as may be requested by Franchisor.

Franchisee acknowledges that the ongoing Marketing Fees described in the FDD contribute to the funding, administration, and execution of Franchisor's Marketing Programs. Payment of these fees are a required obligation of Franchisee and ensure that the franchise System maintains a coordinated and effective marketing strategy.

Franchisor reserves the right to reject any and all marketing efforts requested by Franchisee and to prescribe all marketing, marketing media, marketing channels, promotions, copy, creative, and messaging that Franchisee may or may not use in Franchisee's marketing of the Franchised Business. Franchisee further agrees that:

(1) Franchisee shall provide Franchisor with monthly reports documenting Franchisee's advertising initiatives (which must be approved by Franchisor and consistent with Franchisor's standards and specifications) and expenditures, including Profit and Loss Statements, advertising return on investment calculations and other documentation as Franchisor may request to evaluate Franchisee's marketing management and marketing management expenditures. Franchisee agrees that all of Franchisee's marketing efforts must be focused on media and marketing directed toward Franchisee's Designated Territory, and Franchisee shall not direct Franchisee's marketing and promotion efforts with the purpose of soliciting and/or attracting customers from outside of Franchisee's Designated Territory;

(2) No later than 90 days prior to the opening of the Franchised Business, Franchisee shall submit to Franchisor, Franchisee's grand opening marketing plan for review and approval by Franchisor. Franchisee shall only utilize those portions of its grand opening marketing approved by Franchisor. In accordance with Franchisee's grand opening marketing plan, provided same is approved by Franchisor, Franchisee will spend at least $10,500 on the marketing and promotion of the grand opening of the Franchised Business commencing not later than 30 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date and during the first three months thereafter, and on Franchisee's opening inventory of certain branded System Supplies and marketing materials. Franchisee will provide Franchisor a written accounting of Franchisee's expenditures for grand opening marketing within 30 days prior to the anticipated grand opening of the Franchised Business;

(3) Franchisee's marketing must be directed toward and contained within Franchisee's Designated Territory. To the extent that Franchisee's marketing efforts involve a marketing medium that is targeted toward Franchisee's Designated Territory but reaches outside of and beyond Franchisee's Designated Territory then Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right to approve or disapprove of such marketing solely on the basis of the distribution reach of such marketing efforts; and

(4) Franchisee hereby grants to Franchisor the right, without compensation to Franchisee, to use Franchisee's name, address, photograph, and biographical information in any publication related to the System, including in relation to the sale of other Spa Location Franchises.

9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING

All marketing and promotion of the Franchised Business and all marketing media utilized by Franchisee in the marketing and/or promotion of the Franchised Business must be professional and must conform to Franchisor's standards and specifications as set forth in the Operations Manual and LIVE Style Guide, or as otherwise directed by Franchisor in writing. Before Franchisee uses any digital marketing and promotional materials and/or media not prepared by, or previously approved by Franchisor in writing, Franchisee shall submit samples of such materials to Franchisor for approval, which shall be given at the discretion of Franchisor, in Franchisor's sole discretion. Franchisor may disapprove or withdraw its prior approval of any marketing materials upon notification to Franchisee (which may be via email), and Franchisee must immediately cease using such materials upon receipt of such notice. Franchisee shall not use any advertising or promotional materials that Franchisor has disapproved.

9.D. WAIVERS OR DEFERRALS

On written request from Franchisee with reasons supporting such request, Franchisor may, at Franchisor's sole discretion and on conditions Franchisor deems appropriate, temporarily waive or defer the obligations of Franchisee under the Brand Development Fund and/or, if applicable, Advertising Cooperative. In no event shall such waiver or deferral extend beyond six months. However, at the end of any waiver or deferral period, Franchisee may resubmit a request for waiver or deferral of its obligations under the Brand Development Fund and/or, if applicable, Advertising Cooperative. Under no circumstance shall Franchisor be under any obligation to grant any waiver of deferral. Franchisor may reject Franchisees request for a waiver or deferral based on any reason or no reason at all and, nevertheless grant the request of another system franchisee.

9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS

Franchisee's use of Digital Media shall be subject to and require Franchisor's express written consent which shall and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possesses no right or authority to utilize Digital Media and Franchisee agrees that Franchisor reserves all rights respecting the marketing, sale and distribution of Approved Spa Products and Services through Digital Media. Franchisee agrees that all Digital Media and Digital Media accounts associated with and/or relating to the Franchised Business and/or the System shall, upon demand of

Franchisor, be transferred to Franchisor. Upon execution of this Agreement and any and all future dates demanded by Franchisor, Franchisee shall execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts Agreement attached to this Agreement as Exhibit 6. Franchisee agree that the foregoing shall not be interpreted or construed as permitting Franchisee to establish, designate, utilize and/or otherwise establish accounts as to Digital Media respecting and/or concerning the Franchised Business and/or the System.

9.F. ADVERTISING COOPERATIVE

At all times Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that Franchisor designates (the "Advertising Cooperative"). Franchisee agrees that Franchisor possesses the sole and exclusive right to designate any geographic area in which three or more Spa franchises are located as a region for the purpose of establishing an Advertising Cooperative. If Franchisee's Spa or Designated Territory is located within the geographic area of an Advertising Cooperative, franchisee must participate in and contribute to the Advertising Cooperative. Franchisee agrees to the following:

(1) If Franchisor previously instituted or, in the future, institutes an Advertising Cooperative that includes, in whole or in part, Franchisee's Designated Territory or Franchisee's Spa Location, Franchisee shall participate in and make such on-going financial contributions to the Advertising Cooperative, as determined by the Advertising Cooperative;

(2) Franchisor may establish foundational and organizational requirements of the Advertising Cooperative including voting provisions that allows the Advertising Cooperative to make decisions based on the simple majority vote (one vote per franchisee Spa located within the designated area of the Advertising Cooperative) with a quorum constituting 25% of those franchisees within the Advertising Cooperative;

(3) Unless otherwise authorized and approved by Franchisor in writing, each Advertising Cooperative shall be organized for the exclusive purpose of administering marketing programs and the development of media (all subject to the review and approval of Franchisor) for use by members of the Advertising Cooperative in local or regional marketing;

(4) If at the time of execution of this Agreement an Advertising Cooperative has been established for a geographic area that includes, in whole or in part, Franchisee's Spa location or Designated Territory, or if such Advertising Cooperative is established during the Term of this Agreement, Franchisee shall fully participate in the Advertising Cooperative and Franchisee shall execute, at the request of Franchisor, all documents required by Franchisor and Franchisee shall become a member of the Advertising Cooperative subject to the terms of those documents;

(5) Franchisee shall contribute to the Advertising Cooperative in the amounts as determined and required by the Advertising Cooperative or, otherwise in accordance with those documents governing the operation of the Advertising Cooperative; provided, however, Franchisee's contributions to the Advertising Cooperative shall not exceed Franchisee's minimum marketing management obligations set forth in Article 9.B. of this Agreement and Franchisee's contributions to the Advertising Cooperative shall count toward satisfaction of Franchisee's minimum marketing management obligations set forth in Article 9.B.;

(6) Franchisee shall submit to the Advertising Cooperative and to Franchisor such statements and reports as may be required by the Advertising Cooperative and approved by Franchisor. All contributions to the Advertising Cooperative shall be maintained and administered in accordance with the documents governing the Advertising Cooperative. The Advertising Cooperative shall be operated solely for the purpose of collection and expenditure of the Advertising Cooperative's fees for the purpose set forth in this Article 9.F.;

(7) No marketing materials, plans, or media may be used by the Advertising Cooperative or its members without the prior written approval of Franchisor;

(8) Spa Location Franchises owned by Franchisor and/or Franchisor's affiliates that are located within the geographic area of the designated Advertising Cooperative are not required to make contributions to the Advertising Cooperative; and

(9) The Advertising Cooperative must comply with the rules and regulations established by Franchisor in the Operations Manual which may be modified by Franchisor from time to time.

ARTICLE 10
RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

10.A. INDEPENDENT CONTRACTORS

This Agreement does not create a fiduciary relationship between Franchisor and Franchise, Franchisor and Franchisee are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. The parties' relationship is strictly a franchisor and franchise relationship.

Franchisee is the sole employer of the employees of the Franchised Business. Franchisee has the sole right to select, hire and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling and paying wages to, and withholding and paying taxes for Franchisee's employees. Franchisee, each Owner, each Spouse, and Franchisee's officers, directors, manager, agents, representatives, independent contractors and employees shall not be construed, considered, or represented as Franchisor's employees, representatives, or agents. There is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state and local labor laws rules and regulations shall be exclusively determined and managed by Franchisee. To the extent that the Operations Manual includes information, specifications, procedures, criteria and/or requirements as to employees of the Franchised Business, such requirements shall be interpreted exclusively for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the Approved Spa Products and Services, and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of "joint employer" and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

Franchisee must conspicuously identify itself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of a Spa under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires.

Franchisee must not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee must not employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee.

Franchisor and Franchisee shall not make any express or implied agreements, guaranties or representations, or incur any debt, in the name, or on behalf, of the other. Franchisor and Franchisee shall not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee shall not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor shall not be obligated for any damages to any

person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by Franchisee's negligent, willful act or failure to act.

Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor in connection with sales made, services performed, or business conducted by Franchisee.

10.B. INDEMNIFICATION BY FRANCHISEE

Franchisee and each Owner shall indemnify, defend through counsel acceptable to Franchisor, and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisor Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigations, hearings, and/or damages arising out of, or relating to, Franchisee's Spa Facility, Franchisee's Spa Location, and/or the Franchised Business (including, without limitation, the ownership and operation of the Franchised Business), unless such loss, expense, claim, cause of action, lawsuit, liability, tax, cost, demand, proceeding, or damage is solely due to Franchisor's gross negligence, and Franchisee shall pay all of the Franchisor Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisor Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisor Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume (but is not obligated to undertake) the defense and/or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense shall not diminish the obligation of Franchisee and each Owner to indemnify, defend and hold harmless Franchisor. Franchisee and each Owner acknowledge and agree that the terms of this Article 10.B. shall survive the termination, expiration or Transfer of this Agreement.

Under no circumstances are the Franchisor Indemnified Parties required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisee and each of the Owners agree that Franchisor's failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

10.C. INDEMNIFICATION BY FRANCHISOR

Franchisor shall indemnify, defend, and hold Franchisee and Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisee Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigations, hearings, and/or damages solely arising out of, or solely relating to, Franchisor's gross negligence in the operation of Franchisee's Spa Location Franchise that was the direct cause of any such loss, expense, liability or damage provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing, and Franchisor shall pay all of the Franchisee Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisee Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisee Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing. Franchisor agrees that the terms of this Article 10.C shall survive the termination, expiration or Transfer of this Agreement.

ARTICLE 11
LICENSED MARKS AND SYSTEM; AND INNOVATIONS TO SYSTEM

11.A. OWNERSHIP AND GOODWILL

Franchisee agrees that Franchisor is the owner of all right, title and interest in and to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Franchisee further agrees that Franchisee possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System, and Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Franchisee or any of Franchisee's affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Franchisee agrees that all usage of the Licensed Marks and/or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Franchised Business, subject to the terms and conditions of this Agreement. Franchisee shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

11.B. USE OF THE LICENSED MARKS

Franchisee agrees that the Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate, advertise and market the Franchised Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee shall not use the Licensed Marks as part of its corporate or other legal name, and Franchise shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Licensed Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action, Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Licensed Mark and/or the System. Franchisee agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding provided Franchisee timely notifies Franchisor of such litigation or administrative proceeding, and Franchisee complies with the written instructions of Franchisor respecting

any such litigation or administrative proceeding.

11.D. DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisee agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Franchisee to replace, modify, substitute, and/or discontinue use of any Licensed Marks, then Franchisee shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Mark(s). Franchisee shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take action pursuant to instruction by Franchisor pursuant to this Article 11.D. or, if Franchisee is otherwise required to replace, modify, substitute, and/or discontinue use of any Licensed Marks, the sole liability and obligation of Franchisor to Franchisee shall be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

11.E. INDEMNIFICATION OF FRANCHISEE

If Franchisee is sued in a legal proceeding or is threatened with legal action and/or a notice of infringement by a third party where the claims and/or causes of action directly relate to a third-party claiming trademark infringement, unfair competition, and/or trademark dilution as a result of Franchisee's use of the Licensed Marks in accordance with the terms of this Agreement and the System (the "IP Claim"), then Franchisor shall indemnify Franchisee for the reasonable and direct costs incurred by Franchisee and/or a judgment entered against Franchisee, provided: (i) Franchisee immediately notified Franchisor of the IP Claim by a written notice sent to Franchisor via priority overnight courier; (ii) Franchisee provided and afforded Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (iii) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Franchisee agrees that time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Article 11.E.

11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND INFORMATION

Franchisee agrees that with regard to the Franchised Business, all customer lists, including the contents and information contained in all customer lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term, and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee, any Owner, and/or Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees relating to the development and operation of Spa Location Franchises and the System. Franchisee hereby assigns to Franchisor, and Franchisee agrees to procure an assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 11.F. from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees. Franchisor shall have no obligation to tender any lump sum payment, on-going payments, or any other consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee shall not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

ARTICLE 12
RECORDS AND REPORTS

12.A. MAINTENANCE AND PRESERVATION OF RECORDS

Subject to requirements and obligations set forth in Article 3.H. of this Agreement, Franchisee shall maintain during the Term, and preserve for at least three years from the dates of their preparation, full, complete and accurate books, records, and accounts from the Franchised Business. Such records shall be maintained and preserved in the form and manner by Franchisor in the Operations Manual or otherwise in writing.

12.B. REPORTING OBLIGATIONS

In additional to the reporting obligations otherwise set forth in this Agreement and, subject to requirements and obligations set forth in Article 3.H. of this Agreement, Franchisee agrees to the following additional reporting obligations that shall include all of the data and information requested by Franchisor, in Franchisors Reasonable Business Judgment, and as may be modified by Franchisor from time to time:

(1) Royalty and Activity Reports – on the Due Date each month, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, the Royalty and Activity Report as designated by Franchisor and in accordance with the terms of this Agreement.

(2) Monthly Financial Statements and Reports – within 30 days of the end of each calendar month Franchisee shall submit to Franchisor monthly financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. At all times Franchisee represents that the financial statements, information, and reports submitted to and/or made available to Franchisor shall be and remain true and accurate. The financial statements must be prepared in accordance with GAAP and, additionally, shall reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(3) Annual Financial Statements and Reports – within 60 days of the end of each calendar year, Franchisee shall submit to Franchisor Franchisee's annual financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. The financial statements must be prepared by a licensed CPA and in accordance with GAAP and, additionally, shall reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(4) Tax Returns – Franchisee shall provide to Franchisor, Franchisee's annual federal, state and local tax returns as same are prepared and submitted to the applicable federal, state and local entities. Said tax returns shall be submitted to Franchisor within 45 days of Franchisee or Franchisee's agent filing such returns with the applicable federal, state and local entities; and

(5) Other Reports – Franchisee shall timely submit to Franchisor, all other forms, reports, records, information, and data as Franchisor may reasonably request in writing or as otherwise set forth in the Operations Manuals.

12.C. REMEDIES FOR NONCOMPLIANCE WITH RECORDS AND REPORTING

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 12 (a "Reporting Violation"), within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor a reporting non-compliance fee (the "Reporting Non-Compliance Fee") in the amount of $500 per occurrence for each and every failure to timely submit a report and/or record as set forth in this Article 12. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Reporting Violations. Nothing contained in this Article 12.C. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and

remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

ARTICLE 13

INSPECTION AND AUDITS

The following Inspection and Audits provisions are all subject to Article 3.H. of this Agreement:

13.A. FRANCHISOR'S RIGHT TO INSPECT

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to inspect Franchisee's Spa Facility. Franchisee shall fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, videos, and/or recordings of Franchisee's Spa Facility and interview employees and customers of the Franchised Business, conduct secret-shopper inspections, and other inspections either with or without notice to Franchisee. Franchisor shall undertake reasonable efforts to minimize the impact of any inspection on the operations of the Franchised Business.

13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Franchised Business and Franchisee. Franchisee shall maintain complete and accurate copies all such books, statements, records and supporting documents at all times at Franchisee's Spa Facility. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit.

ARTICLE 14

TRANSFER OF INTEREST

14.A. TRANSFER BY THE FRANCHISOR

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer and/or assign Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, and/or Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign any of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor's sole discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or the Ancillary Agreements, and/or any or all of Franchisor's rights and obligations set forth in this Agreement and/or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement and/or the Ancillary Agreements and/or Franchisor's rights and obligations under this Agreement and/or the Ancillary Agreements.

14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL

Franchisee agrees, and Franchisee represents and warrants that Franchisee's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner.

Therefore, Franchisee agrees that:

(1) No ownership interest of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;

(2) No obligations, rights or interest of Franchisee in (a) this Agreement, (b) the lease or ownership interests in Franchisee's Spa Location and Franchisee's Spa Facility, (c) the Franchised Business, or (d) all or substantially all of the assets of the Franchised Business may be Transferred without the prior written consent of Franchisor. This restriction shall not prohibit Franchisee from granting a mortgage, charge, lien, or security interest in the assets of the Franchised Business or this Agreement for the exclusive purpose of securing financing for the initial development (occurring prior to the Actual Business Commencement Date) of the Franchised Business;

(3) Without limitation to the foregoing, any Transfer by Franchisee respecting and/or relating to this Agreement and/or the Franchised Business and/or assets associated with the Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (a) divorce or legal dissolution of marriage; (b) insolvency; (c) dissolution of a Corporate Entity; (d) last will and testament; (e) intestate succession; or (f) declaration of, or transfer in trust;

(4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Article 14.B. shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and

(5) In the event of a Transfer of this Agreement that is approved by Franchisor, Franchisee shall not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued and/or arose prior to and/or after the date of Transfer.

14.C. CONDITIONS FOR APPROVAL OF TRANSFER

Provided Franchisee and each Owner and Spouse, respectively, are in substantial compliance with this Agreement and the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Article 14.F. below, Franchisor shall not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. The proposed transferee (including such assignee's owner(s) and spouse(s) if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate a Spa Location Franchise, and otherwise meet Franchisor's then applicable standards for franchisees as determined by Franchisor in its sole, but reasonable discretion. Furthermore, the proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business. Franchisee agrees that Franchisor may condition approval of a Transfer upon Franchisee's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following:

(1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Article 14.F. below;

(2) All accrued monetary obligations of Franchisee and all other outstanding obligations to Franchisor and/or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Franchisee must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;

(3) Franchisee, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements;

(4) The transferee shall be bound by all terms and conditions of this Agreement, and each owner

of the transferee and their respective spouses shall personally execute the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1;

(5) All obligations of Franchisee under this Agreement and the Ancillary Agreements shall be assumed by the transferee, each individual owner of transferee, and their respective spouses in a manner satisfactory to Franchisor;

(6) Franchisee, each Owner, and each Spouse must execute the General Release attached to this Agreement as Exhibit 7 releasing Franchisor, Franchisor's affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on, or before, the effective date of the Transfer;

(7) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of the Franchised Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of the assets of the Franchised Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then current standard form Franchise Agreement offered to new franchisees of Spa Location Franchises and any other agreements as Franchisor requires. Such agreements shall supersede this Agreement and its associated agreement in all respects, and the terms of Franchisor's then current agreements may differ from the terms in this Agreement, provided that such agreements shall provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;

(8) Unless Franchisee has met the requirements of Article 3.E. within the five year period immediately preceding the Transfer, the transferee, at its expense, must improve, modify, refurbish, renovate, remodel, and/or otherwise upgrade Franchisee's Spa Facility to conform to the then current standards and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, and/or upgrading within the time period Franchisor reasonably specifies;

(9) Franchisee, each Owner, and each Spouse shall remain liable for all obligations to Franchisor set forth in this Agreement;

(10) At the transferee's expense, the transferee, and the transferee's Managing Owner, Managers and/or any other applicable employees of transferee's Spa Location Franchise must complete any training programs then in effect for franchisees of Spa Location Franchises upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(11) Franchisee must pay the Transfer Fee to Franchisor;

(12) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of the Franchised Business by the transferee;

(13) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 2;

(14) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the

transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees and Advertising Contributions;

(15) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Franchised Business;

(16) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(17) The Transfer must be made in compliance with all applicable laws;

(18) The Transfer of the Franchised Business, the lease for Franchisee's Spa Facility, Spa Location and the assets of the Franchised Business shall be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Article 14 and the terms and conditions of this Agreement; and

(19) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator or other personal representative of Franchisee, must appoint a manager that meets the equivalent of an Operating Manager within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Operating Manager and attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Spa is not being managed by a Franchisor approved Operating Manager (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Spa for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Operating Manager is able to assume the management and operation of Franchisee's Spa. Franchisor's appointment of a manager for Franchisee's Spa does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Spa may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Spa or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Spa. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Managing Owner, the remaining Owners within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability must appoint a new Managing Owner that is approved by Franchisor. The appointed Managing Owner must attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Spa is not being managed by a Franchisor approved Managing Owner (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a

manager to maintain the operations of Franchisee's Spa for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Managing Owner is able to assume the management and operation of Franchisee's Spa. Franchisor's appointment of a manager for Franchisee's Spa does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Spa may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Spa or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Spa. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

Notwithstanding the foregoing, if Franchisee is a Corporate Entity and the Managing Owner is the only Owner of Franchisee, then Article 14.D.(1) shall apply as if the Managing Owner were the sole individual Franchisee.

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed 12 months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person, heir or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Franchisee shall be subject to the applicable terms and conditions of this Article 14, and the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Franchisee's obligations under this Agreement, and execute the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY

In the event Franchisee is an individual/are individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the "Assignee Corporate Entity"), provided that: (a) Franchisee has provided Franchisor with 30 days prior written notice of the proposed Assignment of this Agreement; (b) Franchisee (individually, jointly and severally as to each individual Franchisee) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (c) the Spouse of each Franchisee (individually, jointly and severally as to each individual Spouse) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (d) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchise may request concerning the proposed assignment and/or Assignee Corporate Entity; and € Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Franchisee agrees that an assignment to an Assignee Corporate Entity shall not relieve Franchisee of Franchisee's individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Franchisee or an Owner desire to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee's Spa, Franchisee's Spa Facility, and/or Franchisee's Spa Location, then Franchisee or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the

"Offer") and submit an exact copy of the Offer to Franchisor. Franchisor shall have 30 days after receipt of the Offer to decide whether Franchisor will purchase the interest in Franchisee, Franchisee's Spa, Franchisee's Spa Facility, and/or Franchisee's Spa Location for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said 30 day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing. Franchisor shall be entitled to receive from Franchisee or Owner, as applicable, all customary representations and warranties given by Franchisee or Owner, as applicable, as the seller of the assets and/or the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner, as applicable, may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Article 14.F. right of first refusal, Franchisee complies with the terms of this Article 14. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Article 14.F. Franchisor's right of first refusal in this Article 14.F. shall not apply to any Transfer pursuant to Article 14.E. of this Agreement.

ARTICLE 15

RENEWAL OF FRANCHISE

15.A. FRANCHISEE'S RIGHT TO RENEW

Subject to Franchisee's satisfaction of the terms of this Agreement, including this Article 15, Franchisee shall possess the option to renew the franchise for Franchisee's continued license and franchised operation of the Franchised Business for one additional 10-year term (the "Renewal Term"). The foregoing Renewal Term shall not be afforded to or available to Franchisee if, prior to the Effective Date of this Agreement, the Franchised Business was previously operated or developed pursuant to a prior Franchise Agreement with Franchisor or Franchisor's predecessors respecting the Franchised Business.

15.B. CONDITIONS FOR RENEWAL

Franchisee's renewal rights under this Article 15 are subject to and contingent upon Franchisee's satisfaction of the following conditions and criteria:

(1) Not less than 180 days prior to the expiration of the initial Term Franchisee must provide Franchisor written notice (the "Renewal Notice") of Franchisee's election to renew;

(2) At the time of delivering the Renewal Notice and at all times thereafter, Franchisee and Franchisee's Owners must be in compliance with the terms of this Agreement and all Ancillary Agreements, and without any default of this Agreement or the Ancillary Agreements;

(3) Franchisee must possess, present, and demonstrate to Franchisor and, subject to Franchisor's reasonable satisfaction, that: (a) Franchisee maintains and has secured the legal right to remain in possession of Franchisee's Spa Facility and Spa Location through the entire Renewal Term or; (b) Franchisee has selected a proposed new Spa Location within the Designated Territory that Franchisor, at Franchisor's sole discretion, has approved in writing and that may be timely developed by Franchisee, in accordance with Franchisor's standards and specifications, for the development and operation of the Franchisee's Spa throughout the duration of the Renewal Term;

(4) Franchisee must update and/or agree to update the condition, appearance and functionality of Franchisee's Spa Facility and Franchisee's Spa Location and to otherwise modify Franchisee's Spa Facility and Franchisee's Spa Location in compliance with Franchisor's specifications and

standards then applicable for new Live Hydration Spas;

(5) Franchisee pays the Renewal Fee and Franchisee agrees to, signs, and delivers to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form Spa Franchise Agreement for the Renewal Term (the "Renewal Franchise Agreement");

(6) Franchisee's Owners and their Spouses, respectively, must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current individual guaranty agreements, and, thereby, among other things, individually and jointly guarantee the full and complete performance of the Renewal Franchise Agreement including, but not limited to, payment obligations, non-compete obligations, and restrictive covenants (the "Renewal Ancillary Agreements");

(7) Franchisee and the Owners must, prior to the Renewal Term, undertake and complete, to Franchisor's satisfaction, such additional training, if any, as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment; and

(8) Franchisee and the Owners must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form of general release whereby Franchisee and Franchisee's Owners shall each fully release and discharge Franchisor, Franchisor's affiliates and it's officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, causes of action, and suits arising from and/or related to this Agreement. If local law precludes Franchisee's issuance of a general release, Franchisor at Franchisor's election, may condition renewal on Franchisee and each Owner's delivery to Franchisor of an estoppel letter advising and informing Franchisor that the undersigned possesses no legal claim or cause of action against Franchisor and is not aware of any facts of circumstances involving any breach of this Agreement by Franchisor or Franchisor's agents or employees.

Failure by Franchisee, and, as applicable, each Owner and Spouse to timely comply with the foregoing conditions shall be deemed an election by Franchisee not to renew the franchise.

15.C. RENEWAL FRANCHISE AGREEMENT

Franchisee expressly acknowledges and agrees that the Renewal Franchise Agreement and Renewal Ancillary Agreements, as determined by Franchisor in Franchisor's sole discretion, may contain terms, conditions, requirements, and rights that are materially and substantively different from those granted and contained in this Agreement.

ARTICLE 16

DEFAULTS AND REMEDIES

16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR

(1) **Defaults and Automatic Termination** – Franchisee shall be in default of this Agreement, and, this Agreement shall be automatically and immediately terminated, without notice to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances:

(a) Franchisee becomes insolvent, and/or Franchisee makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;

(b) Franchisee admits in writing Franchisee's inability to pay its debts as they mature, and/or

Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;

(c) Franchisee files a voluntary petition in bankruptcy, Franchisee is adjudicated bankrupt or insolvent, and/or Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;

(d) An involuntary petition in bankruptcy is filed against Franchisee and Franchisee fails to have the involuntary petition discharged within 35 days of the petition filing, and/or Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee;

(e) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian or liquidator of Franchisee for Franchisee's business or any assets of Franchisee is filed and Franchisee consents to same;

(f) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;

(g) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(h) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution, and/or Execution is levied upon or against the Franchised Business or any assets of Franchisee, and/or a final judgment against Franchisee remains of record or unsatisfied for 30 days or more, unless an appeal and/or bond is filed;

(i) Franchisee is dissolved, and/or Franchisee's leasehold interests and/or rights in or to Franchisee's Spa Location are terminated;

(j) A cause of action or lawsuit to foreclose any lien or mortgage against the assets of the Franchised Business;

(k) A cause of action or lawsuit to foreclose any lien against equipment used in the operation of the Franchised Business and not dismissed within 60 days after the summons is served on Franchisee;

(l) Real or personal property of Franchisee used in the operation of the Franchised Business is sold after levy thereupon by any sheriff, marshal or other law enforcement officer; and/or

(m) Upon termination by Franchisor pursuant to Article 16.A.(2), Article 16.A.(3), or Article 16.A.(4) of this Agreement.

(2) **Defaults and Automatic Termination upon Written Notice without Cure Period** – Franchisee shall be in default of this Agreement, and, this Agreement may be terminated by Franchisor, at Franchisor's sole discretion, upon written notice from Franchisor to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, with such termination effective on the date of Franchisor's notice:

(a) Franchisee, on three or more instances and/or occasions, engages, commits, and/or suffers an action, inaction, omission, event, and/or circumstance that constitutes or qualifies as a default under Articles 16.A.(3) and/or 16.A.(4) of this Agreement, irrespective of whether or not such action, inaction, omission, event, and/or circumstance is the subject of a notice of default from Franchisor to Franchisee pursuant to Articles 16.A.(3) and/or 16.A.(4) of this Agreement and irrespective of whether or not such default was timely cured and irrespective of whether or not Franchisee paid any penalties or additional fees to Franchisor;

(b) Franchisee, intentionally and knowingly, refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement with the intent of causing harm to Franchisor, the System, other System franchisee and/or customers of the Franchised Business;

(c) Franchisee intentionally, knowingly, with prior notice, and/or through negligence, at any time, develops, manages, maintains, and/or operates the Franchised Business in violation of federal, state, and/or local laws, rules, regulations, ordinances, permits, codes and/or conduct resulting in a foreseeable, immediate and/or imminent threat to the health and/or safety of any third party including customers, employees, and/or the public at large;

(d) Franchisee abandons, surrenders and/or fails to continuously and actively operate the Franchised Business, unless prevented from doing so by casualty that is the subject of Article 7.D. of this Agreement and that is cured/remedied in accordance with Article 7.D.;

(e) Franchisee, as to applicable, laws, rules and/or regulations, loses and/or fails to continuously possess, the legal right to operate Franchised Business in accordance with the terms of this Agreement and the standards, specifications, and requirements set forth in the Operations Manual and/or as otherwise communicated by Franchisor from time to time;

(f) Franchisee and/or Franchisee's Owners intentionally misrepresent and/or omit material information in any submitted application and during the application process;

(g) As to information, records, statements, and/or data that Franchisee must maintain and/or report to Franchisor pursuant to the terms of this Agreement, the Operations Manual, or as otherwise requested by Franchisor from time to time, the information, records, statements, and/or data maintained by Franchisee and/or reported by Franchisee contains intentional inaccuracies and/or material inaccuracies that are either misleading or false;

(h) Franchisee attempts to Transfers or, purportedly attempts to Transfer, this Agreement or any of Franchisee's rights under this Agreement, without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(i) If Franchisee is a Corporate Entity, an Owner of Franchisee attempts to Transfer or, purportedly Transfers, the Owners equity interests, ownership interests, and/or rights in Franchisee without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(j) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of the contents, data and/or information contained in the Operations Manual to any third party not otherwise authorized by Franchisor;

(k) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of Confidential Information to any third party not otherwise authorized by Franchisor;

(l) Franchisee engages in any activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, Franchised Businesses, the Franchised Business, and/or the reputation of the Live Hydration Spa brand;

(m) Franchisee, an Owner, and/or a Spouse, as applicable and whether individually or jointly, breaches or is in default of an Ancillary Agreement, and, if the applicable agreement provides for the opportunity to cure, fails to timely cure the breach or default of the Ancillary Agreement, including, without limitation, the Franchise Owner and Spouse Agreement and Guaranty;

(n) Franchisee and/or an Owner of Franchisee is convicted of a felony crime, and/or pleads guilty or nolo contendere to a felony crime;

(o) Franchisee and/or an Owner of Franchisee engages in intentionally dishonest and/or unethical conduct that, in Franchisor's Reasonable Business Judgment, results in embarrassment to Franchisor, the System, the Licensed Marks, Franchised Businesses, the Franchised Business, and/or the reputation of the Live Hydration Spa brand;

(p) Franchisee fails to complete, to Franchisor's reasonable satisfaction, the Training Program and/or supplemental training programs designated by Franchisor;

(q) Franchisee fails, upon receiving actual or constructive notice, shall: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and (3) take reasonable steps including ,notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel, to prevent any person or entity from violating the terms of the Confidentiality Agreement and/or otherwise publicly disseminating Confidential Information;

(r) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System and/or Franchisee materially impairs the goodwill associated with the Licensed Marks, and/or Franchisee applies for registration of the Licensed Marks anywhere in the world; and/or

(s) Franchisee and/or an Owner fails to comply with Anti-Terrorism Laws or becomes listed on the Annex to Executive Order 13244.

(3) **Defaults and Automatic Termination After 10 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 10 calendar days of Franchisor's written notice:

(a) Franchisee fails, refuses, and/or is unable to timely pay and/or satisfy the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, charge, and/or monetary obligation payable and/or due to Franchisor pursuant to the terms of this Agreement, under this Agreement, and/or any other agreement between Franchisor and Franchisee;

(b) Franchisee and/or Franchisee's affiliate fails, refuses, and/or is unable to pay and/or satisfy any payment, fee, financial obligation, charge, and/or monetary obligation payable to Franchisor and/or Franchisor's affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's affiliate, Franchisee and/or Franchisee's affiliate; and/or

(c) Franchisee fails or refuses, at any time, and, without legal justification as may be determined by Franchisor in Franchisor's Reasonable Business Judgment, to pay any third party supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items used by, benefitting, and/or intended to benefit the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(3) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

(4) **Defaults and Automatic Termination After 30 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 30 calendar days of Franchisor's written notice:

(a) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement that is not otherwise a default under Articles 16.A.(1), 16.A.(2), or 16.A.(3) of this Agreement;

(b) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of any agreement, other than this Agreement, between Franchisor and Franchisee, and/or an affiliate of Franchisor and Franchisee;

(c) Franchisee fails or refuses, in accordance with the terms of this Agreement, to obtain and secure a signed lease agreement or fee simple ownership interest as to a Franchisor approved Spa Location;

(d) Franchisee fails or refuses to develop and open the Franchised Business on or before the Scheduled Business Commencement Date, in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards and specifications as communicated to Franchisee from time to time;

(e) Franchisee fails or refuses, at any time, to manage, maintain, and/or operate the Franchised Business in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards, specifications, and requirements as communicated to Franchisee from time to time;

(f) Franchisee fails or refuses, at any time, to develop, manage, maintain, and/or operate the Franchised Business in compliance with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, and codes;

(g) At any time, an inspection and/or evaluation of the operations of the Franchised Business – whether by mystery shopper programs, third party inspection services, or as otherwise designated by Franchisor, and, whether or not such inspections are on notice or secret – Franchisor, in Franchisor's Reasonable Business Judgment, determines that the operations of the Franchised Business do not meet or are in violation of the operational standards and requirements set forth in this Agreement, the Operations Manual, and/or as communicated to Franchisee from time to time;

(h) Franchisee fails or refuses to timely submit to Franchisor records, reports, stored media, recordings, financial statements, books, accounts, statements, data, documentation and/or other information as required by this Agreement, as set forth in the Operations Manual, and/or as requested by Franchisor

(i) If any inspection or review of Franchisee's records, reports, books, accounts, statements, data, documentation and/or other information discloses, within any week, month, or Accounting Period selected by Franchisor, the underreporting of Franchisee's Gross Sales, and/or any other metrics or data, resulting in the underpayment, by 5% or more, of the obligations, payments, and/or fees due by Franchisee to Franchisor under the terms of this Agreement;

(j) Franchisee fails or refuses, at any time, to maintain the required insurance policies and insurance coverage required for the Franchised Business as set forth in this Agreement, and/or in the Operations Manual; and/or

(k) Franchisee fails to timely satisfy and pay all vendors, suppliers and/or contractors in connection with the development, construction, and/or establishment of the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(4) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern. Unless otherwise agreed upon in writing by the Franchisor and Franchisee, Franchisee shall remain responsible for any and all amounts owed under or in connection with this Agreement following Franchisee's default and Franchisor's termination of this Agreement.

16.B. TERMINATION BY FRANCHISEE

If Franchisee, each Owner and Spouse (as applicable) are in full compliance with each and every term and provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Franchisee may terminate this Agreement in the event of the following:

(1) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Franchisee's written notice of such material breach to Franchisor; or

(2) In a case where Franchisor's material breach cannot reasonably be cured within 30 days, within 30 days of Franchisor's receipt of Franchisee's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Franchisee of Franchisor's current, continuing and/or planned efforts to correct the material breach within a reasonable time.

In either case, Franchisee's termination of this Agreement shall not take effect until expiration of the 30 day period set forth above and or such reasonable time period as necessary to cure the material breach, and Franchisee delivers to Franchisor a separate written notice of termination. The termination date must be at least 10 days after Franchisor's receipt of Franchisee's notice of termination. Franchisee's termination of this Agreement for any reason other than as set forth in and in compliance with this Article 16.B. shall not constitute the termination of this Agreement and shall constitute a material breach of this Agreement by Franchisee.

16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES

Franchisee agrees that Article 16.A. sets forth actions, inactions, omissions, events, and/or circumstances that, among other things, constitute, in each and every instance and subject to any applicable cure period, if any, a default of this Agreement permitting Franchisor to, among other things, terminate this Agreement and/or resulting in the automatic termination of this Agreement. The grounds constituting a default under Article 16.A. are in addition to any and all other grounds for default as may be otherwise set forth in the Franchise Agreement. In the event of an event of default of this Agreement by Franchisee under Article 16.A. or, as otherwise set forth in this Agreement, Franchisee agrees that termination of this Agreement is not the sole or exclusive remedy of Franchisor and that Franchisor's right or remedy of termination shall be in addition to any and all other rights set forth in this Agreement, and as otherwise available to Franchisor in law or equity.

Without limitation to the foregoing, additionally, in the event of the termination of this Agreement as a result of a default or breach by Franchisee and/or, by Franchisee's Owners and/or affiliates of any Ancillary Agreements, Franchisor, in addition to any and all other rights and remedies available to Franchisor as set forth in this Agreement, and, at law and in equity, shall possess the following rights and remedies, each of which are not exclusive of the other and may be/are in conjunction with one another:

(1) To void and terminate this Agreement, and thereafter to market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion and without compensation to Franchisee.

(2) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, Royalty Fees and Advertising Contributions with each and every payment and obligation to be accelerated and due immediately.

(3) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, lost revenues, profits, and fees including, but not limited to Royalty Fees, Brand Development Fund Fee, Advertising Contributions, and all other fees, revenues and/or expenses that would have been paid to Franchisor, under the terms of this Agreement and throughout the Term of this Agreement, had a breach not occurred and had Franchisor not terminated this Agreement. In calculating and determining the foregoing Franchisee agrees that in calculating and in determining such damages that it is fair and reasonable to use Franchisee's most recent calendar year Gross Sales in calculating and determining Franchisor lost revenues and fees and by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. If, however, the Franchised Business has been open and in operation for less than one calendar year, Franchisee agrees that it is fair and reasonable to use an average of Gross Sales of Franchised Businesses across the System during the year in which this Agreement was terminated and to use such average Gross Sales for the purpose of calculating and determining Franchisor lost revenues and fees and, in doing so, by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. Franchisee agrees that the foregoing is a form of liquidated damages, and that it is fair and reasonable.

(4) To hold Franchisee and Franchisee's Owners liable for all costs, fees, expenses, and/or damages incurred by Franchisor and/or suffered by Franchisor as a result of a breach or termination including, but not limited to, the recovery of reasonable attorney fees and expenses including court costs, arbitration fees, mediation fees, arbitrator fees, mediator fees, depositions and other related expenses.

(5) To enjoin, restrain, and otherwise prohibit Franchisee from operating the Franchised Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court order restraining order, injunction or other means.

(6) Declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement are terminated, null and void.

(7) All other remedies and/or rights available to Franchisor as otherwise set forth in the Agreement and/or as may be otherwise available by law or equity.

In the event of a breach or default of this Agreement, should Franchisor elect, at Franchisor's sole discretion, to not terminate this Agreement, such action shall be without prejudice and without waiver of Franchisor's rights in the future. Further, at all times, and without prejudice to Franchisor's right to declare a default and, among other things, terminate this Agreement, Franchisor may: (i) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee and/or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees; (ii) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee which may include, without limitation, requiring cash on delivery; (iii) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates, and/or rebate sharing that may be offered or made available to other System franchisees; and/or (iv) refrain from providing or making available to Franchisee promotional materials or other materials developed by the Brand Development Fund and/or Advertising Cooperative.

If Franchisor does not pursue termination of this Agreement in the event of a default or breach by Franchise, and/or Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor's rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

ARTICLE 17
OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS

17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limitation as to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee shall immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor and/or Franchisor affiliates and/or suppliers for products and services including, but not limited to, System Supplies.

17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee shall immediately:

(1) Permanently cease to be a franchise owner of the Spa that was the subject of this Agreement and cease to operate such Spa under the System;

(2) Refrain from directly or indirectly, hold itself out to any person or entity, or represent itself, as a present or former Spa Location Franchise franchisee;

(3) Permanently cease to use, in any manner: (a) the System including, without limitation, the

Confidential Information, the Licensed Marks, the Business Management System Data, and the Operations Manual; (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or that constitute Franchisor's trade secrets; (c) System Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Supplies; (d) the Approved Spa Products and Services; and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, Spa Location Franchises, the Franchised Business, and Franchisee's former Spa Location Franchise, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and Spa Location Franchises;

(4) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;

(5) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud-based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards, specifications of Franchisor;

(6) Immediately notify Franchisor, in writing, of any and all locations where Franchisee may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(7) Except in the event an authorized transferee continues to operate Franchisee's former Spa at Franchisee's Spa Location subsequent to a Transfer, at Franchisee's sole cost and expense: (a) modify and alter Franchisee's former Spa, Franchisee's former Spa Facility, and Franchisee's Spa Location, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Spa Facility and Franchisee's Spa Location have been completely de-identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of a Spa at the Spa Location; (b) remove from Franchisee's Spa Facility and Franchisee's Spa Location all distinctive physical and structural features identifying a Spa and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks; and (c) make specific additional changes to Franchisee's Spa Facility and Franchisee's Spa Location as Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former Spa. Franchisee shall immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisee agrees that Franchisor and/or Franchisor's designated agents may enter the premises of Franchisee's Spa Facility and Franchisee's Spa Location at any time to make foregoing alterations at Franchisee's sole risk and expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Spa Facility and Franchisee's Spa Location will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any ex-

parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks such an order;

(8) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to: (a) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; and (b) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, Web Based Media listings, accounts and log-in information used in connection with Franchisee's former Spa and/or otherwise associated with the System and/or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Article 6.B through Article 6.E of this Agreement; and

(11) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Article 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

17.C. CONTINUING OBLIGATIONS

All obligations of Franchisor and Franchisee under this Agreement which expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such obligation(s) expire.

Franchisee agrees that in the event of a Transfer of this Agreement by Franchisee, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance shall Franchisee be relieved of Franchisee's Obligations under this Agreement and under no circumstance shall each Owner and Spouse be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1. The immediately foregoing shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Franchisee's compliance with this Agreement respecting any such Transfer.

ARTICLE 18
ENFORCEMENT AND CONSTRUCTION

18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, each and every term and condition of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and provision of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term or provision of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten,

interpreted, or "blue-lined" to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "blue-lined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

18.B. WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

18.C. FORCE MAJEURE

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God, including, but not limited to, natural disaster, tornados, earthquakes, wildfires, and pandemics and/or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not

excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System. Without limitation to the rights set forth in Article 6 of this Agreement, Franchisee agrees that Franchisor may obtain such injunctive relief. Franchisee agrees that Franchisor will not be required to post a bond (other than as set forth in Article 6.H. of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). The remedies available to Franchisor under Article 6.H. are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Without limitation to the foregoing Franchisee agrees that in the event of a breach of this Agreement by Franchisee respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G. of this Agreement and shall be consistent with same.

18.E. RIGHTS OF PARTIES ARE CUMULATIVE

The rights under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

18.F. GOVERNING LAW

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEBRASKA, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF NEBRASKA SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

18.G. CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Douglas County, Nebraska or, if a mediator is not available in Douglas County, Nebraska then at a suitable location selected by the mediator that is located closest to Douglas County, Nebraska. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and

Franchisee in writing and signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and the AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Article 18.G.(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Article 18.G.(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Article 18.G. All arbitration proceedings shall be conducted in Douglas County, Nebraska or, if suitable AAA facilities are not available in Douglas County, Nebraska then at a suitable AAA location selected by the arbitrator that is located closest to Douglas County, Nebraska.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

(a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(c) The arbitrator shall render written findings of fact and conclusions of law;

(d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Articles 18.I., 18.J., 18.N, 18.O., 18.R, 18.T., and 18.X. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(e) They shall each be bound to the limitations periods set forth in Article 18.I. of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction;

(g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Article 18.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G, Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Nebraska and within Douglas County or the county closest to Douglas County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

18.H. VARIANCES

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

18.I. LIMITATIONS OF CLAIMS

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN ARTICLE 6 OF THIS AGREEMENT, AND FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

18.J. WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT; PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY

FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

18.K. WAIVER OF JURY TRIAL

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

18.L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

18.M. COMPLETE AGREEMENT

This Agreement, the documents referred to in this Agreement and the Schedules and Exhibits to this Agreement, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Franchise Agreement.

18.N. ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE LIVE HYDRATION SPA FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

18.P. ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS

Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors, prior to signing this Agreement.

18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. The foregoing shall not be construed to imply that Franchisor and/or Franchisor's agents have made any oral promises as pursuant to Article 18.M of this Agreement, this written Agreement represents the sole Agreement between Franchisor and Franchisee.

18.S. NON-UNIFORM AGREEMENTS

Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with Live Hydration Spa Franchise LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

18.T NO RIGHT TO OFFSET

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

18.U. HEADINGS

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

18.V. AUTHORITY TO EXECUTE

Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

18.W. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES

This Agreement may be executed electronically. This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement. Executed electronic or print duplicates of this Agreement, if any, and their respective signatures shall be deemed originals.

18.X. JOINT AND SEVERAL LIABILITY

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

18.Y. RECITALS

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement and are hereby fully incorporated into the terms of this Agreement.

18.Z. NO DELIVERY OF HEALTHCARE AND NO PRACTICE OF MEDICINE

The parties agree that nothing contained in this Agreement shall be interpreted as requiring and/or authorizing the performance of medical services or the delivery of healthcare. This Agreement and all of its provisions shall be interpreted in accordance with Article 3.H. of this Agreement.

ARTICLE 19

NOTICES

All written notices permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement. All written notices permitted or required to be delivered by the Operations Manual and/or updates or modifications to the Operations Manual shall be deemed so delivered at the time of notifying Franchisee by electronic means, as designated by Franchisor including, but not limited to, immediately by email. Notwithstanding the foregoing, the Operations Manual and modifications to the Operations Manual may be delivered and/or noticed to Franchisee by such means selected by Franchisor, including electronic notice and email.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and, unless otherwise expressly proscribed in this Agreement, the Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:	**Franchisee:**
Live Hydration Spa Franchise LLC	
By: _____	By: _____
Signature	Signature
_____	_____
Name and Title (please print)	Name and Title (please print)
_____	_____
Dated	Dated

Franchise Agreement – Schedule 1
Location and Designated Territory Acknowledgment

Pursuant to the Franchise Agreement dated _____ by and between **Live Hydration Spa Franchise LLC**, as Franchisor, and _____, as Franchisee (the "Franchise Agreement"), Franchisor and Franchisee agree:

(a) Franchisee's Spa Location – "Franchisee's Spa Location," as such term is defined in the Franchise Agreement, including, but not limited to Articles 1 and 2.A., is identified, as follows:

The Franchisee's Spa Location is [location address]

(b) Franchisee's Designated Territory – Franchisee's "Designated Territory," as such term is defined in the Franchise Agreement, including, but not limited to Articles 1 and 2.A., is designated as follows:

[territory description]

If there is any inconsistency or conflict between the terms of this Acknowledgment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

Franchisor:
Live Hydration Spa Franchise LLC

By: _____
Signature

_____
Name and Title (please print)

_____
Dated

Franchisee:

By: _____
Signature

_____
Name and Title (please print)

_____
Dated

Franchise Agreement –
Schedule 2
Statement of Franchise Owners

Franchisee represents that the following schedule is complete and accurately identifies Franchisee's Owners, Franchisee's Managing Owner, and their respective ownership interests in Franchisee. Defined terms shall have the meanings set forth in the Franchise Agreement between Franchisor and Franchisee.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following list identifies each and every Owner of Franchisee and their respective ownership interests.		
Owner Name	**Owner Address**	**Ownership Interest Percentage**
Name of designated **Managing Owner:**		

Franchisor:
Live Hydration Spa Franchise LLC

By: _____
Signature

_____
Name and Title (please print)

_____
Dated

Franchisee:

By: _____
Signature

_____
Name and Title (please print)

_____
Dated

Franchise Agreement – Exhibit 1
Franchise Owner and Spouse Agreement and Guaranty

FRANCHISE OWNER AND SPOUSE AGREEMENT AND GUARANTY

This Franchise Owner and Spouse Agreement and Individual Guaranty (the "Agreement") is individually entered into by you as either an owner of _____ (hereinafter referred to as "**Franchisee**"), Franchisee, or the spouse of the owner of franchisee and is given and signed by you in favor of Live Hydration Spa Franchise LLC, franchisor of the Live Hydration Spa franchise system and in favor of Live Hydration Spa Franchise LLC's successors and assigns, upon the terms and conditions set forth in this Agreement. In this Agreement Live Hydration Spa Franchise LLC is referred to as "**us**", "**our**" or "**we**", and each individual that signs this Agreement is referred to as "**you**".

Recitals and Representations

WHEREAS, you agree that we have developed a distinctive and proprietary system (the "System") for the non-medical development, management and, potentially, the operation of a spa (the "Spa") that offers and provides IV hydration therapy, Botox, supplements, and related wellness products and services (the "Approved Spa Products and Services") under the Licensed Marks (defined below);

WHEREAS, the System relates to and includes the development and operation of a spa location franchised business (hereinafter referred to as either the "Spa Location Franchise" or the "Franchised Business"), that depending on Franchisee's qualifications and applicable local, state and federal laws and regulations involves either:

a Spa Location Franchise that Owns and Operates a Spa: Franchisee's development and operation of a Spa Location Franchise that owns and operates a Spa that provides the Approved Spa Products and Services under the Licensed Marks and in accordance with the requirements of the System; or

a Spa Location Franchise that Owns and Operates a Spa Facility and Management Company: Franchisee's development and operation of a Spa Location Franchise that owns and operates a management business ("Spa Management Business") that provides management, marketing, and spa facility based services (the "Spa Facility and Management Services") to medical practices and licensed professionals authorized to offer and provide the Approved Spa Products and Services (hereinafter referred to as "Authorized Care Providers") at a Spa that is operated by the Authorized Care Providers and/or their professional corporation authorized to directly offer and provide the Approved Spa Products and Services.

WHEREAS, Franchisee has entered into a Live Hydration Spa Franchise Agreement (the "Franchise Agreement") for the development and operation of a Spa Location Franchise;

WHEREAS, you have received and have thoroughly reviewed the completed Franchise Agreement, including the completed Schedules and Exhibits attached thereto;

WHEREAS, we have recommended that you thoroughly review the Franchise Agreement, this Agreement and all exhibits and schedules to the Franchise Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are either: (a) an Owner of Franchisee such that you own or control a legal, equitable or beneficial ownership or equity interest in Franchisee and/or otherwise meet the definition of an "Owner" as set forth in this Agreement; and/or that you are (b) the "Spouse" of an Owner of Franchisee;

WHEREAS, you acknowledge that this Agreement will apply to you individually, jointly and severally with all others who sign this Agreement (including if this Agreement is signed in counterparts or electronically among other Owners and Spouses);

WHEREAS, you acknowledge that this Agreement, personally obligates you to guarantee Franchisee's obligations to us and obligates you to brand protection, confidentiality and non-competition restrictions and covenants and that you enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee; and

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into and/or would not be simultaneously entering into the Franchise Agreement with Franchisee.

NOW THEREFORE, to induce us to enter into the Franchise Agreement and as consideration to us for entering into the Franchisee Agreement with Franchisee and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

1. Recitals and Representations.

You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions.

Supplementing the terms and definitions contained in the Recitals and Representations:

"**Approved Spa Products and Services**" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean those products and services that we authorize for sale by Spa Location Franchises. We shall exclusively designate and determine the Approved Spa Products and Services and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Spa Products and Services that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that we may make from time to time and our right to change and modify the Approved Spa Products and Services, shall designate the Approved Spa Products and Services that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Spa Products and Services.

"**Authorized Care Providers**" shall have the meaning defined in the "Recitals" section of this Agreement and is supplemented, as follows: the term "Authorized Care Providers" shall further refer to and mean those licensed individuals, professional corporations and other individuals that, under applicable federal, state and local rules and regulations are trained, authorized and are permitted to offer, provide, oversee, and manage, those Approved Spa Products and Services that such individual and/or Corporate Entity provides at a Spa Location.

"**Authorized Care Provider Regulation**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: the term "Authorized Care Provider

Regulation" shall further refer to and mean all applicable federal, state and local rules and regulations that relate to the ownership and operation of a Spa, the Approved Spa Products and Services, Spa Facilities and Management Services, Spa Management Agreements, and the operations of a Spa Management Business including, but not limited, laws related to actions that an Authorized Care Provider may or may not engage in regarding ownership, diagnosis, treatment, supervision, delegation, flow of funds and the actions that Franchisee may or may not engage in. Without limitation to the foregoing, Authorized Care Provider Regulation shall include all health law regulations and rules including, but not limited to, to health privacy laws that include the Health Insurance Portability and Accountability Act of 1996.

"**Business Management System**" refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by us, in our Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day to day sales, ordering, operations and management of the Franchised Business.

"**Business Management System Data**" refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by us or Franchisee) into the Business Management System utilized by Franchisee; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.

"**Competitive Business**" refers to and means any business that is the same as or similar to a Spa Location Franchise and/or a Spa including, but not limited to a business that offers or provides either: (a) IV hydration therapy. injectable wellness products,, and any business and/or other businesses that offers, sells, and/or provides products and/or services similar to the Approved Spa Products and Services that are authorized and designated by us and, as we may designate from time to time in the future; or (b) administration, management and/or marketing services for any business that offers or provides spa services, and any business and/or other businesses that offers, sells, and/or provides products and/or services similar to the Spa Facility and Management and Services that are authorized and designated by us and, as we may designate from time to time in the future and designated by us as of the Effective Date of this Agreement and, as we may designate from time to time in the future.

"**Confidential Information**" refers to and means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of Spa Location Franchises; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by Spa Location Franchises; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Spa Location Franchises; (d) customer lists and information related to Spa Location Franchises and the Franchised Business; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

"**Copyrights**" refers to and means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow Spa Location Franchise franchisees to use, sell or display in connection with the development, marketing and/or

operation of a Spa and/or Spa Location Franchise, whether as of the Effective Date or any time in the future.

"**Corporate Entity**" refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

"**Digital Media**" refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web including, but not limited to, the System Website, websites, web based applications, software applications, smart phone based applications and/or social media platforms including, but not limited to, Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to Spa Location Franchises, the Franchised Business, the Licensed Marks, the System and/or us.

"**Effective Date**" refers to the "Effective Date" of the Franchise Agreement as the term "Effective Date" is set forth and defined in the Franchise Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Franchise Agreement, the Effective Date shall be the date that you sign this Agreement.

"**Franchised Business**" refers to and means the Spa Location Franchise to be developed, owned and operated by Franchisee pursuant to the terms of the Franchise Agreement.

"**Franchisee's Designated Territory**" refers to and means the "Designated Territory" as such term is set forth and defined in the Franchise Agreement.

"**Franchisee's Spa Facility**" refers to and means the Spa Facility from which Franchisee establishes, operates and manages the Franchised Business.

"**Franchisee's Spa Location**" refers to and means the location of Franchisee's Spa Facility, from which Franchisee operates the Franchised Business.

"**Immediate Family**" refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

"**Intellectual Property**" refers to and means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

"**Know-How**" refers to means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Spa and Spa Location Franchise including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"**Licensed Marks**" refers to and means the trademarks, service marks, emblems and indicia of origin, including the "Live Hydration Spa" trademark, the Live Hydration Spa logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of Spa Location Franchises and the Approved Spa Products and Services, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of Spa Location Franchises including, but not limited to, the policies, procedures and requirements for the development and operation of Spas, and, as applicable, Spa Management Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means.

"**Owner**" refers to and means collectively, individually, jointly and, as of the Effective Date: (a) the officers and directors of Franchisee including, the officers and directors of any general partner of Franchisee, who hold an ownership interest in Franchisee and/or in any Corporate Entity that maintains an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s).

"**Prohibited Activities**" refers to and means any or all of the following: (a) owning and/or having any legal or equitable interest whether, as an individual proprietor or as an owner, partner, member or shareholder of a Corporate Entity or, in any similar capacity, in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from us (or one of our affiliates or franchisees); and/or (d) inducing any customer or client of ours (or of one of our affiliates or franchisees) or of Franchisee to any other person business that is not a Live Hydration Spa.

"**Reasonable Business Judgment**" refers to our business judgment and means and relates to any and all decisions, actions and choices made by us concerning or relating to this Agreement, the Franchise Agreement, the System, Spa Location Franchises, Franchisee's Spa Location, and/or the Franchised Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of Spa Location Franchises, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment that: (a) we possess a legitimate interest in seeking to maximize our profits; (b) we shall not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for our Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge our Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

"**Restricted Period**" refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee, the date on which your Spouse ceases to be an Owner of Franchisee. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the 18 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee.

"**Restricted Territory**" refers to and means the geographic area: (a) comprising Franchisee's Designated Territory; (b) within a 25 mile radius surrounding Franchisee's Designated Territory (or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee's Spa Location; (c) within a 10 mile radius surrounding the Spa Locations for all other Spa Location Franchises operating and/or under development as of the Effective Date; and (d) within a 10 mile radius surrounding the Spa Locations for all other Spa Location Franchises that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within Franchisee's Designated Territory plus a 25 mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee's Spa Location.

"**Spa(s)**" shall have the meaning defined in the Recitals and Representations section of this Agreement and, without limitation to the Recitals and Representations section of this Agreement, the term "Spa" shall further refer to and mean a business that operates at a Spa Location from which the Approved Spa Products and Services, under the Licensed Marks, are offered and provided to customers in accordance with the terms of this Agreement and the requirements of the System and/or a Spa Location from which the Approved Spa Products and Services are required to be offered and provided.

"**Spa Facility**" refers to and means the fixed commercial facility including, the fixtures and improvements, from which Spa Location Franchises are established, operated and managed.

"**Spa Location(s)**" refers to and means the location(s) from which Spa Location Franchises are established, operated and managed.

"**Spouse**" refers to and means, as of the Effective Date, the legal spouse of an Owner.

"**System**" refers to and means our system for the development, establishment and operation of Spa Location Franchises including, but not limited to: (a) methods, procedures and requirements for the development and operation of a Spa Location Franchise, a Spa Management Business, a Spa, a Spa Location, and a Spa Facility; (b) the Approved Spa Products and Services, Spa Facility and Management Services, System Supplies and the services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Spa Location Franchise and/or Spa; (c) the

Licensed Marks; (d) the Trade Dress; (e) Copyrights; (f) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Spa Location Franchise and/or Spa; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by us in our Reasonable Business Judgment.

"**System Supplies**" refers to and means the products, equipment, supplies, inventory, materials and services including, but not limited to, branded and unbranded packaging, materials, uniforms, displays, and merchandise, and the Business Management System designated by us in the Operations Manual and as may be modified and supplemented by us from time to time in our Reasonable Business Judgment.

"**System Website**" refers to and means the web page and/or pages located on the world wide web at www.livehydrationspa.com and, shall further include all webpages and subdomains (including those that are franchisee and/or geography specific) that are a part of www.livehydrationspa.com, or as designated by us as being associated with the URL of www.livehydrationspa.com and/or Spa Location Franchises.

"**Trade Dress**" refers to and means the Spa designs, images, marketing materials, packaging, branding and/or branding images which we authorize and require Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by us from time to time.

"**Transfer**" refers to and means a transfer, sale and/or assignment whether legally, equitably or otherwise.

3. Additional Acknowledgments by You.

In addition to the representations and acknowledgments contained in the Recitals and Representations, above, and incorporated into this Agreement, you acknowledge and represent that:

(a) as of the Effective Date you are an Owner and/or Spouse;

(b) that you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner and/or Spouse;

(c) in your capacity as an Owner of Franchisee or as the Spouse of an Owner of Franchisee that you have and will be gaining access to, among other things, the System and Intellectual Property;

(d) you acknowledge that all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;

(e) you acknowledge that we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Franchisee to us; and

(f) you acknowledge that the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into

the Franchise Agreement with Franchisee.

4. Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions.

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

(b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Article 5 of this Agreement, below, you represent and agree that while you are an Owner of Franchisee or while your Spouse is an Owner of Franchisee (as applicable) that you will not engage in any Prohibited Activities. You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(c) Non-Competition After Franchise Relationship. You represent, acknowledge and agree that during the Restricted Period you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) Confidentiality Restrictions. You represent, acknowledge and agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Franchised Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Franchise Agreement; (vi) shall immediately and permanently stop using the Confidential Information if you are no longer an Owner of Franchisee and/or the Spouse of an Owner; (vii) shall immediately and permanently stop using the Confidential Information upon Franchisee's Transfer of the Franchise Agreement; and (viii) shall not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to appear in such action.

(e) Immediate Family Members. You acknowledge that should you circumvent the purpose

and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) we will and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provide an immediate family member with access to the Know-How. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(f) Reasonableness of Covenants and Restrictions. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of this Article 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Article 4 to ensure that the terms and covenants are enforceable under applicable law.

(g) Breach. You agree that failure to comply with these Article 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us and/or other Spa franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

5. Transfer Restrictions and Non-Competition Covenants and Restrictions.

Notwithstanding anything contained in this Agreement to the contrary, you expressly acknowledge and agree that if you are an Owner, and/or the Spouse of an Owner, that, prior to Transferring an Owner's equity and/or ownership interests in Franchisee that, among other things, Franchisee must notify us and obtain our written consent. Likewise, you acknowledge and agree that under the Franchise Agreement that prior to Franchisee's Transfer of the Franchise Agreement, among other things, Franchisee must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Article 4 of this Agreement and, to induce us to enter into the Franchise Agreement with Franchisee, you agree, that:

(a) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the

proposed Transfer of your equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(b) if you are a Spouse, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(c) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement; and

(d) if you are the Spouse of an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement.

6. Personal Guaranty of Franchise Agreement and Financial Obligations.

To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively the "Ancillary Agreements") you individually, jointly and severally, and personally and unconditionally:

(a) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Franchise Agreement;

(b) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Ancillary Agreements;

(c) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us pursuant to the terms of the Franchise Agreement (including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement);

(d) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us and/or our affiliates under the Ancillary Agreements;

(e) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Franchise Agreement including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement; and

(f) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Ancillary Agreements.

You waive: (a) acceptance and notice of acceptance by us of the foregoing undertakings; (b) notice of demand for payment of any indebtedness guaranteed; (c) protest and notice of default to any party with respect to the indebtedness guaranteed; (d) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Franchise Agreement and the Ancillary Agreements upon demand if Franchisee fails or refuses punctually to do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Franchise Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Franchise Agreement and the Ancillary Agreements to the extent any financial obligations under any such Franchise Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Franchise Agreement and/or and Ancillary Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

7. Arbitration, Consent to Jurisdiction and Venue, and Cross-Default.

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. Without limitation to the foregoing, you agree that:

(a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, you agree that any and all disputes, controversies, and claims, arising from and/or related to this Agreement, shall be submitted to the American Arbitration Association ("AAA") for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Agreement. All arbitration proceedings shall be conducted in Douglas County, Nebraska or, if suitable AAA facilities are not available in Douglas County, Nebraska then at a suitable AAA location selected by the arbitrator

that is located closest to Douglas County, Nebraska.

In connection with binding arbitration, you agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator shall render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required and/or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and

(v) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(b) **Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Nebraska and within Douglas County or the county closest to Douglas County. You do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, you agree that we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.**

(c) Acknowledgment as to Cross-Default – You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us, among other things, to terminate the Franchise Agreement in accordance with the terms thereof.

8. Miscellaneous.

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

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

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

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

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

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

Owner / Spouse:	**Owner / Spouse:**
Signature of Owner / Spouse	Signature of Owner / Spouse
Name (please print individual name)	Name (please print individual name)
Date	Date

Franchise Agreement –
Exhibit 2
Confidentiality Agreement

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE]

Confidentiality Agreement (Sample Only)

This Agreement (the "Agreement") is entered into by the undersigned ("you") in favor of:

[Insert On the Line Below Name of Franchisee that Owns and Operates the Live Hydration Spa Franchised Business]

_____(hereinafter referred to as "us", "our" or "we")

Recitals and Representations

WHEREAS, we are the owners of a licensed Live Hydration Spa Business (hereinafter referred to as the "Live Hydration Spa Business") that we independently own and operate as a franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a Live Hydration Spa Business that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, Live Hydration Spa Franchise LLC is not a party to this agreement and does not own or manage the Live Hydration Spa Business but is an intended third party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the Live Hydration Spa Business.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

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

"Business Management System" refers to and means the software and/or internet or cloud based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the Live Hydration Spa Business.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

"Business Management System Data" refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the Live Hydration Spa Business.

"Confidential Information" refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Live Hydration Spa Business; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the Live Hydration Spa Business; (c) customer lists and information related to the Live Hydration Spa Business; (d) Business Management System Data; (e) current and future information contained in the Live Hydration Spa Operations Manual made available to the Live Hydration Spa Business by Live Hydration Spa Franchise LLC; and (f) production and service procedures that are not disclosed to the public but used by the Live Hydration Spa Business.

"*Digital Media*" refers to and means any interactive or static electronic document, application or media including, but not limited to, www.livehydrationspa.com, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the Live Hydration Spa Business or other Live Hydration Spa Business.

"Licensed Marks" refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a Live Hydration Spa Business, including, but not limited to, the "Live Hydration Spa" word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a Live Hydration Spa Business.

"Operations Manual" refers to and means the confidential operations manual made available to the Live Hydration Spa Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced or supplemented.

"Trade Dress" refers to and means the Live Hydration Spa designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the Live Hydration Spa Business.

3. Your Access to Confidential Information. In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Live Hydration Spa Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Protection of the Confidential Information. You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Live Hydration Spa Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

5. Reasonableness of Covenants and Restrictions. You agree that the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.**

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

7. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

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

(c) YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.

(d) YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, LIVE HYDRATION SPA FRANCHISE LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD PARTY BENEFICIARY OF THIS AGREEMENT.

[SIGNATURE PAGE TO FOLLOW]

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

Individual Signature of Restricted Party	Individual Signature of Restricted Party
Name (please print)	Name (please print)
Date:	Date:
Individual Signature of Restricted Party	Individual Signature of Restricted Party
Name (please print)	Name (please print)
Date:	Date:

Franchise Agreement –
Exhibit 3
Site Selection Acknowledgment

SITE SELECTION ACKNOWLEDGMENT

(THIS DOCUMENT DOES NOT CONSTITUTE THE APPROVAL OF A SPA LOCATION, DOES NOT GRANT OR DESIGNATE AN DESIGNATED TERRITORY AND DOES NOT GRANT ANY TERRITORIAL RIGHTS)

Date of this Acknowledgment:_____(the "Site Selection Acknowledgment Date")

Pursuant to and subject to the terms of the Franchise Agreement dated _____ by and between Live Hydration Spa Franchise LLC, as Franchisor, and _____, as Franchisee (the "Franchise Agreement"), Franchisee has identified a potential area in which Franchisee may seek to identify a potential spa for Franchisee's Live Hydration Spa. Based on Franchisee's request, Franchisor agrees that during the limited period of time that commences on the Site Selection Acknowledgment Date and automatically expires 60 calendar days after the Site Selection Acknowledgment Date, that Franchisor shall not grant to any third party the license or right to establish a Live Hydration Spa Location within the following geographic area constituting the Site Selection Area, as such term is defined in the Franchise Agreement:

Site Selection Area: [Must be completed by Franchisor]

The terms contained in this Site Selection Acknowledgment shall have the meaning set forth in the Franchise Agreement including, but not limited to Article 1 and Article 2 of the Franchise Agreement. In the event of any inconsistency or conflict between this Site Selection Acknowledgment and the terms of the Franchise Agreement, the terms of the Franchise Agreement shall take precedence and govern. If Franchisor does not complete the Site Selection Acknowledgment Date and sign this Site Selection Acknowledgment, then this Site Select Addendum shall not be effective and there shall be no Site Selection Area. As set forth in the Franchise Agreement, among other things, A SITE SELECTION AREA IS NOT AN DESIGNATED TERRITORY, DOES NOT CONSTITUTE THE APPROVAL AS TO ANY SPA LOCATION AND DOES NOT AFFORD FRANCHISEE ANY TERRITORIAL RIGHTS.

Franchisor:
Live Hydration Spa Franchise LLC

By: _____
Signature

_____
Name and Title

_____
Signature

_____
Name (please print)

Franchisee:

_____
Signature

_____
Name (please print)

Franchise Agreement –
Exhibit 4
Lease Agreement Rider

Live Hydration Spa

LEASE AGREEMENT RIDER

(for the benefit of Live Hydration Spa Franchise LLC and its assigns)

THIS RIDER TO LEASE ("Rider") does hereby supplement, modify and amend the terms of the lease agreement (the "Lease") dated _____by and between _____, a _____with a principal place of business located at _____ (the "Landlord") and _____, a _____ with a principal place of business located at _____(the "Tenant").

WHEREAS, the lease relates to the following commercial premises (the "Leased Premises"):

_____

_____

WHEREAS, Live Hydration Spa Franchise LLC (the "Franchisor") is the franchisor of the Live Hydration Spa franchise system (the "Live Hydration Spa Franchise System");

WHEREAS, Franchisor's mailing and notice address (the "Notice Address") is 17010 Wright Plaza, Suite 145, Omaha, NE 68130;

WHEREAS, the Live Hydration Spa Franchise System relates to and includes a Spa that offers and provides IV hydration therapy. injectable wellness products, services and products that the Franchisor authorizes under the "Live Hydration Spa" name and marks (the "Intended Use");

WHEREAS, Tenant is a franchisee of Franchisor pursuant to the terms of a Franchise Agreement entered into between Franchisor and Tenant (the "Franchise Agreement") and the Leased Premises is to be used and operated by Tenant for the purpose of developing, establishing and operating a Live Hydration Spa in accordance with the Live Hydration Spa franchise system; and

WHEREAS, Franchisor and Franchisor's successors and assigns (collectively referred to as "Franchisor") is/are intended third party beneficiaries of this Rider.

NOW THEREFORE, Landlord and Tenant acknowledge and agree to the following:

1. This Rider supplements and amends the Lease. In the event of any inconsistency or conflict between the terms of this Rider and the Lease, the terms of this Rider shall prevail. Landlord and Tenant acknowledge that the rights set forth in this Rider may not be reduced, modified or altered without the express written consent of Franchisor.

2. Landlord and Tenant both agree that Tenant shall not be permitted to transfer, sublease, encumber and/or otherwise assign Tenant's interests in the Lease and/or the Leased Premises without the prior written consent of Franchisor. Without limitation to the foregoing, among other things, Tenant agrees that if Tenant wishes to transfer any interests in the Lease or the Leased Premises that Tenant must request the written consent of Franchisor. If Tenant requests Landlord's consent to Tenant's

amendment, transfer and/or assignment of Tenant's interests in the Lease and/or the Leased Premises and if Landlord is inclined to approve of such amendment, transfer and/or assignment that Landlord shall condition Landlord's approval upon Tenant also obtaining written consent from Franchisor.

3. Upon the occurrence of (a) the termination, for any reason, of the Franchise Agreement; (b) the expiration, without renewal, of the Franchise Agreement; (c) Franchisor's exercise of Franchisor's Right of First Refusal granted to Franchisor in the Franchise Agreement; (d) Tenant's default under the terms of the Lease; and/or (e) Tenant's failure to exercise an option period under the terms of the Lease, Tenant and Landlord acknowledge and agree, that:

> Franchisor will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the Leased Premises, including the right to sublease to another Franchisee of the Live Hydration Spa Franchise System, for all or any part of the remaining term of the Lease and, in connection with said assumption, Franchisor will not be obligated to pay to Landlord more than two months past due rent, real estate taxes and common area maintenance charges. In the event Franchisor assumes Tenant's leasehold interest in the Lease pursuant to the terms of this Agreement and subsequently assigns the Lease and its leasehold interest to a Live Hydration Spa franchisee approved by Landlord, Franchisor shall not be responsible for any obligations, debts, liabilities or payments arising and/or accruing under the Lease after the effective date of such assignment. Landlord agrees that any assignment of the Lease and Tenant's leasehold interests in the Lease by Tenant to Franchisor and/or assumption by Franchisor of the Lease and such leasehold interests shall not require Landlord consent and shall not require any payment of any assignment fee or similar charge or result in any increase in rent or other fees as a result of such assignment and/or assumption.

4. Landlord must provide Franchisor, at the same time that Landlord provides Tenant, with a copy of all lease amendments and assignments, and a copy of all letters and notices that Landlord sends to Tenant relating to the Lease or the Premises. Subject to the rights set forth in Section "3" of this Rider, Landlord agrees to notify Franchisor by nationally recognized overnight courier at the Notice Address of any default by Tenant under the Lease. Landlord agrees that such notice shall afford Franchisor the option for Franchisor to invoke a cure period whereby Franchisor, upon Franchisor's sole election, shall be granted an additional 15 day period to cure any monetary default by Tenant under the Lease and an additional 30 day period to cure any non-monetary default by Tenant under the Lease. In the event that the non-monetary default cannot reasonably be cured within such period and if diligent efforts to cure promptly commence, then the cure period shall continue as long as such diligent efforts to cure continue, but not beyond 180 days from the date notice is provided.

5. Upon expiration and non-renewal or termination of the Lease or the Franchise Agreement, Franchisor shall have the right, upon notice to Landlord, to enter the Premises and remove any interior and exterior signs containing Franchisor's trademarks and trade fixtures. Landlord further agrees that Franchisor's rights to any such signs or fixtures shall be superior to any rights Landlord may have to such signs or fixtures (by lien or otherwise) set forth in the Lease or otherwise.

6. Landlord and Tenant acknowledge and agree that Franchisor is an intended third party beneficiary of this Rider and that Franchisor may bring an action to enforce Franchisor's rights under this Rider and in and to the Lease and the Leased Premises. Franchisor makes no representations or warranties regarding this Rider or in connection with the Lease and Franchisor's approval of Tenant's Lease only indicates that the proposed Lease meets Franchisor's minimum criteria, and the parties agree that Franchisor's approval or disapproval of the Lease will not impose any liability or obligation on Franchisor. Tenant must have a competent real estate attorney review the Lease, at Tenant's expense.

7. Upon request of Franchisor, the Landlord will subordinate any lien and/or security interest in

Tenant's property to the security interest of Franchisor.

Landlord:	**Tenant:**
Signature	Signature
Name and Title (please print)	Name and Title (please print)
Dated	Dated

Franchise Agreement –
Exhibit 5
Collateral Assignment of Lease

COLLATERAL ASSIGNMENT OF LEASE

(for the benefit of Live Hydration Spa Franchise LLC and its assigns)

FOR VALUE RECEIVED, The undersigned ("Assignor") hereby assigns and transfers to Live Hydration Spa Franchise LLC ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under a certain lease, a copy of which is attached hereto as Exhibit "A" (the "Lease") for the following premises (the "Leased Premises"):

_____

_____

This Assignment is for collateral purposes only and except as may be otherwise expressly stated and specified herein under no circumstance shall Assignee have any liability or obligation under the Lease and/or Leased Premises, unless: (a) Assignee provides an express written statement that is addressed to Assignor and the landlord for the Leased Premises, is delivered by Assignee to Assignor and the landlord for the Leased Premises, is signed by an officer of Assignee, and that expressly states that Assignee is assuming all rights and interests in and to the Lease pursuant to this Assignment; and (b) Assignee takes possession of the Leased Premises pursuant to the terms hereof, and Assignee assumes the obligations of Assignor under the Lease.

Assignor represents that Assignor possesses full power and authority to enter into this Assignment and that at no time prior to executing this Assignment has Assignor assigned and/or transferred Assignor's interests and/or rights in or to the Lease and/or the Leased Premises.

Assignee has the right and possesses full power and authority to take possession of the Leased Premises, to eject and expel Assignor from possession and occupancy of the Leased Premises and to terminate Assignor's right, title and interest in and to the Lease in the event of: (a) a default by Assignor under the terms of the Lease and Assignor's failure to timely cure such default, assuming that such default is capable of curing; (b) a default by Assignor (in Assignor's capacity as a Live Hydration Spa franchisee) under the terms and conditions of the Live Hydration Spa Franchise Agreement between Assignor, as franchisee, and Assignee, as franchisor (the "Franchise Agreement"), and Assignor's failure to timely cure such default, assuming that such default is capable of curing; (c) upon default of any agreement supporting or guaranteeing the Franchise Agreement; or (d) the expiration or termination of the Franchise Agreement.

Assignor agrees that Assignor will not and shall not permit, grant or suffer any termination, surrender or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement, Assignor shall elect and exercise all options to extend the term of the or renewal of the Lease not less than 120 days prior to the last day that the option must be exercised unless Assignee

otherwise agrees in writing. Should Assignor fail to comply with the foregoing, Assignor does hereby appoint Assignee (subject to Assignees acceptance and invocation of such right) to act on behalf of Assignor for the purpose of effectuating extensions and renewals of the Lease.

Releasor:

_____
Signature

_____
Name (please print)

Date _____

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____ before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Signature and Seal

Franchise Agreement – Exhibit 6
Assignment of Telephone Numbers and Digital Media Accounts

ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS

(for the benefit of Live Hydration Spa Franchise LLC and its assigns)

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS ASSIGNMENT ("Assignment") is entered into between _____ (the "Assignor") and Live Hydration Spa Franchise LLC and its successors and assigns (the "Assignee").

WHEREAS, Assignee is the franchisor of the Live Hydration Spa franchise system (the "Live Hydration Spa Franchise System");

WHEREAS, Assignor, as franchisee, and Assignee, as franchisor, are parties to a Live Hydration Spa Franchise Agreement (the "Franchise Agreement");

WHEREAS, the term "Digital Media" shall refer to and mean "any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to a Live Hydration Spa, Spa Location Franchises, Assignor's Live Hydration Spa and/or trademarks associated with the Live Hydration Spa Franchise System and/or Assignee. Digital Media further includes the Live Hydration Spa website, web pages and website subdomains (including those related to, associated with and/or a part of the Live Hydration Spa Franchise System) associated with and/or related to Assignor's Live Hydration Spa and all web pages, blog posts, videos, articles, information, sub-domains, and all other media and/or publications relating to the Live Hydration Spa Franchise System that is displayed and/or transmitted digitally"; and

WHEREAS, in connection with Assignor's establishment and operation of a Live Hydration Spa, Assignor will be utilizing accounts, information, phone numbers and Digital Media subject to strict requirements set forth in the Franchise Agreement.

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged), agrees:

1. That Assignor does hereby assign to assignee all telephone numbers, facsimile numbers, listings, domain names and Digital Media that is associated with Assignor's Live Hydration Spa including, the following (all collectively referred to as the "Media"):

(a) All phone numbers, facsimile numbers and listings that are currently, or in the future, associated with Assignor's Live Hydration Spa;

(b) The following telephone and facsimile numbers:

_____

_____; and

(c) All Digital Media, all Digital Media accounts and all Digital Media log-in information.

The foregoing shall not be construed and/or interpreted as Assignees acknowledgment and/or agreement that Assignor owns and/or possesses any ownership interests in the foregoing telephone numbers, accounts and/or Digital Media. Any and all rights of Assignor in and to same exist subject to a limited license pursuant to the Live Hydration Spa Franchise Agreement which shall take precedence and govern. However, this Assignment is intended by Assignor and Assignee to be an instrument that may be relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to within the control of Assignee. Nothing contained in this Assignment shall be used to construe nor imply that Assignor possesses any ownership interests or rights in the Digital Media and in the event of any inconsistency or conflict between this Assignment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties' proof of the expiration or termination of the Franchise Agreement shall exist exclusively upon the written declaration of Assignee and Assignee's declaration shall be dispositive and not subject to challenge. Assignor agrees that all third parties may rely on this Assignment for the purpose of taking any and all actions to ensure that access to and control of the Media is maintained by Assignee.

UTILIZATION OF THIS ASSIGNMENT SHALL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE.

Assignor: Franchisee	**Assignee: Live Hydration Spa Franchise LLC**
_____	_____
Signature	Signature
_____	_____
Name and Title (please print)	Name and Title (please print)
Dated _____	Dated _____

Franchise Agreement –
Exhibit 7
General Release

GENERAL RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT:

_____, as RELEASOR, in consideration of good and valuable consideration received from:

Live Hydration Spa Franchise LLC, as RELEASEE, receipt of which is hereby acknowledged, releases and discharges the RELEASEE, RELEASEE'S heirs, officers, members, agents, executors, administrators, successors and assigns, from all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, contracts, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity which against the RELEASEE, the RELEASOR, RELEASORS, heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE. The words "RELEASOR" and "RELEASEE" include all releasors and releasees under this Release. This Release may not be changed orally.

IN WITNESS WHEREOF, the **RELEASOR** has hereunto set RELEASOR'S hand and seal on the date set forth below.

Releasor:

_____
Signature

_____
Name (please print)

Date _____

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____ before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Signature and Seal

Franchise Agreement – Exhibit 8
ACH Authorization Form

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name | Business No.

Franchisee Mailing Address (street) | Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone Number (if different from above)

Franchisee Fax No. | Franchisee Email Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

Bank Account No. | [ ] Checking [ ] Savings (check one) | Bank Routing No.

Bank Phone No.

Authorization:

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

Signature: _____ | Date: _____

Name: _____ | Federal Tax TD No.: _____

Its: _____

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

Franchise Agreement – Exhibit 9
Sample Form Management Agreement

DISCLAIMER: THIS IS A SAMPLE ONLY AND FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY AS TO THE ATTACHED MANAGEMENT AGREEMENT. SEE SPECIFIC DISCLAIMERS CONTAINED IN THE DEFINITION OF "MANAGEMENT AGREEMENT" AS CONTAINED IN ARTICLE 1 OF THE FRANCHISE AGREEMENT.

IF FRANCHISEE WISHES TO USE THIS SAMPLE IN ANY WAY FRANCHISEE MUST HIRE INDEPENDENT LEGAL COUNSEL TO ADVISE FRANCHISEE AS TO THE LEGALITY, FITNESS, AND APPROPRIATE USE OF THIS MANAGEMENT AGREEMENT AND TO APPROVE AND/OR MODIFY THIS SAMPLE TO ENSURE THAT FRANCHISEE'S USE OF THIS MANAGEMENT AGREEMENT IS IN COMPLIANCE WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS.

FRANCHISEE MUST OBTAIN FRANCHISOR'S CONSENT TO USE ANY MANAGEMENT AGREEMENT, INCLUDING THE ATTACHED SAMPLE, AND ANY APPROVAL BY FRANCHISOR IS SIMPLY A REPRESENTATION BY FRANCHISOR THAT FRANCHISOR DOES NOT OBJECT TO THE USE OF THE MANAGEMENT AGREEMENT. UNDER NO CIRCUMSTANCE DOES FRANCHISOR REPRESENT OR WARRANT THAT THE SAMPLE MANAGEMENT AGREEMENT IS ENFORCEABLE OR COMPLIANT WITH HEALTHCARE LAWS, RULES, AND REGULATIONS.

THE SAMPLE MANAGEMENT AGREEMENT SHOULD BE USED FOR DISCUSSION PURPOSES ONLY BETWEEN FRANCHISEE AND FRANCHISEE'S INDEPENDENT LEGAL COUNSEL INCLUDING HEALTH CARE COUNSEL.

MANAGEMENT SERVICES AGREEMENT BETWEEN

[FRANCHISEE MSO ENTITY] ("MANAGER")

AND

[MEDICAL ENTITY]
("PRACTICE")
MANAGEMENT SERVICES AGREEMENT

The Parties enter into this Agreement to be effective as of the Effective Date. Capitalized terms used, but not otherwise defined in the main body of this Agreement, are defined in Appendix A, which is attached and incorporated by reference.

Recitals

A. Manager is organized to engage in the business of managing and administering medical practices, and providing support services to medical practices.

B. Practice is engaged in the practice of medicine rendering Professional Services and is owned solely by a physician holding a valid license to practice medicine in the State of _____. All of Practice's medical employees and independent contractors hold valid licenses to practice medicine in the State of _____.

C. In order to enable its medical employees and independent contractors to focus their efforts and time on the practice of medicine and the delivery of medical services to the public, Practice has requested, and Manager has agreed to provide certain services pursuant to this Agreement.

Based upon the recitals and the mutual covenants in this Agreement, the Parties agree as follows:

Article 1
Management Services

1.01. **Engagement and Authority of Manager.** During the Term, Practice engages and appoints Manager as the exclusive manager to provide comprehensive management, administrative and other related services to Practice, by and through employees and independent contractors retained by Manager. Manager will provide service through officers of Manager and secretarial, accounting, financial, clerical, and technical support personnel. Manager is granted the authority necessary to manage the non-medical business aspects of Practice, as required under this Agreement. Subject to Practice's oversight and ultimate authority, Manager is expressly authorized to take any actions that Manager, in the exercise of reasonable discretion, deems appropriate to fulfill its obligations under this Agreement and meet the day to day requirements of Practice. Manager will have the right at all times to have access to Practice facilities for the purposes of performing its responsibilities under this Agreement, or for any reasonable purpose. Manager agrees to furnish to Practice management services as described on Appendix B of this Agreement, which is attached and incorporated by reference. Upon written request by Practice, additional services may be added to Manager's responsibilities and reflected in the execution by both Parties of an addendum or amendment covering such services and the additional fees for such services.

1.02. **Revenue and Other Accounts.** All receipts and monies arising from Practice operations will be received by Manager on behalf of Practice and Manager will, in the name of Practice, deposit all amounts in the Revenue Account.

1.03. **Business Associate Agreement.** The Parties will enter into a Business Associate Agreement in the form required by the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") and the regulations promulgated under the act, as may be amended from time to time, which is attached as Appendix C and incorporated by reference.

1.04. **Medical Records.** Subject to Practice's oversight and ultimate authority and subject to strict compliance with the requirements of HIPAA and state law, Practice appoints Manager to be responsible for maintenance, storage, retention, and custody of medical records of Practice.

Article 2
Conduct of Medical Practice and Practice Obligations

2.01. **Practice of Medicine.** The professional relationship between Practice Professionals and their patients will be solely between the Practice Professionals and their patients. Manager will not interfere with the exercise of medical judgment or in the care or treatment of patients. Further, Manager will not interfere with, control, direct, or supervise Practice, or any employee or independent contractor of Practice, in connection with the provision of Professional Services. Notwithstanding any provision to the contrary, this Agreement is not intended to (1) constitute the use of a medical license or the practice of medicine by anyone other than a licensed physician; (2) aid Manager or any other unlicensed Person to practice medicine; or (3) create any other arrangements in violation of law. If Manager is unable to perform any service required of Manager under this Agreement because it is deemed to constitute the practice of medicine by applicable authorities, Manager will deliver notice to Practice. Manager and Practice specifically acknowledge the following:

(a) **Clinical Services.** Although Manager will provide support services to Practice, Practice will remain entirely independent of Manager as to the diagnosis and treatment of patients and all other medical, professional and ethical affairs of Practice. Practice accepts the full responsibility to these patients for the nature and character of all Professional Services rendered.

(b) **Professional Fees.** Upon request, Manager will provide research and analysis regarding fees for Professional Services rendered by Practice's Practice Professionals.

(c) **Approval Authority over Provision of Medical Services.** The Practice will have approval authority over (1) hiring and firing of clinical personnel, (2) choice of modalities and medical services offered through the operations, (3) banking (subject to day to day operational delegations to Manager), (4) choice of medical equipment, and (5) content of any advertising subject to the _____ _____ [Occupations/Professional Code] and/or _____ [Administrative Code].

2.02. **Professional Services.** Practice will provide Professional Services to patients in compliance at all times with ethical standards, laws and regulations applying to the medical profession and in compliance with any agreements between Practice and any third parties. Practice will also ensure, with the assistance of Manager, that any Practice Professional or contractor associated with Practice has all required licenses, credentials, approvals, and other certifications to perform the duties and services for Practice. In the event that any disciplinary actions or medical malpractice actions are initiated or threatened against any Practice Professional or contractor, Practice will immediately inform Manager of the action and the underlying facts and circumstances. Practice will carry out a program to monitor quality of medical care with Manager's administrative assistance. Practice, in cooperation with Manager, will take steps necessary to resolve any utilization review or quality assurance issues that may arise in connection with the operation of Practice.

2.03. **Employment or Contracting of Practice Professionals.** Practice will have final authority for the hiring, supervision, evaluation and termination of its Practice Professionals (in consultation with Manager). Manager will consult with and assist Practice in identifying, pre-qualifying, and recruiting new Practice Professionals. Manager will assist Practice in the credentialing of its Practice Professionals.

2.04. **Professional Insurance Eligibility.** The Parties will cooperate in obtaining and retaining professional liability insurance at commercially reasonable rates. Practice will coordinate with Manager and participate in risk management programs in conjunction with insurers.

2.05. **Powers of Attorney.** Practice appoints Manager for the Term to be its true and lawful attorney-in-fact for all purposes in connection with the provision of management services in this Agreement. Practice will require all Practice Professionals to execute and deliver to Manager powers of

attorney, satisfactory in form and substance to Manager, appointing Manager as attorney-in-fact for each of the purposes set forth in this Agreement. The powers of attorney will immediately terminate upon termination of this Agreement, except with respect to Practice's billings for Professional Services rendered prior to termination of this Agreement. With respect to such billings, the powers of attorney will terminate 12 months after the termination of this Agreement. A form of the power of attorney is attached as Appendix D, which is incorporated by reference.

2.06. **Medical Facilities.** Practice agrees the importance of Manager's access to Practice's facilities to provide services under this Agreement. Accordingly, Practice agrees that if Practice prevents or otherwise terminates Manager's access to Practice's facilities during the Term (other than Manager's fraud or knowing and intentional misappropriation of Practice's funds as finally judicially adjudicated by a court of competent jurisdiction), Manager may immediately terminate this Agreement, cease providing all services to Practice, and terminate any other agreements between the Parties.

2.07. **Practice's Authority to Bind Manager.** Practice does not have the right to commit Manager to any obligations or liabilities. Any obligation incurred by Practice is the sole responsibility of Practice, and Practice will indemnify Manager against any related Claims or Losses.

Article 3
Compensation

3.01. **Management Fee.** As a condition precedent to Manager's obligations under this Agreement, Practice will pay Manager the Management Fee. The Parties agree that the Management Fee is being paid to Manager in consideration of the substantial commitment made by Manager under this Agreement and that such fees are fair and reasonable given the commitments and risks taken by Manager and consistent with fair market value. The Management Fee is not a share in Practice's fees for medical services. Rather, it is the Parties' negotiated agreement, having considered the business risks taken by the parties and the various compensation formulas, as to the reasonable fair market value of support and services furnished by Manager under this Agreement.

3.02. **Payment of Management Fee.** To the extent funds are available in the Revenue Account (and subject to the priorities set forth in Section 3.06 below), Manager will pay on Practice's behalf, the Management Fee by the 5th day of each month. Unpaid Management Fees will be booked as accounts receivable for Manager and accounts payable for Practice. Unpaid Management Fees will be paid when there are sufficient funds in the Revenue Account (and subject to the priorities set forth in Section 3.06 below).

3.03. **Practice Expenses.** Commencing on the Effective Date and to the extent funds are available in the Revenue Account or Practice otherwise makes funds available, Manager will pay on Practice's behalf, all unpaid Practice Expenses in a timely manner within the limits of business prudence. To the extent funds are unavailable in the Revenue account, Manager may either pay Practice Expenses or provide an Advance to the Practice pursuant to 3.04 below. Practice will reimburse and indemnify Manager for all Practice Expenses as follows:

(a) **General.** All Practice Expenses that have been paid by Manager will be reimbursed by Practice no later than 30 days following the month in which such Practice Expenses were paid by Manager if sufficient funds are in the Revenue Account to make such payment; if payment would cause the Revenue Account to have insufficient funds, Manager will treat the unreimbursed payment as an Advance to Practice pursuant to Section 3.04 below.

(b) **Non-Cash Expenses.** All non-cash Practice Expenses (e.g., depreciation and amortization) will be determined monthly in accordance with GAAP and paid contemporaneously with the payment of the Management Fee.

3.04. **Payment of Advances.**

(a) **Advances.** If there are insufficient funds in the Revenue Account to pay any Practice Expenses or other amounts owed by Practice, Manager may, in its sole discretion, advance funds on behalf of Practice from time to time ("**Advance**(**s**)"). Practice expressly grants Manager the authority to make any Advances during the Term without any notice provided by Manager or any further request made by Practice. Manager, however, has no obligation to make any Advance to Practice. Notwithstanding anything to the contrary in this Agreement, all Advances are due and payable upon demand to Practice by Manager. Further, any outstanding Advance plus interest unpaid at the date of termination of this Agreement is due and payable immediately at such date.

(b) **Interest.** Advances will bear interest from the date disbursed by Manager until repaid, at the Interest Rate, compounded daily. Interest on such outstanding amounts will be computed on the basis of a 365- or 366-day year, as the case may be, and for the actual number of days elapsed. Practice promises to pay Manager the sum of all Advances made to Practice and all other amounts due and owing to Manager under this Agreement, plus interest accrued at the Interest Rate on such amounts according to the terms of this Article 3.

3.05. **Practice Professional Compensation.** To the extent funds are available in the Revenue Account or Practice otherwise makes funds available (and subject to the priorities set forth in Section 3.06 below), Manager will pay, on behalf of Practice when due, all Practice Professional Compensation.

3.06. **Payment Priority.** Each month Manager will apply funds that are in the Revenue Account in the following priorities:

(a) To Practice Professional Compensation;

(b) To all Practice Expenses;

(c) To repay Manager for Advances by Manager;

(d) To reimburse Manager for Practice Expenses paid by Manager;

(e) To accrued and unpaid Management Fees;

(f) To the Management Fee; and

(g) To Manager or a designated entity for education and training.

In the event that either Party directs or diverts funds from the Revenue Account other than in accordance with the Payment Priority as stated above, such action will constitute a material breach of the Agreement, giving the non-breaching Party the right to terminate the agreement pursuant to Section 6.02(a) or 6.03(a) below. The breaching party will also be obligated to return the funds to the Revenue Account to be disbursed pursuant to Section 3.06 by Manager.

Article 4
Representations and Warranties

4.01. **Manager.** Manager represents and warrants the following to Practice:

(a) **Entity Organization.** Manager is duly formed, validly existing and in good standing under the laws of the State of

_____.

(b) **Authorization.** The execution, delivery and performance by it of this Agreement is within its power and has been duly authorized. The execution of this Agreement does not and will not violate (1) any provision of applicable law or regulation, (2) its certificate of formation or other comparable organizational documents, or (3) any agreement, judgment, injunction, order, decree or other instrument to which Manager is a party or by which Manager or any of its properties is bound.

4.02. **Practice.** Practice represents, warrants, and covenants the following to Manager:

(a) _____ **Entity Organization.** Practice will be duly formed, validly existing and in good standing under the laws of the State of ___.

(b) **Authorization.** The execution, delivery and performance by it of this Agreement is within its power and has been duly authorized. The execution of this Agreement does not and will not violate (1) any provision of applicable law or regulation, (2) its certificate of formation or other comparable organizational documents, or (3) any agreement, judgment, injunction, order, decree or other instrument to which Practice is a party or by which Practice or any of its properties is bound.

(c) **Licensed to Practice Medicine.** All Practice Physicians have, and will maintain during the Term, a current and unrestricted license to practice medicine in the State of _____.

(d) **Compliance with Law.** Practice is in compliance with and will continue to be in compliance with and obey all Federal, State, and local laws, regulations and ordinances relating to its business, Manager's obligations, and the Professional Services which Practice provides.

(e) **Cooperation.** Practice and each Practice Professional will cooperate with Manager and its employees as reasonably requested in the completion of any forms necessary for third party reimbursement for physician or non-physician services.

(f) **Provision of Services.** As a continuing condition of this Agreement, Practice and each Practice Professional will comply with and provide services in accordance with the laws of the State of

_____and the United States.

(g) **Patient Records.** Practice will use its best efforts to assure that each Practice Professional maintains accurate and complete patient medical records.

Article 5
Protective Covenants

5.01. **Confidentiality.** Practice agrees that Manager, in connection with its business, has developed and will develop certain Confidential Information and Proprietary Information. During the Term, Manager will provide Practice and/or Practice will otherwise be exposed to Confidential Information and Proprietary Information regarding Manager's business activities. Practice agrees it will receive such Proprietary Information and agrees not to use, and Practice will ensure its Practice Professionals, employees, independent contractors, and agents do not use, any such Proprietary Information during the Term, except in furtherance of Practice's obligations under this Agreement. Further, Practice will not, and Practice will ensure its Practice Professionals, employees, independent contractors, and agents do not, directly or indirectly disclose, reveal, or use for the benefit of themselves or others, any Confidential Information or Proprietary Information of Manager without the prior written consent of Manager. Practice agrees that following the termination of this Agreement Practice will neither take nor retain any Confidential Information or Proprietary Information without the prior written consent of Manager.

Article 6
Term and Termination

6.01. **Term.** Performance of obligations set forth in this Agreement will commence on the Effective Date and continue for the Term. This Agreement will automatically renew upon the expiration of the Initial Term and any subsequent Terms for additional one year Terms unless either Party provides the other Party with notice of its intent to not renew this Agreement at least 60 days, but not more than 90 days, prior to the expiration of the then current Term.

6.02. **Termination by Practice.** Practice may terminate this Agreement prior to the expiration of the Term only as follows:

(a) **Material Breach.** Practice may terminate this Agreement immediately upon notice if (1) Manager breaches a material provision of this Agreement (other than as provided in (2) below), and such breach is not cured within 30 days after notice specifically stating the nature of such breach has been given to Manager by Practice (provided such breach is not attributable to acts or omissions of Practice); or (2) Manager wrongfully fails to remit the payments due as provided in Article 3 of this Agreement (i.e., there are sufficient funds in the Revenue Account and Manager intentionally or negligently fails to perform as required under this Agreement) and such failure to remit will continue for a period of 30 days after notice to Manager.

(b) **Without Cause.** Practice may terminate this Agreement without cause upon at least 90 days prior written notice to Manager.

6.03. **Termination by Manager.** Manager may terminate this Agreement prior to expiration of the Term only as follows:

(a) **Material Breach.** Manager may terminate this Agreement immediately upon notice if (1) Practice breaches a material provision of this Agreement (other than as provided in (2) below), and such breach is not cured within 30 days after notice specifically stating the nature of such breach has been given to Practice by Manager (which breach is not attributable to acts or omissions of Manager); or (2) Practice fails to timely pay amounts due to Manager under this Agreement 30 days after notice has been given to Practice by Manager.

(b) **Suspension.** Manager may suspend performance under this Agreement if Practice is unable to pay, states its intent that it will not pay, or Manager reasonably believes Practice will not pay amounts due to Manager under this Agreement.

(c) **Without Cause.** Manager may terminate this Agreement without cause upon at least 90 days prior written notice to Practice.

6.04. **Legislative, Regulatory or Administrative Change.** If there is a change in the law, the adoption of new legislation, or a change in any third party reimbursed system, any of which materially and adversely affects the manner in which either Party may perform or be compensated for its services under this Agreement, the Parties will immediately enter into a new service arrangement or basis for compensation for the services furnished pursuant to this Agreement that complies with the law and that approximates as closely as possible the economic terms of the Parties under this Agreement prior to the change. If good faith negotiations cannot resolve the matter within 30 days, this Agreement may be terminated by either Party upon notice.

6.05. **Insolvency.** A Party may immediately terminate this Agreement upon notice if the other Party: (a) becomes insolvent, or makes a transfer in fraud of creditors, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they become due; (b) generally is

not paying its debts as such debts become due; (c) has a receiver, trustee or custodian appointed for, or take possession of, all or substantially all of its assets, either in a proceeding brought by it or in a proceeding brought against it and such appointment is not discharged or such possession is not terminated within 60 days or it consents to or acquiesces in such appointment or possession; or (d) files a petition for relief under present or future federal or state insolvency, bankruptcy, or similar laws or an involuntary petition for relief is filed against it under any such laws and such involuntary petition is not dismissed within 60 days after filing, or an order for relief naming it is entered under any such law, or any composition, rearrangement, extension, reorganization or other relief of debtors now or later existing is requested or consented to buy it.

6.06. **Effect on Termination.** Subject to any rights or remedies an aggrieved Party may have under this Agreement or at law, if this Agreement is terminated under Section 6.02 or 6.03, the Management Fee and Advances will be calculated through the effective date of termination. Management Fee and Advances will be paid as follows and pursuant to payment priority in 3.06.

(a) **Management Fee.** To the extent funds are available in the Revenue Account or Practice otherwise makes funds available (and subject to the priorities set forth in Section 3.06), Manager will pay, on behalf of Practice, the accrued and unpaid Management Fees on the date of termination. To the extent that revenue is received by Practice after the date of termination, such revenue will be applied towards the outstanding Management Fees using the payment priority in 3.06. Otherwise, Practice will not be obligated to pay any accrued and unpaid Management Fees to Manager following termination of this Agreement.

(b) **Advances.** To the extent funds are available in the Revenue Account or Practice otherwise makes funds available (and subject to the priorities set forth in Section 3.06), Manager will pay, on behalf of Practice, Advances on the date of termination. To the extent that revenue is received by Practice after the date of termination, such revenue will be applied towards the outstanding Advances using the payment priority in 3.06. Otherwise, Practice will not be obligated to pay any Advances to Manager following termination of this Agreement.

Article 7 Indemnification & Insurance

7.01. **Indemnification by Manager.** To the extent not covered by insurance, Manager will indemnify, defend, and hold Manager Indemnitees harmless from any third party Claims and Losses resulting from (a) Manager's breach of any of Manager's representations, warranties, or covenants made under this Agreement; and (b) any negligent, reckless or intentional acts or omissions of Manager, or its employees, independent contractors, or agents related to the provision of services under this Agreement.

7.02. **Indemnification by Practice.** To the extent not covered by insurance, Practice will indemnify, defend, and hold Practice Indemnitees harmless from any third party Claims and Losses resulting from (a) Practice's breach of any of Practice's representations, warranties, covenants, or agreements made under this Agreement; (b) Practice's (including all Practice Professionals) practice of medicine, including any violation of any law, rule, regulation or contractual obligation by Practice or Practice Professionals; and (c) any negligent, reckless, or intentional acts or omissions of Practice, or its Practice Professionals, employees, independent contractors, or agents related to the operation of its practice.

7.03. **Defense of Third Party Claims.** The Indemnitee will give the Indemnitor written notice of any Claim of which defense is sought. However, failure to provide such notice will not relieve the Indemnitor from its obligations under this Agreement, except to the extent the Indemnitor is materially prejudiced as a direct result of such failure. If any such proceeding is brought against an Indemnitee, the Indemnitor will be required to assume the defense of such proceeding, except as otherwise set forth below, using legal counsel acceptable to the Indemnitee in its reasonable discretion. The Indemnitee will

cooperate with the Indemnitor at the Indemnitor's expense in connection with the defense and settlement of the Claim. The Indemnitor may not settle any indemnified Claim in a manner that adversely affects the Indemnitee without its prior written consent, which will not be unreasonably withheld or delayed. Further, the Indemnitee may participate in the defense of the Claim through counsel of its own choosing at its own cost and expense. If the Indemnitor fails promptly to assume the defense and employ counsel reasonably satisfactory to Indemnitee, or the Indemnitee has been advised by counsel that there exist actual or potential conflicting interests between the Indemnitor or the Indemnitor's counsel and Indemnitee, the Indemnitee may employ separate counsel to represent Indemnitee. The Indemnitor agrees to pay the fees of separate counsel as incurred. The Indemnitor's obligations under this Article 7 are in addition to any rights that any Indemnitee may have at common law or otherwise.

7.04. **Right to Control Defense.** If the Indemnitee gives notice to the Indemnitor that, in its good faith judgment, Claim(s) made against it could have a non-monetary material adverse effect on the Indemnitee, the Indemnitee will have the right to control (at the Indemnitor's expense and with counsel reasonably satisfactory to the Indemnitor) the defense (but not with respect to the Indemnitor). If an Indemnitee elects to control the defense under this section, the Indemnitee will not consent to the entry of a judgment or enter into a settlement that would require the Indemnitor to pay any amounts under this Section 7.04 without the prior written consent of the Indemnitor, which will not to be unreasonably withheld, conditioned, or delayed.

7.05. **Indemnification Payment.** Indemnitor will pay any Losses awarded by final judgement or agreed upon by settlement to the Indemnitee that are attributable to the Claims. Payment to the Indemnitee will be made within 30 days of a final determination of monies owed.

7.06. **Insurance.** The Parties will maintain insurance as required by law with reasonable policy limits. In addition, Practice will require each of its Practice Professionals to secure and maintain, at each Practice Professional's own expense professional liability insurance in a minimum amount not less than the amount determined reasonable by Manager. Unless covered by an "occurrence" malpractice policy, Practice will cause each Practice Professional to enter into an agreement with Practice that upon termination of such relationship with Practice, for any reason, tail insurance coverage will be purchased by the individual. The Practice Professional and Practice will enforce the provisions relating to the tail insurance coverage or, alternatively, provide tail coverage at the expense of Practice.

Article 8
Regulatory Compliance

8.01. **Compliance with Laws and Regulations.** Each Party represents and warrants that, to the best of its knowledge and understanding, all obligations pertaining to and benefits derived under this Agreement are in full compliance with applicable state law, including all regulations pertaining to the corporate practice of medicine.

Article 9
Additional Provisions

9.01. **Assignment.** Practice will not assign this Agreement or any of its obligations under this Agreement without the prior written consent of Manager. Any attempted assignment without consent is void. Subject to the forgoing, this Agreement inures to the benefit of and is binding upon each Parties' successors and heirs.

9.02. **Governing Law.** This Agreement will be governed by _____ law (without reference to its rules as to conflicts of law).

9.03. **Rules of Construction.**

(a) **Interpretations.** The Parties agree that neither Party nor its representatives will be deemed the drafter of this Agreement. In construing this Agreement, no provision will be construed in favor of one Party on the grounds that it was drafted by the other Party. If any claim is made by a Party relating to any conflict, omission, or ambiguity in the provisions of this Agreement, no presumption, burden of proof, or persuasion will be implied because this Agreement was prepared by or at the request of a Party or its counsel.

(b) **Captions.** The headings and captions of this Agreement are inserted for reference convenience and do not define, limit or describe the scope or intent of this Agreement or any particular section, paragraph, or provision of this Agreement.

(c) **Limitations.** Unless otherwise expressly provided, the words "include(s)," "included," or "including" do not limit the preceding words or terms.

(d) **Pronouns.** Pronouns will refer to the masculine, feminine, neuter, singular or plural as the context will require.

9.04. **Amendment.** Amendments of a provision of this Agreement will not be binding unless the amendment is in writing and signed by an authorized representative of each Party.

9.05. **Waiver.** The failure of either Party to insist in one or more instances upon performance of any terms of this Agreement will not be construed as a waiver of future performance required by the term. No term of this Agreement may be waived except by written consent of the waiving Party. All remedies, rights, undertakings, and obligations contained in this Agreement will be cumulative and none of them will be in limitation of any other remedy, right, undertaking, or obligation of a Party.

9.06. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior proposals, understandings, and agreements, whether oral or written, between the Parties with respect to the subject matter of this Agreement.

9.07. **Severability.** The provisions of this Agreement are severable. The invalidity, in whole or in part, of any provision of this Agreement will not affect the enforceability of any other provisions. If one or more provisions of this Agreement are declared unenforceable, the remaining provisions will be enforceable and construed in the broadest possible manner to effectuate the purposes of this Agreement.

9.08. **Counterparts.** This Agreement may be executed in multiple counterparts and by facsimile signature or any electronic signature complying with the U.S. Federal ESIGN Act of 2000 (e.g., www.docusign.com).

9.09. **Notices.** All notices under this Agreement will be in writing (including electronic form) and will be delivered to the address set forth by each Party in this Agreement, or to such other party and/or address as any of such Parties may designate in a written notice served upon the other Parties. Each notice will be given and will be effective: (a) if delivered by hand, when so delivered; (b) if delivered by nationally recognized overnight courier service or sent by United States Express Mail, upon confirmation of delivery; (c) if delivered by certified or registered mail, on the third following day after deposit with the United States Postal Service; (d) if delivered by facsimile, upon confirmation of successful transmission; or (e) if delivered by email, upon confirmation of receipt by the other Party in writing by return email.

9.10. **Independent Contractors**. The Parties acknowledge and agree that the Parties are at all times independent contractors under this Agreement. Further, no employment, partnership, joint venture or landlord and tenant relationship exists. Except as otherwise provided in this Agreement, neither Party is the agent of the other. Manager will neither have nor exercise any control or direction over the methods by which Practice or Practice Professionals practice medicine. The sole function of Manager under this

Agreement is to provide all management services in a competent, efficient and satisfactory manner. Manager will not, by entering into and performing its obligations under this Agreement, become liable for any of the existing obligations, liabilities or debts of Practice unless otherwise specifically provided for under the terms of this Agreement. Practice will not, by entering into and performing its obligations under this Agreement, become liable for any of the existing obligations, liabilities, or debts of Manager, unless otherwise specifically provided for under the terms of this Agreement. Manager will in its management role have only an obligation to exercise reasonable care in the performance of the management services. Neither Party will have any liability whatsoever for damages suffered on account of the willful misconduct or negligence of any employee, agent, or independent contractor of the other Party. Each Party will be solely responsible for compliance with all State and Federal laws pertaining to employment taxes, income withholding, unemployment compensation contributions and other employment related statutes regarding their respective employees, agents, and servants.

9.11. **Survival**. In addition to the periods expressly set forth in the respective provisions of this Agreement, the terms of Section 6.05 and Article 3 will survive this Agreement for so long as any amounts are owed to Manager by Practice; the terms of Section 2.05 will survive this Agreement for 12 months; the terms of Article 4 and Sections 7.01, 7.02 and 7.03 will survive this Agreement for five years; and the terms of Sections 5.01, 7.04, Article 9, and Appendix A will survive this Agreement indefinitely.

The Parties have executed this Agreement duly authorized to be effective as of the Effective Date.

MANAGER	**PRACTICE**
[Franchisee MSO Entity]	**[Medical Entity]**
By:_____	By:_____
[Name, Title]	[Name, Title]

Appendix A

Definitions

As used in this Agreement, the following defined terms have the meanings set forth below. The definition of a term applies to all variants of the term. Where a plural term is defined, reference to a singular form refers to a single member of the group defined by the plural term. If the group defined by a plural term consists of one member, it is equivalent to the singular.

(a) "**Agreement**" means this Management Services Agreement dated to be effective as of the Effective Date, as it may be amended from time to time, including all appendixes, exhibits, addendums, and other attachments that are expressly incorporated into this Agreement.

(b) "**Business Records**" means all records relating to the operation of Practice excluding all patient medical records and patient files and other records or documents which relate to patient treatment by physicians.

(c) "**Claims**" means each and every claim, request, accusation, allegation, assertion, complaint, petition, demand, suit, action, proceeding, and cause of action of every kind and description.

(d) "**Confidential Information**" means any and all non-public, confidential Proprietary Information, Trade Secrets, and such other information of or relating to Manager that Practice has reason to know is confidential.

(e) "**Effective Date**" means _____.

(f) "**GAAP**" means generally accepted accounting principles applied on a consistent basis, set forth in the Opinions of the Financial Accounting Standards Board of the American Institute of Certified Public Accountants, or their successors which are applicable in the circumstances as of the date in question. The requisite that such principles be applied on a consistent basis will mean that the accounting principles observed in a preceding period are comparable in all material respects to those applied in the current period.

(g) "**Indemnitee**" means a Person entitled to be indemnified, defended, and/or held harmless by a Party pursuant to Article 7 of this Agreement.

(h) "**Indemnitor**" means a Party required to indemnify, defend, and/or hold harmless a Person pursuant to Article 7 of this Agreement.

(i) "**Initial Term**" means the initial term of this Agreement beginning on the Effective Date and continuing for 12 months.

(j) "**Interest Rate**" means the lesser of 1.5% per month or the maximum rate allowable pursuant to applicable law.

(k) "**Leased Personnel**" means all Non-Medical Personnel and Non-Physician Medical Personnel leased to Practice in accordance with Appendix B.

(l) "**Loss**" means each and every liability, loss, damage, and injury (including injury

or damage to any property right, and injury, damage, or death to any Person), wound, wrong, hurt, harm, expense, deficiency, diminution in value, obligation, expenditure and disbursement of any kind or nature (including all fees, costs, and expenses of investigation, travel expenses, and value of time expended by personnel), settlement, fine, fee, cost, cost of court, and all expenses of litigation (including reasonable attorneys' fees) incident to any of the foregoing.

(m) "**Management Fee**" means the monthly fee payable by Practice to Manager for services performed by Manager pursuant to this Agreement, including consideration for the trademark rights granted to Practice in Schedule B(m), in the amount of $_____per month.

(n) "**Manager**" means [Franchisee MSO Entity], a _____with offices at _____.

(o) "**Manager Indemnitee**" means Practice, its officers, directors, managers, shareholders, members, agents, employees, successors, and assigns.

(p) "**Manager Personnel**" means all personnel as detailed and assigned in Appendix B.

(q) "**Non-Medical Personnel**" means all personnel, including accountants, bookkeepers, office managers, and receptionists who perform services, which do not constitute the practice of medicine, for or on behalf of Practice and may be leased to Practice by Manager.

(r) "**Non-Physician Medical Personnel"** means all personnel, including registered nurses, licensed professional nurses, medical assistants, and physician assistants who perform services for or on behalf of Practice and may be leased to Practice by Manager.

(s) "**Party**" and "**Parties**" means Manager and/or Practice, as applicable.

(t) "**Payor Plan**" means any health maintenance organization, preferred provider organization, employer self-insured plan, governmental plan such as Medicare/Medicaid other insurance plan or company which contracts with Practice for the provision of medical services to beneficiaries of the payor plan.

(u) "**Person**" means a natural person, corporation, business trust, estate, trust, custodian, trustee, executor, administrator, nominee, partnership, limited liability partnership, limited partnership, association, limited liability company, government, governmental subdivision, governmental agency, governmental instrumentality, any other legal or commercial entity, in its own or representative capacity.

(v) "**Physician Contractor**" means any physicians, not classified as a Physician Employee, providing medical services for which Practice bills and collects fees or other consideration.

(w) "**Physician Employee**" means any physician employed by Practice and providing medical services to patients on behalf of Practice.

(x) "**Physician Extender**" means any non-physician professional employee employed by or under contract with Practice who provide direct patient care for which a billed charge is generated.

(y) "**Practice**" means the non-invasive medical services provided under the _____ name at _____ by [Medical Entity], a _____ with offices at _____. Practice does not include any other services provided by [Medical Entity].

(z) "**Practice Expense(s)**" means the amount of the following operating and non-operating expenses, on a cash basis, incurred in the operation of Practice:

(1) Salaries, benefits (including contributions under any Manager or Practice benefit plan), and other direct costs of Practice employees or contractors.

(2) Cost of goods sold relating to the provisions of Professional Services according to GAAP.

(3) Rent for the sublease of space as contemplated in Schedule B(d) of the Agreement.

(4) All insurance expenses for insurance obtained pursuant to Section 7.06 of this Agreement for Practice Professionals.

(5) All salaries, benefits, and associated payroll costs paid to Non-Medical Personnel leased to the Practice.

(6) Rent for the lease of medical equipment as contemplated in Schedule B(e) of the Agreement.

(7) Any provider tax assessed against Practice or any Practice Professional by the State of _____and any sales and use taxes assessed against Practice or any Practice Professional related to Practice's operations or the practice of medicine by any Practice Professional, or assessed against Manager related to services provided under this Agreement.

(8) Any federal or state income or franchise taxes of Practice.

(9) Any liabilities, judgments or settlements relating assessed against Practice or Practice Professionals in excess of any insurance policy limits, including attorneys' fees.

(10) Expenses incurred in connection with any employee benefit plan maintained by Practice.

(11) Any liabilities, judgments, settlements or indemnity expenses arising, commencing or related to activities prior to the Effective Date.

(12) Interest expense for borrowings by Practice but not including accrued interest for Advances.

(13) Any other expense incurred in the operation of the Practice.

(aa)"**Practice Indemnitee**" means Manager and its officers, directors, managers,

shareholders, members, agents, employees, successors, and assigns.

(bb) "**Practice Physicians**" means all Physician Employees and Physician Contractors.

(cc)"**Practice Professionals**" means Practice Physicians, Physician Extenders, and Technical Employees.

(dd) "**Practice Professional Compensation**" means compensation payable to Practice Professionals for the services provided to Practice including compensation to the current medical director, _____, in the amount of $_____per month beginning on the Effective Date.

(ee)"**Practice Revenue(s)**" means all amounts received by Practice from all sources including all contractual payments, gross revenue, capitation payments and fees and co-payments, including ancillary health care service revenue, and any other revenues of a nature that have historically been recorded by Practice for the delivery of medical and other services to patients, including Professional Services, medical ancillary services, pharmaceuticals and other items and supplies sold to patients, and other fees or income generated by Practice, Practice Professionals or Practice Physicians (acting within the scope of their duties to Practice) for services rendered by Practice.

(ff) "**Professional Services**" means all professional medical services provided by Practice.

(gg) "**Proprietary Information**" means any and all (1) operating manuals, symbols, Trademarks, trade names, service marks, designs, contracts, vendor and supplier lists, procedures, protocols, processes, systems, records and files respecting services provided and to be provided to Practice, provider lists and fee schedules, vendor price lists, third party payor payment rates, outside provider information, provider contracting information, and documentation relating to the provision of services performed under this Agreement; (2) photographs, books, publications, records, correspondence, notes, letters, documents, plan, proposed plans, manuals, forms, or any other material, files or data, including ledger cards, bookkeeping records, computer programs, and all other records or files of, affecting, or relating to the business of Manager; (3) inventions, discoveries, formulae, processes, products, designs, literary works, programs or other written material or documents conceived or developed by a Manager alone or in conjunction with others related to the subject matter of the Manager's business; (4) Manager's unique skills, concepts, sales presentations, marketing programs, marketing strategy, business practices, methods of operation, licenses, technical information, computer software, financial and other information concerning the Manager's operations and expansion plans, and any tapes, discs, or other storage medium with information concerning the Manager's operations, systems, hiring or training methods; and (5) all memoranda, notes, records, drawings, documents, computer software programs, tapes and discs, or other writings whatsoever made, compiled, acquired, or received in connection with, or related to any activity or business of Manager, including the Manager's suppliers, vendors, or others with whom Manager has a business relationship, Manager's arrangements with such parties, and Manager pricing and expansion policies and strategy.

(hh) "**Revenue Account**" means the bank account(s) established and maintained by Manager in the name of Practice for the deposit of all Practice Revenues, payment of all Practice Expenses, and payment of all amounts due to Manager under this

Agreement. For purposes of this Agreement, Revenue Account will include any such investment accounts of Manager in which funds collected pursuant to this Agreement have been deposited.

(ii) "**Technical Employee**" means any technician who provides services in any diagnostic areas for Practice.

(jj) "**Term**" means the term of this Agreement beginning on the Effective Date and continuing for one year unless otherwise terminated or renewed pursuant to the terms of this Agreement.

(kk) "**Trade Secret**" means any and all Confidential Information, which qualifies as a "trade secret" under _____law.

(ll) "**Trademark**" means any trademark and service mark (registration, renewal, application and non-registered trademark and service mark), trade name, trade dress, logo, design, slogan, domain name, and other source identifying indicia, together with all goodwill related to the foregoing, and similar rights of any type under the laws of any governmental authority, domestic or foreign, now known or later developed.

Appendix B
Services

Consistent with the provisions of this Agreement and subject to Practice's oversight and ultimate authority, Manager will have the responsibility and commensurate authority to provide such full service management services for Practice and recruit, qualify, hire, and supervise all Non-Medical Personnel required to support the management and administration of Practice as agreed to by the Parties. The Parties agree such full service management services may include the following:

(a) **Records and Accounts.** Manager will provide all bookkeeping and accounting services necessary or appropriate to the functioning of the Practice including maintenance, custody, and supervision of all Business Records. Manager will use reasonable efforts to preserve the confidentiality of patient medical records and use information contained in these records only for the limited purposes necessary to perform the services set forth in this Agreement. A breach of this confidentiality is not a default under this Agreement. All Business Records are the property of Manager. Upon expiration or termination of this Agreement, Practice will retain all patient medical records and patient files maintained by Practice.

(b) **Billing, Collections.** Subject to Practice's oversight and ultimate authority, Manager will be responsible, for and on behalf of Practice, as its agent, for billing and collecting the charges made with respect to all medical services provided by Practice at the Practice unless otherwise agreed in writing. The extent to which Manager attempts to collect such charges, the methods of collection and the amount of settlements with respect to disputed charges, and the determination of which charges are not collectible, will be determined by Manager. However, the fee schedule to determine the cost of such services will be determined solely by Practice.

(c) **Personnel.**

(1) Manager Personnel are staff employed and paid by Manager to perform management services on behalf of Manager for the benefit of Practice. Manager Personnel are controlled by Manager and generally are not a Practice Expense. However, if Manager Personnel perform services that are listed as Practice Expenses under Appendix A, or services requested by Practice that Manager and

Practice have agreed will be treated as a Practice Expense, the applicable portion of Manager Personnel's time may be reimbursed by Practice as a Practice Expense.

(2) **Leased Personnel.**

(i) Except as otherwise provided in subsection (C), all Non-Medical Personnel (which does not include Practice Professionals) will be directly employed by Manager with Non-Medical Personnel being leased to the Practice as follows:

(A) Non-Medical Personnel will be employees or independent contractors of Manager, and the cost of Manager, including but not limited to their salaries, benefits and associated payroll costs, will be borne by Manager. Manager will select for employment and terminate the employment of all Non-Medical Personnel as Manager deems necessary or advisable, and will be responsible for the supervision, direction, training and assigning of duties of all Non-Medical Personnel, as well as determining the rates of compensation for such personnel.

(B) Non-Medical Personnel will perform their day to day duties at Practice and will be under the supervision and direction of Practice for those day to day duties. Non-Medical Personnel will be subject to the reasonable instructions, directions and policies of Practice in the performance of their duties. All time spent by Non-Medical Personnel performing day to day duties for, on behalf of, or for the benefit of Practice will be reimbursable by Practice as a Practice Expense at the rates agreed upon by Practice and Manager. Non-Medical Personnel, to the extent required for Practice to direct their duties, would be co-employed by Practice.

(C) Practice and Manager may specifically agree in writing for certain Non-Medical Personnel providing any services for, on behalf of, or for the benefit of Practice to be directly employed by or contracted with Practice. Such Non-Medical Personnel would be employees or independent contractors employed or engaged by Practice, and the selection and terms of employment or engagement, including the rates of compensation, supervision, direction, training and assignment of duties would be determined and controlled by Practice.

(ii) Except as otherwise provided in subsection (C), all Non-Physician Medical Personnel will be directly employed by Manager with Non-Physician Medical Personnel being leased to the Practice as follows:

(A) Non-Physician Medical Personnel will be employees of Manager, and the cost of Manager, including but not limited to their salaries, benefits and associated payroll costs, will be borne by Manager and not passed on to Practice. Manager may select for employment and terminate the employment of all Non-Physician Medical Personnel as Manager deems necessary or advisable, and may be responsible for the supervision, direction, training and assigning of duties of all Non-Physician Medical Personnel, as well as determining the rates of compensation for such personnel.

(B) Consistent with this Agreement, Practice will provide supervision of the Non-Physician Medical Personnel. Such supervision will include on-site supervisions and delegation of duties consistent with state and federal law, regulations, certification, and generally accepted community standards. Non-Physician Medical Personnel will be subject to the reasonable instructions, directions and policies of Practice in the performance of their duties. All time spent by Non-Physician Medical Personnel performing duties for or on behalf of Practice will be reimbursable by Practice as a Practice Expense at the rates agreed upon by Practice and Manager. Non-Physician Medical Personnel, to the extent required for Practice to direct their duties, would be co-employed by Practice.

(C) Practice and Manager may specifically agree in writing for certain Non-Physician Medical Personnel providing any services for or on behalf of Practice to be directly employed by or contracted with Practice. Such Non-Physician Medical Personnel would be employees or independent contractors employed or engaged by Practice, and the selection and terms of employment or engagement, including the rates of compensation, supervision, direction, training and assignment of duties would be determined and controlled by Practice.

(3) Manager may provide assistance to Practice in recruiting and evaluating prospective physicians and Leased Personnel as employees or independent contractors of Practice. Practice will make all decisions relating to hiring, training, managing, and termination of medical personnel.

(4) Manager will comply and will ensure compliance by Practice with all applicable laws and regulations having to do with worker's compensation, social security, unemployment insurance, hours of labor, wages, working conditions, and other employer-employee related subjects in connection with all Leased Personnel.

(5) All Manager Personnel and Leased Personnel will be subject to Manager's general policies and procedures regarding human resources (with Practice retaining ultimate responsibility for the hiring, firing, training and compensation of medical personnel and Non-Physician Medical Personnel). Subject to clinical issues that would dictate otherwise, Practice will adopt personnel policies and procedures that are consistent with Manager's policies and procedures. These policies and procedures will, at a minimum, establish fair and uniform standards for personnel, and provide procedures for resolving disputes between supervisors and the personnel.

(d) **Space.** Pursuant to the sublease agreement entered into between the Parties attached under Schedule B(d), which is incorporated by reference, Manager has subleased to Practice the space necessary for operation which Practice deems appropriate for its needs and will have use of on an exclusive, full-time basis.

(e) **Equipment.** Practice has ultimate authority over all medical equipment used in Practice. Manager will suitably furnish and equip the space subleased pursuant to subsection (d) above as set forth in this Agreement for Practice's operation. Manager will provide all non-medical equipment, software, fixtures, office supplies, furniture and furnishings. In addition, Manager agrees to lease to Practice the Medical Equipment deemed reasonably necessary by Practice for the operation of the Practice pursuant to the terms and conditions described on Schedule B(e), which is attached and incorporated by reference. If Practice deems it necessary to acquire new medical equipment, the Manager may decline to purchase the medical equipment and lease the equipment to the Practice under Schedule B(e).

(f) **Marketing and Advertising Programs.** Subject to Practice's oversight and ultimate authority, Manager will, following consultation with Practice, develop marketing and advertising programs for Practice; provide advice and assistance to Practice on overall marketing programs, and determine and analyze the effect of such programs; plan, create, write and prepare advertising materials; negotiate contracts with advertising media for space and time; and obtain services necessary in connection with the production and presentation of advertisements. Notwithstanding anything to the contrary, Practice must make all final decisions relating to marketing and advertising materials.

(g) **Vendor & Other Contracts.** Subject to Practice's oversight and ultimate authority, Manager (or its designee) will be the exclusive negotiator, as agent and on behalf of Practice, of all (1) agreements with all vendors and other entities for all service, software, and technology contracts, and the purchase and/or lease of equipment, supplies, and materials that are necessary for the operation of Practice; (2) agreements with facilities for the provision of medical services to patients; and (3) all

Payor Plan agreements. Practice would promptly refer inquiries by or relating to all such agreements to Manager, as Practice's sole agent, for discussion and negotiation of all such potential agreements. Practice and Manager, however, will mutually determine which such potential agreements to explore and negotiate and which such agreements Practice will ultimately enter into as a contractual party. With respect to vendors and other entities for service, software, and technology contracts, and the purchase and/or lease of equipment, supplies, and materials that are necessary for the operation of Practice, such goods and services will be provided by Persons affiliated with Manager provided (i) the terms and conditions of the transaction, on any overall basis, are fair and reasonable to the Practice and are at least as favorable to the Practice as those that are generally available from Persons capable of similarly performing them and in similar transactions between parties operating at arm's length; or (ii) approval of the Practice is obtained. Manager may receive discounts on goods and services it obtains for Practice. Manager is not obligated to pass on such discounts and may add a reasonable markup to the cost of goods and services obtained for Practice.

(h) **Insurance.** Manager will make reasonable efforts to obtain and maintain in full force and effect during the Term, general liability and property insurance which Manager deems appropriate to protect against loss, claims, and other risks, or which is necessary to comply with the terms of lease agreements for the Practice, and Manager will assist Practice and the physicians in obtaining professional liability insurance.

(i) **Supplies; Inventory.** Manager will acquire and supply to Practice all non-medical supplies which may be reasonably required in connection with the operation of Practice. Subject to Practice's oversight and ultimate authority, Manager will, on behalf of Practice, acquire all medical supplies and other inventory needs which may be reasonably required in connection with the operation of Practice.

(j) **Bank Accounts, Cash Management.** Manager is authorized to establish and maintain for and on behalf of Practice bank accounts for the collection and disbursement of Practice's funds. Manager will manage all cash and cash equivalents of Practice. Practice agrees the importance of Manager's access to such accounts in providing services under this Agreement. Accordingly, Practice agrees that if Practice prevents or otherwise terminates Manager's access to any such accounts, including the Revenue Account, during the Term for any reason other than in the case of Manager's fraud or knowing and intentional misappropriation of Practice's funds, as finally judicially adjudicated by a court of competent jurisdiction, Manager may immediately terminate this Agreement, cease providing all services to Practice, and terminate any other agreements between the Parties upon notice to Practice without any recourse by Practice as a result of such termination.

(k) **Litigation Management.** Manager will (1) manage and direct the defense of all claims, actions, proceedings or investigations against the Practice or any of its officers, directors or employees in their capacity as such relating to the operations of Practice, and (2) manage and direct the initiation and prosecution of all claims, actions, proceedings or investigations brought by Practice against any person other than Manager relating to the operations of Practice. However, Practice will have the ultimate authority to settle all matters and direct the prosecution of such claims.

(l) **Licenses and Permits.** Manager will, on behalf of and in the name of Practice, coordinate all development and planning processes, and apply for and use reasonable efforts to obtain and maintain all federal, state, and local licenses and regulatory permits required for or in connection with the operation of Practice and equipment (existing and future) located at the Practice, other than those relating to the practice of medicine or the administration of drugs by physician retained by or associated with Practice.

(m) **License Agreement.** Manager owns all intellectual property rights in and to certain intellectual property, including a Trademark (as defined in Appendix A). Manager agrees to license to Practice the Trademark to be used in connection with its operations pursuant to the terms and conditions described on Schedule B(m), which is attached and incorporated by reference.

(n) **Quality Assurance and Compliance Programs.** Subject to Practice's oversight and ultimate authority, Manager will assist Practice in developing and implementing relevant and appropriate compliance programs to assist Practice in maintaining adherence to regulatory and contractual requirements. Manager will also provide assistance to Practice in the establishment of utilization review/quality assurance programs and maintenance and implementation of such programs.

(o) **Tax Returns.** Manager will assist Practice in the preparation and filing of W-2's as 1099's annually for each employee and contractor of Practice.

(p) **Financial Planning and Reports.** Manager will provide financial planning and propose annual budgets for Practice. Manager will create and prepare ad-hoc reports as necessary to demonstrate the financial and operational activities of Practice.

Schedule B(d) Sublease Agreement

1. **Parties.** This Sublease Agreement ("**Sublease**"), dated to be effective as of _____ ("**Effective Date**"), is made between [Franchisee MSO Entity] ("**Sublandlord**") and [Medical Entity] ("**Subtenant**"). Unless otherwise defined in this Sublease, capitalized terms have the meanings set forth in the Office Lease Agreement between Landlord (defined below) and Sublandlord dated _____("**Master Lease**").

2. **Premises.** Sublandlord subleases to Subtenant on the terms and conditions set forth in this Sublease the exclusive right to use certain designated space Sublandlord is leasing from _____ ("**Landlord**"), located at _____ ("**Premises**") comprising _____rentable square feet on the Premises ("**Sublease Premise**s").

3. **As-Is.** Subtenant specifically agrees that the Sublease Premises is being sublet by Sublandlord to Subtenant in its "As-Is" condition and with no obligation for Sublandlord to make any improvements to the Sublease Premises or otherwise maintain or repair the Sublease Premises.

4. **Term and Conditions Precedent.** Subject to the terms in this Agreement, the "**Term**" of this Sublease shall commence on the Effective Date, and end on termination of the Management Services Agreement, unless otherwise terminated as set forth below ("**Termination Date**"). Possession of the Sublease Premises ("**Possession**") shall be delivered to Subtenant on the commencement of the Term. In the event of the termination of Sublandlord's interest as Tenant under its Lease of Premises with Landlord, or the termination of the Management Services Agreement for any reason, then this Sublease will terminate automatically upon such termination without any liability of the Landlord or Sublandlord.

5. **Rent.** Subtenant will pay to Sublandlord, rent attributable to the Sublease Premises as part of Sublandlord's monthly management fee as set forth in the Management Services Agreement.

6. **Security Deposit.** Not applicable.

7. **Office Keys.** On or before the Effective Date, Sublandlord will provide Subtenant with office keys to the Premises.

8. **Use of Premises.** The Sublease Premises will be used and occupied by Subtenant solely for treatment purposes in connection with Subtenant's provision of aesthetic medical procedures and treatments and for no other purpose.

9. **Assignment and Subletting.** Subtenant may not assign this Sublease or further sublet all or any part of the Sublease Premises without the prior consent of Sublandlord.

10. **Governing Law.** This Sublease is governed by the laws of the State of _____.

11. **Attorneys' Fees.** If a party commences an action against the other arising out of or in connection with this Sublease, the prevailing party is entitled to recover its costs of suit and reasonable attorneys' fees.

12. **Agency Disclosure.** Sublandlord and Subtenant each warrant that they have dealt with no real estate broker in connection with this transaction.

13. **Notices.** All notices and demands by either party on the other hereunder must be in writing.

The undersigned have executed this Sublease duly authorized to be effective as of the Effective Date.

SUBLANDLORD	**SUBTENANT**
[Franchisee MSO Entity]	**[Medical Entity]**
By:_____ [Name, Title]	By: _____ [Name, Title]

Schedule B(e)
Medical Equipment Lease Terms

1.01. **Medical Equipment.** Manager is the owner and/or lessee of certain medical equipment located at Practice ("**Medical Equipment**"). Practice has examined the Medical Equipment and determined that the Medical Equipment is necessary and appropriate for the provision of Practice's professional medical services.

1.02. **General Lease Terms.**

(a) **Grant of Lease.** During the Term, provided Practice remains in compliance with the terms of this Agreement, Manager agrees to the exclusive, full-time lease of the Medical Equipment to Practice in accordance with the terms of this Agreement and, more specifically, this Schedule B(e). Practice will use the Medical Equipment in a careful and proper manner and will comply with and conform to all applicable laws, ordinances, and regulations in any way relating to the possession, use, or maintenance of the Medical Equipment. All rights, titles and interest in and to the Medical Equipment, including any custom development or modifications, is the exclusive property of Manager. Practice covenants and agrees that it will not take any action or assist any third party in any action that may impair Manager's ownership rights to the Medical Equipment.

(b) **Warranty Limitation.** MANAGER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THIS SCHEDULE B(E), INCLUDING THE MEDICAL EQUIPMENT, AND PRACTICE EXPRESSLY WAIVES AND MANAGER DISCLAIMS ALL SUCH REPRESENTATIONS AND WARRANTIES, INCLUDING ANY WITH RESPECT TO TITLE, NON-INFRINGEMENT, MERCHANTABILITY, VALUE, RELIABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, PRACTICE'S USE OF THE MEDICAL EQUIPMENT IS AT ITS OWN RISK ON AN "AS IS" BASIS.

(c) **Repairs and Maintenance.** Practice, at its own cost and expense, will keep the Medical Equipment in good repair, condition, and working order and pay for regular cleaning and preventative maintenance during the Term and until Practice delivers the Medical Equipment to Manager in the same condition it was in when delivered to Practice, normal wear and tear excepted.

(d) **Taxes.** Practice will keep the Medical Equipment free and clear of all levies, liens, and encumbrances. Practice, or Manager as a Practice Expense, will report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts, taxes arising out of receipts from use or operation of the Medical Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing, together with any penalties or interest, imposed by any state, federal or local government or any agency, or department upon the Medical Equipment or the use, operation, or leasing of the Medical Equipment or otherwise in any manner and whether or not the same will be assessed against or in the name of Manager or Practice. However, Practice will not be required to pay or discharge any such tax or assessment so long as it will contest, in good faith and by appropriate legal proceedings, the validity of such proceedings in any reasonable manner which will not affect or endanger the title and interest of Manager to the Medical Equipment. Practice will, however, reimburse Manager for any damages or expenses resulting from such failure to pay or discharge. In case of failure of Practice to pay fees, assessments, charges and taxes, all as specified in this Agreement, Manager will have the right, but not the obligation, to pay such fees, assessments, charges and taxes, as the case may be. In that event, Practice will promptly reimburse Manager for such costs in accordance with this Agreement.

(e) **Insurance; Risk of Loss.** During the Term, Practice must maintain insurance coverage for the full value of the Medical Equipment and insurance coverage against liability for bodily injury, including death, and property damage arising out of the ownership, maintenance, use and operation of the Medical Equipment with limits acceptable to Manager. Practice must ensure the policies name Manager as additional insured and provide a waiver of subrogation in favor of Manager. Such coverage must be in a form acceptable to Manager and Practice must deliver all policies of insurance, or evidence satisfactory to Manager of such coverage, upon Manager's request. Practice's insurer must agree, by endorsement upon the policy issued by it, or by an independent document provided to Manager, that it will give Manager 30 days prior written notice of the effective date of any alteration or cancellation of such policy and that such notice will be sent to Manager via certified mail, return receipt requested at the address in this Agreement. Except as otherwise provided in this Agreement, Practice assumes the risk of loss of, or damage to the Medical Equipment from any and every cause whatsoever, including, but not limited to, casualty, collision, upset, fire, theft, malicious mischief, vandalism, graffiti, glass breakage, and mysterious disappearance.

1.03. **Compliance with Law.** The Parties intend that the Lease of Medical Equipment complies with all applicable law including, without limitation, the Medicare/Medicaid Fraud and Abuse statutes, Federal Stark and Anti-Kickback, and similar State and Federal laws. The Parties acknowledge that (a) the rent is fair market value for the lease of the Medical Equipment in an arm's-length transaction, and (b) no portion of the respective consideration flowing to the Parties is intended to induce or be compensation for past or future referrals of patients or medical services by one Party to the other Party. Nothing will require, directly or indirectly, that either Party refer or direct any patients to the other Party. If any legislation, regulation or government policy is passed or adopted, the effect of which would cause either Party to be in violation of such laws due to the existence of any provision of this Schedule B(e), then the Parties agree to negotiate in good faith for a period of 30 days to modify the terms of this Schedule B(e) to comply with applicable law. Should the Parties fail to agree upon modified terms during such 30-day period, either Party may terminate upon notice.

1.04. **Survival.** Upon expiration or termination of this Agreement for any reason, the terms of Section 1.02(d) will survive until all amounts due by Practice are paid in full and/or until Practice's obligations under such provisions are fulfilled; and Section 1.02(b) and (e) will survive for five years.

Schedule B(m) License Agreement

1.01. **Nonexclusive License.** Subject to the terms and conditions of this Agreement, Manager grants to Practice a limited, nonexclusive, nontransferable license to use Manager's Trademark "Live Hydration Spa" in connection with and in furtherance of the operation of Practice's operations including the use of "Live Hydration Spa" and in Practice's assumed name at Practice's physical address located at _____. In partial consideration of Manager's grant of the foregoing rights, Practice covenants with Manager that Practice will not market, advertise, or otherwise operate its business under any name or Trademark(s) other than Manager's Trademark during the Term unless otherwise required by law.

1.02. **Ownership & Goodwill.** Subject to the rights granted in this Agreement, all title to and the rights in the Trademark and the associated goodwill are the exclusive property of Manager and/or its licensor. Practice agrees that its use of any of the Manager's Trademark pursuant to the expressly rights granted under this Agreement will not create any right, title, or interest in or to Manager's Trademark other than as set forth in this Agreement, and that all goodwill associated with Manager's Trademark, including any goodwill generated through Practice's use of the Trademark will belong and inure solely to the benefit of Manager. Practice covenants and agrees that it will not:

(a) take any action or assist any third party in any action to contest or impair Manager's ownership rights or dilute, tarnish, or infringe the Trademark;

(b) at any time, dispute or contest the right, title, or validity of the Trademark; or

(c) attempt to register or use any intellectual property, including any trademarks, service marks, or copyrights similar to the Trademark.

1.03. **Reservation of Rights Not Granted.** Practice agrees that it has no rights in Manager's Trademark except those expressly granted under this Agreement. Any and all rights not granted by Manager under this Agreement are reserved by Manager. For the avoidance of doubt and except as expressly permitted in this Agreement, Practice will not sublicense, copy, reproduce, alter, create derivative works from, or otherwise modify Manager's Trademark, or lease, loan, sublicense, distribute, or otherwise provide others access to Manager's Trademark.

1.04. **Acknowledgment and Marking.**

(a) In using Manager's Trademark, Practice will acknowledge Manager's ownership of the Trademark, including properly marking any products or services.

(b) The Parties will comply with all reasonable conditions set forth in writing from time to time by Manager with respect to style, appearance, and manner of use of the Trademark.

(1) Prior to a new use of Manager's Trademark, Practice will submit to Manager for approval representative samples of all proposed materials bearing the Trademark. Upon receipt of a proposed use of Manager's Trademark, Manager will have 10 business days to review the proposed use and to determine its acceptability based upon Manager's reasonable discretion. If Manager does not object to the proposed use in writing within the 10-day period, then Practice will be permitted to proceed with the proposed use. If Manager does object to the proposed use in writing (which may include email) within the 10-day period, then Practice will not be entitled or permitted to proceed with the proposed use until the issues regarding Manager's objections have been satisfied. Manager agrees that it will not unreasonably object to proposed uses, and that it will work in good faith with Practice to permit

such uses. Practice agrees that, notwithstanding the failure of Manager to timely object to a proposed use, Practice will cooperate in good faith with Manager to correct and/or remedy inappropriate uses of the Trademark.

(2) In connection with Practice's use of Manager's Trademark, Practice agrees to make proper use of the "®" symbol or other proper notice to indicate a federally registered mark, and the "™" symbol to indicate an unregistered mark. Upon receiving notice from Manager that the use of a registration notice or "™" symbol is incorrect or otherwise unacceptable, Practice will promptly modify such uses to obviate Manager's objections.

1.05. **Assumed Trade Name and Trademarks.** Upon termination of this Agreement for any reason, Practice will cease using "Live Hydration Spa" in the assumed trade name of Practice and will not use "Live Hydration Spa" or any variation in any manner in connection with its name, any assumed name, or otherwise use any of Manager's Trademark in any way, form, or medium, as provided below. Within 30 days of termination of this Agreement for any reason, Practice will terminate all assumed name certificates filed with the _____ Secretary of State and any applicable counties and de-identify the Premises of all uses of and references to Manager's Trademark.

Appendix C Business Associate

Agreement

[Franchisee MSO Entity], a _____ ("**Business Associate**") and [Medical Entity], a _____ ("**Covered Entity**") enter into this Business Associate Agreement ("**BAA**") to be effective as of _____("**Effective Date**") (Business Associate and Covered Entity, each a "**Party**," collectively, the "**Parties**"). Capitalized terms used, but not otherwise defined in this BAA, have the same meaning as those terms in the Privacy, Security, Breach Notification, and Enforcement Rules at 45 C.F.R. Part 160 and Part 164 ("**HIPAA Rules**").

Recitals

A. Business Associate and Covered Entity are engaged in a business relationship where Covered Entity purchases, and Business Associate sells or provides, certain services to Covered Entity ("**Business Relationship**") pursuant to a certain Management Services Agreement dated as of the Effective Date ("**Services Agreement**").

B. As part of the Services Agreement, Business Associate performs or assists in performing a function or activity on behalf of Covered Entity that involves the use and/or disclosure of Protected Health Information.

C. The Parties desire to enter into this BAA regarding the use and/or disclosure of Protected Health Information as required by the HIPAA Rules.

Based upon the above recitals and the mutual covenants in this BAA, the Parties agree as follows:

Article 1

Use, Disclosure & Obligations

1.01. **Permitted Uses and Disclosures.** Except as otherwise provided in this BAA:

(a) Business Associate may use or disclose Protected Health Information only as necessary to perform the services required by the Services Agreement or as required by law;

(b) Business Associate agrees to make uses and disclosures and requests for Protected Health Information in accordance with the "minimum necessary" principle described in the HIPAA Rules (i.e. only Protected Health Information that is the minimum necessary to accomplish the intended purpose of the use, disclosure, or request may be used or disclosed);

(c) Business Associate may use and disclose Protected Health Information to de-identify the information in accordance with 45 C.F.R. 164.514(a)-(c), but only if (1) the precise use is disclosed to Covered Entity and permitted by Covered Entity in its sole discretion, and (2) the de-identification is in compliance with 45 C.F.R. § 164.502(d), and any such de-identified health information meets the standards and implementation specifications for de-identification under 45 C.F.R. 164.514, or such regulations as they may be amended from time to time;

(d) Business Associate may use Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate provided that such use is permitted under Federal and State confidentiality laws;

(e) Business Associate may disclose Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided the disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom Protected Health Information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of Protected Health Information has been breached;

(f) Except as permitted by subsections (c)-(e) above, Business Associate may not use or disclose Protected Health Information in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by Covered Entity.

1.02. **Responsibilities of Business Associate.** With regard to the use or disclosure of Protected Health Information, Business Associate agrees to:

(a) Not use or disclose Protected Health Information other than as permitted or required by the Services Agreement or as required by law;

(b) Use appropriate safeguards, and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic Protected Health Information, to prevent the use or disclosure of Protected Health Information other than as provided for by the Services Agreement;

(c) Report to Covered Entity any use or disclosure of Protected Health Information not permitted by the Services Agreement of which it becomes aware, including Breaches of Unsecured Protected Health Information as required by 45 C.F.R. 164.410, and any security incident of which it becomes aware within five business days;

(d) In accordance with 45 C.F.R. 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that all Subcontractors that create, receive, maintain, or transmit Protected Health Information on behalf of Business Associate agree in writing to the same restrictions, conditions, and requirements that apply to Business Associate with respect to such information;

(e) Make available to Covered Entity Protected Health Information in a Designated Record Set within five days of Covered Entity's request or forward to Covered Entity the request received directly from an individual within two days in order to meet the requirements under 45 C.F.R. 164.524;

(f) Make any amendment(s) (at the request of, and in the time and manner designated by, Covered Entity) to Protected Health Information in a Designated Record Set that Covered Entity directs pursuant to 45 C.F.R. 164.526, or take other measures as necessary to satisfy Covered Entity's obligations under 45 C.F.R. 164.526;

(g) Maintain and make available the information required to provide an accounting of disclosures to Covered Entity as necessary to satisfy Covered Entity's obligations under 45 C.F.R. § 164.528;

(h) To the extent Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 C.F.R. Part 164, comply, with the requirements of Subpart E that apply to Covered Entity in the performance of such obligation(s);

(i) Make internal practices, books, and records available to the Secretary of the Department of Health and Human Services or his/her designee ("**Secretary**"), for purposes of determining compliance with the HIPAA Rules. Business Associate will promptly notify Covered Entity of communications with the Secretary regarding Protected Health Information provided by or created by Covered Entity and will provide Covered Entity with copies of any information Business Associate has made available under this provision. Notwithstanding the foregoing, no attorney-client, accountant-client, or other legal privilege will be deemed waived by Business Associate or Covered Entity by virtue of this Agreement;

(j) Provide the necessary training to its members of its workforce required by the HIPAA rules, other applicable Federal and State laws, and this Agreement relating to the use, disclosure and protection of Protected Health Information; and

(k) Review and understand the HIPAA rules, other applicable Federal and State laws, and this BAA as they apply to Business Associate in order to comply with applicable requirements and any amendments affecting the obligations of Business Associate.

1.03. **Responsibilities of Covered Entity.** Covered Entity will:

(a) Notify Business Associate of any limitation(s) in its notice of privacy practices that Covered Entity produces in accordance with 45 C.F.R. 164.520 to the extent that such limitation may affect Business Associate's permitted or required uses or disclosures of Protected Health Information, as well as any changes to such notice;

(b) Notify Business Associate of any changes in, or revocation of, the permission by an individual to use or disclose their Protected Health Information, if such changes affect Business Associate's permitted or required uses or disclosures;

(c) Notify Business Associate of any restriction on the use or disclosure of Protected Health Information that Covered Entity has agreed to or is required to abide by in accordance with 45 C.F.R. 164.522, to the extent that such restriction may affect Business Associate's permitted or required uses or disclosures of Protected Health Information;

(d) Notify Business Associate, in writing, of any amendment(s) to the Protected Health Information in the possession of Business Associate and inform the Business Associate of the time, form and manner in which such amendment(s) will be made; and

(e) Inform Business Associate of any opt-outs exercised by any individual from marketing and/or fundraising activities of the Covered Entity when the Services Agreement pertains to marketing or fundraising.

Article 2

Term and Termination

2.01. **Term.** The term of this BAA will be effective as of the Effective Date and will terminate upon termination of the Services Agreement or earlier if terminated in accordance with Section 2.02 below.

2.02. **Termination for Cause.** Covered Entity may immediately terminate this BAA if Covered Entity determines that Business Associate has breached a material term of this BAA and Business Associate has not cured the breach or ended the violation within 15 days of receipt of notice describing the breach or violation.

2.03. **Effect of Termination.**

(a) Except as permitted by subsection (b) below, upon termination of this BAA for any reason, Business Associate will, as specified by Covered Entity, return or destroy all Protected Health Information received from Covered Entity, or created, maintained or received by Business Associate on behalf of Covered Entity, that Business Associate still maintains in any form. Business Associate will retain no copies of the Protected Health Information; however, in the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate will provide in writing to Covered Entity notification of the conditions that make return or destruction infeasible. Upon mutual written agreement of the Parties that return or destruction of Protected Health Information is infeasible, Business Associate will extend the protections of this BAA to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

(b) In the event Business Associate uses or discloses Protected Health Information for its own management and administration or to carry out its legal responsibilities as permitted by Section 1.01(d) and (e) above and Business Associate needs to retain Protected Health Information for such purposes after termination of this BAA, Business Associate will:

(1) Retain only that Protected Health Information which is necessary to continue Business Associate's proper management and administration or to carry out its legal responsibilities;

(2) As specified by Covered Entity, return or destroy the remaining Protected Health Information that Business Associate still maintains in any form;

(3) Continue to use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Section 2.03, for as long as Business Associate retains the Protected Health Information;

(4) Not use or disclose the Protected Health Information retained other than for the purposes for which such Protected Health Information was retained and subject to the same conditions set out in Section 1.01(d) and (e) which applied prior to termination; and

(5) As specified by Covered Entity, return or destroy the Protected Health Information retained when it is no longer needed for Business Associate's proper management and administration or to carry out its legal responsibilities.

(c) The obligations under this Section 2.03 will survive termination of this BAA.

Article 3 Additional

Provisions

3.01. **Amendment.** The Parties agree to take such action as is necessary to amend this BAA from time to time as is necessary for compliance with the requirements of the HIPAA rules, and other applicable Federal and State laws. Alterations, modifications, or amendments of a provision of this BAA will not be binding unless such alteration, modification, or amendment is in writing and signed by an authorized representative of each Party.

3.02. **Governing Law.** This BAA will be construed in accordance with and governed by the internal law of the State of _____(without reference to its rules as to conflicts of law).

3.03. **Waiver of Trial by Jury.** THE PARTIES EXPRESSLY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY DISPUTE, CONTROVERSY, OR CLAIM ARISING OUT OF OR RELATING TO THIS BAA.

3.04. **Waiver.** A waiver by a Party of any provision of this BAA in any instance will not be deemed a waiver of such provision, or any other provision of this BAA as to any future instance or occurrence. All remedies, rights, undertakings, and obligations contained in this BAA will be cumulative and none of them will be in limitation of any other remedy, right, undertaking, or obligation of a Party.

3.05. **Entire Agreement.** This BAA and the Services Agreement constitute the complete and exclusive statement of the agreement of the Parties with respect to the subject matter of this BAA and supersedes all prior proposals, understandings, and agreements, whether oral or written, between the Parties with respect to the subject matter of this BAA. To the extent that the Services Agreement conflicts with this BAA, this BAA will control.

3.06. **Severability.** The provisions of this BAA are severable. The invalidity, in whole or in part, of any provision of this BAA will not affect the validity or enforceability of any other of its provisions. If one or more provisions of this BAA are declared invalid or unenforceable, the remaining provisions will remain in full force and effect and will be construed in the broadest possible manner to effectuate the purposes of this BAA. The Parties further agree to replace such void or unenforceable provisions of this BAA with valid and enforceable provisions that will achieve, to the extent possible, the economic, business, and other purposes of the void or unenforceable provisions.

3.07. **Captions.** The headings and captions of this BAA are inserted for reference convenience and do not define, limit or describe the scope or intent of this Agreement or any particular section, paragraph, or provision of this BAA. Unless otherwise expressly provided, the words “include(s),” “included,” or “including” do not limit the preceding words or terms. Pronouns will refer to the masculine, feminine, neuter, singular or plural as the context will require.

3.08. **Counterparts.** This BAA may be executed in any number of counterparts, each of which may be executed by less than all of the Parties, all of which together will constitute one instrument and will be enforceable against the Parties. This BAA may be executed by facsimile signature or any electronic signature complying with the U.S. Federal ESIGN Act of 2000 (e.g., www.docusign.com), such signature is deemed an original signature. Copies of the execution copy of this BAA or any amendment with one or more signatures sent by facsimile transmission or as a “PDF” (portable document file) attached to an electronic mail message or other transmission method and any counterpart so delivered is deemed to have been duly and validly delivered and is valid, fully enforceable, and effective for all purposes without a manually executed original.

3.09. **Notices.** All notices, requests, or consents required or permitted under this BAA will be in writing (including electronic form) and will be delivered to the address set forth by each Party in the Services Agreement, or to such other party and/or address as any of such Parties may designate in a written notice served upon the other Parties in the manner provided for below. Each notice, request, consent, or other communication will be given and will be effective: (a) if delivered by hand, when so delivered; (b) if delivered by nationally recognized overnight courier service or sent by United States Express Mail, upon confirmation of delivery; (c) if delivered by certified or registered mail, on the third following day after deposit with the United States Postal Service; (d) if delivered by facsimile, upon confirmation of successful transmission; or (e) if delivered by email, upon confirmation of receipt by the other Party in writing by return email.

3.10. **Interpretation.** Any ambiguity in this BAA will be resolved to permit compliance with the HIPAA Rules.

3.11. **No Third Party Beneficiary.** Nothing in this BAA is intended, nor will be deemed, to confer any benefits on any third party.

3.12. **Effect of Agreement.** Except as amended by this BAA, the terms and provisions of the Services Agreement will remain in full force and effect.

The Parties have executed this Agreement duly authorized to be effective as of the Effective Date.

COVERED ENTITY	**BUSINESS ASSOCIATE**
[Medical Entity]	**[Franchisee MSO Entity]**
By:_____	By:_____
[Name, Title]	[Name, Title]

Appendix D

Special Power of Attorney

STATE OF _____ §
§
_____COUNTY §

1.01. **Effective Date.** This special power of attorney is executed to be effective as of _____ ("**Effective Date**"). Capitalized terms used but not defined in this special power of attorney are defined in the Agreement.

1.02. **Power of Attorney.** Practice grants to Manager, both as defined in the Management Services Agreement ("**Agreement**"), dated _____, an exclusive special power of attorney and appoints Manager as Practice's exclusive true and lawful agent and attorney-in-fact with respect to the powers set forth below, and Manager accepts the special power of attorney and appointment, for the following purposes:

(a) to open a bank account in Practice's name and on its behalf;

(b) to bill Practice patients in Practice's name and on its behalf;

(c) to collect accounts receivable resulting from such billing in Practice's name and on its behalf;

(d) to receive the cash proceeds of any accounts receivable;

(e) to take possession of and endorse in the name of Practice (and/or in the name of individual physicians) any such payment intended for purpose of payment of a physician's bill, any cash, notes, checks, money orders, and other instruments received in payment for services rendered;

(f) to sign checks, drafts, bank notes, or other instruments on behalf of Practice, including affixing stamps of signatures of Practice's authorized signatories on any of the foregoing, and to make withdrawals from the Revenue Account for payments specified in the Agreement and as requested from time to time by Practice;

(g) to obtain and take possession of any mail piece addressed to Practice under the control of the United States Postal Service or a private organization; to sign on Practice's behalf for any accountable piece of mail, including, but not limited to, certified, registered, express, insured, or return receipt marked "Restricted Delivery," including items delivered by private organizations; and to exercise dominion over any mail piece of Practice in any other lawful manner whatsoever or any other item addressed to Practice and placed, for delivery, with the term "mail" or "mail piece," being defined in the glossary in Sec. 001, "Quick Service Guide," of the Domestic Mail Manual, as amended (see also "piece" and "mail piece"); and

(h) to initiate legal proceedings in the name of Practice to collect any accounts and monies owed to Practice, to enforce the rights of Practice as creditor under any contract or in connection with the rendering of any service, and to contest adjustments and denials by governmental agencies (or its fiscal intermediaries) as third party payors. Manager will monitor Practice claim submissions for improper upcoding

and unbundling and no person will be compensated so as to provide a financial incentive to improperly upcode claims.

1.03. **Additional Documents.** Upon request of Manager, Practice will execute and deliver to the financial institution where Practice's account is maintained, additional documents or instruments as may be reasonably necessary to accomplish the intent and objectives of this special power of attorney.

1.04. **Duration.** The rights, powers, and authority of Manager as attorney-in-fact to exercise any and all of the rights and powers granted in this special power of attorney will begin and be in full force and effect as of the Effective Date and will continue for 12 months after the termination of the Agreement.

The undersigned has executed this special power of attorney to be effective as of the Effective Date.

[Medical Entity]

By:_____ [Name, Title]

STATE OF _____ §
§
_____COUNTY §

This instrument was acknowledged before me on the _____ day of _____, 20___, by _____of [Medical Entity], a _____.

_____
Notary Public, State of _____

_____
Printed Name of Notary

My Commission Expires:_____

LIVE HYDRATION SPA
MULTI-UNIT DEVELOPMENT AGREEMENT

FRANCHISEE:

LIVE HYDRATION SPA MULTI-UNIT DEVELOPMENT AGREEMENT

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Schedule A Development Information Sheet

Live Hydration Spa MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (the "Agreement") is made and entered into on _____ ("Effective Date"), by and between **Live Hydration Spa Franchise LLC**, a Nebraska limited liability company with a principal place of business located at 17010 Wright Plaza, Suite 145, Omaha, NE 68130, (the "Franchisor") and _____ (the "Franchisee").

RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the "System") for the non-medical development, management and, potentially, the operation of a spa (the "Spa") that offers and provides IV hydration and vitamin therapy, Botox injectables, ionic detoxification, oxygen therapy, and other cosmetic medical spa and spa related services and retail products (the "Approved Spa Products and Services") under the Licensed Marks (defined below);

WHEREAS, the System relates to and includes the development and operation of a spa location franchised business (hereinafter referred to as either the "Spa Location Franchise" or the "Franchised Business"), that depending on Franchisee's qualifications and applicable local, state and federal laws and regulations involves either:

a Spa Location Franchise that Owns and Operates a Spa: Franchisee's development and operation of a Spa Location Franchise that owns and operates a Spa that provides the Approved Spa Products and Services under the Licensed Marks and in accordance with the requirements of the System; or

a Spa Location Franchise that Owns and Operates a Spa Facility and Management Company: Franchisee's development and operation of a Spa Location Franchise that owns and operates a management business ("Spa Management Business") that provides management, marketing, and spa facility based services (the "Spa Facility and Management Services") to medical practices and licensed professionals authorized to offer and provide the Approved Spa Products and Services (hereinafter referred to as "Authorized Care Providers") at a Spa that is operated by the Authorized Care Providers and/or their professional corporation authorized to directly offer and provide the Approved Spa Products and Services.

WHEREAS, the System and, therefore, each Spa is identified by the Marks (defined below) and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time;

WHEREAS, simultaneous or prior to the execution of this Agreement, Franchisor and Franchisee have entered into a Spa Franchise Agreement for, among other things, Franchisee's establishment, development and operation of a Spa to be located within a territory located within the Development Area (defined below);

WHEREAS, Franchisee has requested the right to develop and operate multiple Spas to be located with a defined geographical area (the "Development Area") in accordance with a development schedule that must be strictly adhered to, with each Spa within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor's then current

Franchise Agreement for Spa Location Franchises (each, a "Franchise Agreement"); and

WHEREAS, Franchisee agrees that adherence to the terms of this Agreement, each and every Spa individual unit Franchise Agreement, Franchisor's operations manual, and Franchisor's System standards and specifications, are essential to the operation of all Spa Location Franchises and the System as a whole.

NOW THEREFORE, the parties, in consideration of the mutual undertakings and commitments of each party set forth herein, agree, as follows:

SECTION 1
DEFINITIONS

For purposes of this Agreement, and supplementing the definitions contained in the Recitals, above, the following terms will have the meaning as defined below:

"**Abandon(s)**" refers to and means the conduct of the Franchisee, including acts of omission as well as commission, indicating the willingness, desire or intent of the Franchisee to discontinue the development and/or operation of the Spa Location Franchises in the Development Area in accordance with the terms of this Agreement.

"**Affiliates**" means individually or collectively, any and all entities controlling, controlled by, or under common ownership with Franchisor.

"**Corporate Entity**" refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

"**Development Area**" shall have the meaning defined and set forth in Section 2.1 of this Agreement.

"**Development Area Fee**" shall have the meaning defined and set forth in Section 4.1 of this Agreement.

"**Development Information Sheet**" refers to and means the Development Information Sheet attached to this Agreement as Schedule A. The Development Information Sheet is incorporated into this Agreement.

"**Development Period**" shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

"**Development Schedule**" shall have the meaning defined and set forth in Section 4.4 of this Agreement.

"**Development Spa**" shall have the meaning defined and set forth in Section 2.1 of this Agreement.

"**Effective Date**" shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

"**Franchise Agreement**" refers to and means Franchisor's individual unit Live Hydration Spa Franchise Agreement as designated and determined by Franchisor from time to time.

"**Live Hydration Spa**" shall have the meaning set forth in the Recitals and shall refer to all Spas operating under the System and Marks, whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.

"**Marks**" means such service marks, trademarks, trade dress, trade names, logos, commercial symbols and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by Franchisor or Franchisor's affiliates, in connection with the operation of Spas.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of Spa Location Franchises including, but not limited to, the policies, procedures and requirements for the development and operation of Spa Location Franchises, Spas, and Spa Management Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and based on Franchisor's Reasonable Business Judgment, the Operations Manual shall, among other things, designate, as applicable, the Approved Spa Products and Services and/or the Spa Facility and Management Services that must be offered and provided by the Franchised Business. Only Approved Spa Products and Services and/or, as applicable, the Spa Facility and Management Services may be offered and sold by the Franchised Business.

"**Owner**" refers to and means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee as of the Effective Date; (b) the managing member(s) or manager(s) of Franchisee as of the Effective Date, if franchisee is a limited liability company; and (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee as of the Effective Date and/or of any entity directly or indirectly controlling Franchisee.

"**Spa**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: the term "Spa" shall further refer to and mean a business that operates at a Spa Location from which the Approved Spa Products and Services, under the Licensed Marks, are offered and provided to customers in accordance with the terms of this Agreement and the requirements of the System and/or a Spa Location from which the Approved Spa Products and Services are required to be offered and provided.

"**Spa Location(s)**" refers to and means the fixed locations from which Spa Location Franchises are established, operated and managed.

"**System**" means: (a) methods, procedures and requirements for the development and operation of a Spa Location Franchise, a Spa Management Business, a Spa, a Spa Location, a Spa Facility, (b) the Approved Spa Products and Services, Spa Facility and Management Services, System Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Spa Location Franchise and/or Spa; (c) the Licensed Marks; (d) the Trade Dress;

(e) Copyrights; (f) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Spa Location Franchise and/or Spa; (g) Operations Manual; (h) Business Management System Data; (i) Know-How; (j) Confidential Information; and (k) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor's Reasonable Business Judgment.

"**Term**" refers to and means the period of time set forth and defined in Section 3.1 of this Agreement.

"**Transfer**" refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.

SECTION 2
DEVELOPMENT RIGHTS

2.1 DEVELOPMENT GRANT AND DEVELOPMENT OBLIGATIONS

Franchisor grants to Franchisee the right, and Franchisee accepts the right and undertakes the obligation to develop and operate Spa Location Franchises, each to be developed, opened and operated by Franchisee within the Development Area, provided that Franchisee develops, opens and operates such Spas (each, a "Development Spa") in strict accordance with the Development Schedule set forth in this Agreement, the terms and provisions of this Agreement, and, accordance with the terms and provisions of each respective Franchise Agreement.

The aggregate number of Development Spas (including the First Development Spa) (collectively, referred to as the "Total Development Spas") that are authorized by this Agreement and required for development, subject to the terms of this Agreement and each respective Franchise Agreement, is set forth and defined in the Development Information Sheet.

The Development Area is and shall constitute the geographic area set forth and identified in the Development Information Sheet.

The Development Information Sheet is attached as Schedule A to this Agreement and is incorporated into and made a part of this Agreement. To be effective the Development Information Sheet must be completed and signed by Franchisor.

Franchisee agrees that within the Development Area Franchise must: (a) open and commence the operations of each new Development Spa in accordance with the

Development Schedule for each respective Development Period; and (b) maintain in operation the minimum cumulative number of Development Spas in accordance with the Development Schedule for each respective Development Period. Franchisee agrees that *"time is of the essence"* with respect to Franchisee's development obligations under this Agreement, and that Franchisee's failure to comply with the Development Schedule is grounds for immediate termination of this Agreement and, any future development rights granted under this Agreement.

During the Term of this Agreement, provided that Franchisee is in compliance with the terms and provisions of this Agreement including, but not limited to, the Development Schedule, and each respective Franchise Agreement, Franchisor will not open, operate, or license any third party the right to open or operate Spa Location Franchises within the Development Area. Franchisee agrees that the designated territory for each Development Spa shall be determined by the Franchise Agreement for each respective Development Spas and that, in aggregate, the operating territories for Franchisee's Development Spas may be smaller than the Development Area.

2.2 LIMITED EXCLUSIVITY AND RESERVED RIGHTS

Except as provided in Section 2.1 of this Agreement, Franchisor and Franchisee acknowledge and agree that the rights granted in this Agreement are non-exclusive and that Franchisor, on Franchisor's own behalf and on behalf of Franchisor's affiliates, successors and assigns, reserves all other rights not expressly granted to Franchisee in this Agreement.

2.3 PERSONAL RIGHTS

Franchisee agrees that Franchisee does not and shall not have or possess the right to franchise, subfranchise, license, sublicense and/or otherwise Transfer Franchisee's rights under this Agreement. The rights and privileges granted and conveyed to the Franchisee in this Agreement may not be Transferred, and, among other things, relate only to Development Area and subject to the terms and conditions of each respective Franchise Agreement for each Development Spa.

SECTION 3
TERM AND TERMINATION

3.1 TERM

This Agreement will be for a term that commences as of the Effective Date and, unless earlier terminated by Franchisor, will automatically end on the earlier of (a) the last day of the calendar month that the final Spa is required to be opened and operating under the Development Schedule, or (b) the day the final Spa is open (the "Term"). Upon expiration or termination of this Agreement for any reason, Franchisee will not have any rights within the Development Area other than territorial rights that may have been granted to Franchisee and maintained by Franchisee pursuant to the terms of any and/or each respective Franchise Agreement. The Term may not be renewed or extended.

3.2 TERMINATION BY FRANCHISOR

Franchisor will have the right, at Franchisor's option, to terminate this Agreement and all rights granted to Franchisee hereunder, without affording Franchisee with any opportunity to cure such default, effective upon written notice to Franchisee, or automatically upon the occurrence of any of the following events: (a) if Franchisee Abandons Franchisee's obligations under this Agreement; (b) if Franchisee for four consecutive months, or any shorter period that indicates an intent by Franchisee to discontinue Franchisee's development of Spas within the Development Area; (c) if Franchisee becomes insolvent

or is adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the Franchisee, under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit or creditors or a receiver is appointed by the Franchisee; (d) if Franchisee fails to meet its development obligations under the Development Schedule for any single Development Period including, but not limited to, Franchisee's failure to establish, open and/or maintain the cumulative number of Spa Location Franchises in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Development Spa and/or any other Franchise Agreement between Franchisor and Franchisee.

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SECTION 4

DEVELOPMENT AREA FEE, INITIAL FEES AND DEVELOPMENT SCHEDULE

4.1 DEVELOPMENT AREA FEE

In exchange for the rights set forth and granted pursuant to the terms of this Agreement, upon execution of this Agreement, Franchisee shall pay to Franchisor the development area fee (the "Development Area Fee"). The Development Area Fee is not refundable.

The amount of the Development Area Fee is set forth in the Development Information Sheet.

Franchisee agrees that the Development Area Fee is not a franchise fee. At the time of signing each Development Spa Franchise Agreement, Franchisee shall, as applicable, pay to Franchisor an initial franchise fee and all other fees in accordance with the terms and conditions of each respective Franchise Agreement, except that the initial franchise fee shall conform to the amounts set forth in Section 4.2 of this Agreement. If the then current standard Franchise Agreement to be signed by the Franchisee respecting a Development Spa to be established and operated by Franchisee specifies an initial franchise fee that is greater than or different from the initial franchise fee specified in Section 4.2, below, then the amount of the initial franchise fee as specified in Section 4.2 shall govern. However, all other terms and provisions of each respective Franchise Agreement, as to each Respective Development Spa, shall take precedence and govern.

4.2 DEVELOPMENT SPA INITIAL FRANCHISE FEES

The initial franchise fee for each Development Spa, to be developed and operated pursuant to the terms and conditions of each respective Franchise Agreement, shall be comprised of the following fixed sum:

The initial franchise fee for each respective Development Spa (the "Development Spa Initial Franchise Fee"), to be developed and operated pursuant to the terms and conditions of each respective Franchise Agreement, shall be comprised of the applicable fixed sums set forth in the Development Information Sheet.

4.3 PAYMENT OF INITIAL FRANCHISE FEES AND FRANCHISE AGREEMENTS

The applicable initial franchise fee as set forth in Section 4.2 of this Agreement for the first Development Spa shall be payable as set forth in accordance with the terms of the Franchise Agreement for Franchisee's first Development Spa. The applicable initial franchise fees, if any, as may be set forth in Section 4.2 of this Agreement for all other Development Spas authorized by this Agreement, shall be paid in such amounts as set forth in Section 4.2 of this Agreement at the time of signing the Franchise Agreement for each respective Development Spa.

Either prior to or simultaneous to the execution of this Agreement, Franchisee has signed the Franchise Agreement for Franchisee's first Development Spa. Franchisee's second Development Spa and all Development Spas thereafter, respectively, are to be developed and operated by Franchisee pursuant to the terms and conditions of Franchisor's then

current Franchise Agreement which Franchisee must sign, on or before the earlier of: (a) The date Franchisee (subject to Franchisor's approval of the Spa Location) executes a lease for the Spa Location for each respective Development Spa; (b) The date Franchisee (subject to Franchisor's approval of the Spa Location) enters into a purchase agreement for the real estate for the Spa Location for each respective Development Spa; or (c) six months prior to the date that each respective Development Spa must be open and in operation pursuant to the Development Schedule.

4.4 DEVELOPMENT SCHEDULE

Franchisee agrees that to induce Franchisor to enter into this Agreement, Franchisee agrees to develop, establish and operate Development Spas in strict accordance with the requirements of a development schedule (the "Development Schedule"). The Development Schedule, among other things, sets forth and defines each respective measurement period / measurement periods (each, respectively, a "Development Period") and the number of Development Spas that Franchisee must establish and open (a "Newly Opened Development Spa(s)") within the respective Development Period and, the minimum number of cumulative Development Spas (the "Cumulative Development Spas") that must be open and in operation as of the last day of each applicable Development Period.

The Development Schedule is set forth in the Development Information Sheet.

Franchisee agrees that, as to the Development Spas, Franchisee shall meet the requirements of the Development Schedule including, without limitation, requirements as to the number of Development Spas that must be timely developed, established, open, and in operation by Franchisee within the Development Area and as to each respective Development Period.

4.5 REASONABLENESS OF DEVELOPMENT SCHEDULE

Franchisee agrees and represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Spa Location Franchises within the Development Area, that Franchisee approves of the Development Schedule as being reasonable and viable, and that Franchisee recognizes that failure to achieve the results described in the Development Schedule will constitute a material breach of this Agreement with time being of the essence.

SECTION 5
OTHER OBLIGATIONS OF FRANCHISEE

5.1 EXECUTION OF FRANCHISE AGREEMENTS

For each Live Hydration Spa owned, developed and opened for business by the Franchisee in the Development Area, Franchisee must execute Franchisor's then current standard Franchise Agreement. A then current standard Franchise Agreement must be executed by the Franchisee for each and every Development Spa on or before the earlier of: (a) the date Franchisee (subject to Franchisor's approval of the Spa Location) executes a lease for the Spa Location for each respective Development Spa; (b) the date Franchisee (subject to Franchisor's approval of the Spa Location) enters into a purchase agreement for the real estate for the Spa Location for each respective Development Spa; or (c) six months prior to the date that each respective Development Spa must be open and in operation pursuant to the Development Schedule.

5.2 ROYALTY FEES AND OTHER FRANCHISE AGREEMENT FEES ACKNOWLEDGMENT

Franchisee agrees that pursuant to the terms of each respective Franchise Agreement respecting and/or concerning the Development Area and/or this Agreement, that nothing contained in this Agreement shall obviate and/or reduce Franchisees obligations as set forth in each respective Franchise Agreement including, without limitation, Franchisees obligations, respectively, to pay royalty and all other fees in accordance with each respective Franchise Agreement. Nothing contained in this Agreement shall modify, reduce or mitigate Franchisee's obligations to Franchisor. The only fee and right contained in the Franchise Agreement that is modified by this Agreement is the fixed one-time initial franchise fee paid by Franchisee to Franchisor at the time of signing the Franchise Agreement, as such initial franchise fee is set forth and defined in Section 4.2 of this Agreement as to the Development Spas.

5.3 MODIFICATIONS TO FRANCHISE AGREEMENT

Franchisee agrees that what constitutes Franchisor's then current Franchise Agreement shall be determined by Franchisor, in Franchisor's exclusive discretion and that, among other things, the Franchise Agreement may be modified from time to time by Franchisor and that reasonable modification and amendments to the Franchise Agreement will not alter Franchisee's obligations under this Agreement.

5.4 COMPLIANCE WITH FRANCHISE AGREEMENTS

Franchisee will operate the Development Spas and all other Spa Location Franchises in strict compliance with the terms and conditions of each respective Franchise Agreement.

5.5 SITE SELECTION

Franchisee will be solely responsible for selecting the site(s) for the Franchisee's Spa Locations. In accordance with the terms and conditions of each respective Franchise Agreement, Franchisee must obtain Franchisor's prior written approval as to each potential Spa Location selected by Franchisee. Franchisee will retain an experienced commercial real estate broker or salesperson who has sufficient experience in locating Spa sites to locate, acquire, purchase or lease the site for the Franchisee's Development Spas. Accordingly, no provision of this Agreement will be construed or interpreted to impose any obligation upon Franchisor to locate a site for the Development Spas, to assist Franchisee in the selection of a suitable site for the Development Spas, or to provide any assistance to the Franchisee in the purchase or lease of the site for the Development Spas.

5.6 SITE SELECTION CRITERIA

Franchisee will not lease, purchase or otherwise acquire a Spa Locations for the Development Spas until such information as Franchisor may require regarding the proposed site has been provided to Franchisor by Franchisee and has been approved by Franchisor. Information requested by Franchisor may include, without limitation, information regarding the proposed Spa Location as to accessibility, visibility, potential traffic flows, lease terms and other demographic information. Franchisee shall not enter into any lease or purchase agreement with respect to any proposed Spa Location until Franchisor has approved the site.

SECTION 6
TRANSFER OF INTEREST

6.1 BY FRANCHISOR

At all times, Franchisor possesses and maintains the sole and absolute right to transfer

and/or assign Franchisor's rights and obligations under this Agreement, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee.

6.2 BY FRANCHISEE

Franchisee shall not Transfer and/or assign this Agreement without the express written consent of Franchisor which Franchisor may withhold in Franchisor's sole discretion and Franchisor's Reasonable Business Judgment. If Franchisee is a Corporate Entity the Owners of Franchisee shall not Transfer their ownership and/or equity interests in Franchisee without the express written consent of Franchisor which Franchisor may withhold in Franchisor's sole discretion and Franchisor's Reasonable Business Judgment. Any Transfer and/or assignment in violation of the foregoing shall constitute a material default of this Agreement and shall result in the immediate and automatic termination of this Agreement.

SECTION 7
ENFORCEMENT AND CONSTRUCTION

7.1 SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, Franchisor and Franchisee acknowledge and agree that each term and condition of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and condition of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term and condition of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or "blue-lined" to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "blue-lined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope

of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

7.2 WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

7.3 SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System.

7.4 RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

7.5 GOVERNING LAW

THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEBRASKA, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF NEBRASKA SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

7.6 CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before

either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Douglas County, Nebraska or, if a mediator is not available in Douglas County, Nebraska then at a suitable location selected by the mediator that is located closest to Douglas County, Nebraska. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and the AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Section 7.6(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Section 7.6(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Section 7.6. All arbitration proceedings shall be conducted in Douglas County, Nebraska or, if suitable AAA facilities are not available in Douglas County, Nebraska then at a suitable AAA location selected by the arbitrator that is located closest to Douglas County, Nebraska.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

(a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(c) The arbitrator shall render written findings of fact and conclusions of law;

(d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Sections 7.8, 7.9, 7.13, 7.14, 7.17, and 7.23. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(e) They shall each be bound to the limitations periods set forth in Section 7.8 of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; and

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(g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Section 7.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Section 7.6, Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Nebraska and within Douglas County or the county closest to Douglas County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

7.7 VARIANCES

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

7.8 LIMITATIONS OF CLAIMS

ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

7.9 WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING

ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

7.10 WAIVER OF JURY TRIAL

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

7.11 BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

7.12 COMPLETE AGREEMENT

This Agreement and the Schedule A Development Information Sheet, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Multi-Unit Development Agreement.

7.13 ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

7.14 WAIVER OF CLASS-ACTION: INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE LIVE HYDRATION SPA FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

7.15 ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

7.16 OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS

Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors, prior to signing this Agreement.

7.17 NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers.

7.18 NON-UNIFORM AGREEMENTS

Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with Live Hydration Spa Franchise LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

7.19 NO RIGHT TO OFFSET

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

7.20 HEADINGS

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

7.21 AUTHORITY TO EXECUTE AND BIND

Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

7.22 COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES

This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document.

7.23 JOINT AND SEVERAL LIABILITY

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

7.24 RECITALS AND REPRESENTATIONS

The parties acknowledge and agree that the recitals and representations contained on the first page of this Agreement are true and accurate, shall constitute a material part of this Agreement, and are hereby fully incorporated into the terms and conditions of this Agreement.

SECTION 8
NOTICES

All written notices permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement. All written notices permitted or required to be delivered by the Operations Manual and/or updates or modifications to the Operations Manual shall be deemed so delivered at the time of notifying Franchisee by electronic means, as designated by Franchisor including, but not limited to, immediately by email.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:
Live Hydration Spa Franchise LLC

By: _____

Title

Franchisee:

_____
Franchisee Signature

_____
Name (please print)

Multi-Unit Development Agreement – Schedule A
DEVELOPMENT INFORMATION SHEET

This Development Information Sheet is attached to, is incorporated into, and forms a part of the Live Hydration Spa Multi-Unit Development Agreement between Live Hydration Spa Franchise LLC, a Nebraska limited liability company with a principal place of business located at 17010 Wright Plaza, Suite 145, Omaha, NE 68130 (the "Franchisor") and _____(the "Franchisee").

Defined terms shall have the meanings set forth in the Live Hydration Spa Multi-Unit Development Agreement between Franchisor and Franchisee and are further defined and set forth in this Development Information Sheet.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following is a list of each Owner of Franchisee:		
Owner Name	**Owner Address**	**Ownership Interest Percentage**

Development Area Fee	**Total Development Spas**
$_____	**[--------]**

Development Area
[To be Effective this Schedule Must be Completed and Signed by Franchisor]
Development Spa Initial Franchise Fee for the First Development Spa
FIRST DEVELOPMENT SPA: The Development Spa Initial Franchise Fee for the First Development Spa is: $57,000, payable and due upon execution of the applicable Franchise Agreement for the First Development Spa. This initial franchise fee is separate from and in addition to the Development Area Fee.

Development Spa Initial Franchise Fee for Other Development Spas
OTHER AUTHORIZED DEVELOPMENT SPAS: Provided that Franchisee is not in default of the terms of this Live Hydration Spa Multi-Unit Development Agreement (including but not limited to the Development

Schedule set forth below) and that neither Franchisee nor Franchisee's affiliates are in default of any Franchise Agreement or other agreement with Franchisor, the Development Spa Initial Franchise Fee for each additional Development Spa (over and above the First Development Spa), is: $0 (Waived), payable at the time of signing the Franchise Agreement for each Development Spa.

Development Schedule		
Development Period	Newly Opened Development Spas	Cumulative Development Spas
Development Period 1: **[--------- TO --------]**	**[----]**	**[----]**
Development Period 2: **[--------- TO --------]**	**[----]**	**[----]**
Development Period 3: **[--------- TO --------]**	**[----]**	**[----]**
Development Period 4: **[--------- TO --------]**	**[----]**	**[----]**
Development Period 5: **[--------- TO --------]**	**[----]**	**[----]**

This Development Information Sheet shall be effective as of the Effective Date of the Live Hydration Spa Multi-Unit Development Agreement.

Franchisor:
Live Hydration Spa Franchise LLC

_____
Signature

_____
Name and Title (please print)

_____
Dated

_____
Signature

_____
Name (please print)

_____
Dated

Franchisee:

_____
Signature

_____
Name (please print)

_____
Dated

FRANCHISEES WITH OUTLETS OPEN (As of December 31, 2025)			
State	**Business Address**	**Franchisee Information**	**Telephone Number**
AZ	4030 W Ray Road, Suite 2 Chandler, AZ 85226	Kassie Jordan, Erik Wells, Angela and Kevin Behrends	602-456-2086
	4459 S Power Road, Suite 105 Mesa, AZ 85212	Paul and Sabrina Richardson	925-588-6354
	9393 N 90th Street, Suite #120 Scottsdale, AZ 85258	Jen and Ric Hunter	480-442-8839
CA	2588 El Camino Real Carlsbad, CA 92008	Dwyne Overstreet	985-285-9720
FL	2685 Roosevelt Boulevard Clearwater, FL 33760	Greg and Ana Matthews	727-222-3106
	5636 Post Oak Boulevard Wesley Chapel, FL 33544	Holly Worsham	813-508-7844
	4664 E County Road, 540A Lakeland, FL 33813	Ilene and Robert Cole	863-940-2032
IL	484 Spring Road, Unit 1 Elmhurst, IL 60126	Kim Ginter	630-403-8419
MD	1532 Liberty Road, #104 Eldersburg, MD 21784	Vinny Hang and Thao Ngo	240-463-1374
MO	3828 S Lindbergh Boulevard, Suite 115 St. Louis, MO 63127	Jim Paulik	314-668-5872
NE	211 S Burlington Avenue Hastings, NE 68901	Teal Smith	308-215-8022
	7121 Pioneer's Boulevard, #120 Lincoln, NE 68506	Seth Kuhl and Scott Stahlecker	402-740-3351
	10811 Elm Street Omaha, NE 68144	Amanda and Dustin Harrison	712-299-5598
	14450 Eagle Run Drive, Suite #270 Omaha, NE 68116	Gene and Robyn Rafter	402-804-2103
	1001 Farnam Street, Suite 1E Omaha, NE 68102	Jamie and Phillip Newcomb	402-514-7465
NY	46-05 Vernon Boulevard Long Island City, NY 11101	Stavros Sandidas	917-854-5843
NC	3709 Battleground Avenue, #G Greensboro, NC 27410	Steve Brock	336-365-2917
PA	116 Welsh Road Horsham, PA 19044	Michael Brand	267-606-5346
SC	5525 Arden Mill Drive, #104 Fort Mill, SC 29715	Ryan and Lorryn Berlin	704-989-3684
SD	5011 S Louise Avenue Sioux Falls, SD 57108	Dale Weber and Julie Landstrom	402-212-3253
TN	1501 W Main Street Lebanon, TN 37087	Hillary Neal	615-405-7047
TX	4851 Legacy Drive, #606 Frisco, TX 75034	Nalani Cote	808-222-9031

FRANCHISEES WITH OUTLETS NOT YET OPEN (As of December 31, 2025)			
State	**Business Address**	**Franchisee Information**	**Telephone Number**
DE	TBD	Monique Rice	301-821-0710
FL	TBD	Len and Jen Woolfenden	941-376-0869
MS	TBD	Timothea James	601-850-9363
NE	TBD	Tanner McWilliams, Katie McDonald, Eric and Ashley Larson	712-898-6547
NY	TBD	Shirley Mauzoul	917-514-1742
VA	TBD	Jesse and Lauren Henby	804-955-7879
WV	TBD	Anngie Jeffery, Susan Nelson	304-896-4015

Franchise Disclosure Document
Exhibit H
List of Franchisees That Have Left the System

FRANCHISEES WHO LEFT THE SYSTEM (January 1, 2025 to December 31, 2025)			
State	**Business Address**	**Franchisee Information**	**Telephone Number**
AZ	Scottsdale	Aesthetic Revival Ric & Jen Kenworthy	402-708-5253
IA	620 Lincoln Way, #3 Ames, IA 50010	Antoinette Thompson, Tim Evert, Marci Nystrom, and Toby Smith	515-461-9300
	9250 University Avenue West Des Moines, IA 50266	Daniel and Christina Ferrer	515-333-2602
	1101 E 1st Street, Suite 107 Grimes, IA 50111	Daniel and Christina Ferrer	515-333-2602
MN	1221 W Lake Street, # 104 Minneapolis, MN 55408	Michelle Codden	612-568-2244
MT	135 W Idaho Street, Suite B Kalispell, MT 59901	Katie and John Pipek	406-201-5890
NE	10811 Elm Street Omaha, NE 68144	Becky and Kendall Carlson	402-502-0700
	7121 Pioneers Boulevard, Suite 120 Lincoln, NE 68516	Jeremy and Mandy Brummels	402-413-2042
	Unknown	Holly Worsham	402-212-5543
PA	Horsham, PA	Michael Brand	267-606-5346
TN	232 Hamilton Crossing Drive Alcoa, TN 37701	Jennifer Bell	865-268-5535
TX	24711 Katy Freeway, Suite 150 Katy, TX 77494	Steve Cleveland Anetra Edwards	281-769-8739
WI	Whitefish Bay	MDRN Wellness Medical Spa Brady & Morgan	262-957-6003

Franchise Disclosure Document
Exhibit I
State Specific Addenda

CALIFORNIA FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. The "Financial Condition" risk set forth in the "Special Risks to Consider About This Franchise" section in the FDD is supplemented as follows:

A. The franchisor's financial condition, as reflected in its financial statements (see Item 21), call into question the franchisor's financial ability to provide services to support you.

B. The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner of the California Department of Financial Protection and Innovation has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

2. Item 17 "Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship," is supplemented by the addition of the following:

A. 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.

B. The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

C. California Business and Professions Code Sections 20000 through 20043 establish the rights of the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).

E. The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

F. The Franchise Agreement requires binding arbitration. The arbitration will occur in Nebraska with the costs being borne by the franchisee and franchisor.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

G. The Franchise Agreement requires application of the laws of the State of Nebraska. This provision may not be enforceable under California law.

3. 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.

4. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

5. Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

6. Item 6 "Other Fees," is supplemented by the addition of the following statement: "The highest interest rate allowed by law in the State of California is 10%."

7. The following URL address is for the franchisor's website: www.livehydrationspa.com

8. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov

9. 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 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.

10. The Corporate Practice of Medicine:

A. California Business and Professions Code 2052: If you are not licensed individual or entity with the California Medical Board, you are prohibited from practicing or treating the sick within the State of California. You are prohibited to diagnosing, treating, operating, or prescribing any blemish, deformity, disease, disfigurement, disorder injury or other physical or mental condition or ailment of any person within the State of California.

B. You should evaluate the California Medical Practice Act which includes prohibitions against the corporate practice of medicine. The Medical Board of California is an agency which licenses and overseas medical doctors who practice in the State of California. The laws governing the practice of medicine and other allied health care professions that are regulated by the California Medical Board are within in the California Business and Professions Code.

C. You are responsible to complying with all local, state and federal laws that apply to your Franchised Business. We strongly advise that you consult an attorney who is familiar with the laws and regulations of the corporate practice of medicine and the California Medical Practice Act prior to signing a Franchise Agreement or Multi-Unit Development Agreement with us or a Management Agreement with a professional to determine your obligation within these agreements.

D. In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, 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.

If we are prohibited from collecting royalties based on Gross Sales from services performed by Authorized Care Providers, we would then collect fees based on the Franchisor's Optional Fixed Fee Royalty Structure.

CONNECTICUT FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

1. Item 3 "Litigation," is supplemented by the addition of the following:

A. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

B. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the 10 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

C. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

D. Neither Company nor any person identified in Item 2 above 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) suspending or expelling these persons from membership in the association or exchange.

2. Item 4 "Bankruptcy," is supplemented by the addition of the following:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous 10 fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the

delivery date stated in your contract, it may be cancelled.

DISCLOSURES REQUIRED BY CONNECTICUT LAW

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

BUSINESS OPPORTUNITY DISCLOSURE

The following business opportunity disclosure is provided by Live Hydration Spa Franchise LLC, a registered business in the State of Connecticut.

Disclosure Document is dated: 1 July 2026

HAWAII FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

ADDITION TO FDD RECEIPT EXHIBIT "K"

Exhibit K "FDD Receipts," is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit "K") is supplemented to add the following:

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

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

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

4. 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 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.

ILLINOIS FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

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.

Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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 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.

INDIANA FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

1. Item 8, "Restrictions on Sources of Products and Services," is supplemented by the addition of the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. Item 6, "Other Fees" and Item 9, "Franchisee's Obligations", are supplemented, by the addition of the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

D. ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

MARYLAND FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

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

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

A. 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.

B. A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

C. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

E. Any provisions which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

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 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.

MICHIGAN FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

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

A. A prohibition of your right to join an association of Franchisees.

B. A requirement that you assent to a release, assignment, novation, waiver or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

C. A provision that permits us to terminate a franchise before the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.

D. A provision that permits us to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to us and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than five years, and (b) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least six months advance notice of our intent not to renew the franchise.

E. A provision that permits us to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

F. A provision requiring that litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.

G. A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.
(ii) The fact that the proposed transferee is our or Sub-franchisor's competitor.
(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
(iv) Your or proposed transferee's failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

H. A provision that requires you to resell to us items that are not uniquely identified with

us. This subdivision does not prohibit a provision that grants us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in Item 17(g).

I. A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

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

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

4. Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913; telephone number (517) 373-3800.

MINNESOTA FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise
Disclosure Document

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

A. Item 6, "Other Fees", Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

B. Item 13, "Trademarks", Item 13 is supplemented by the addition of the following: As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

C. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days- notice of termination (with 60 days to cure) and 180 days-notice of non-renewal of the Agreement.

D. Item 17 "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following: Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

E. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or 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.

F. 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 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.

NEW YORK FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

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.

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, 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA FDD ADDENDUM

Amendment to the Live Hydration Spa Franchise Disclosure Document

1. Item 5, "Initial fees", Item 5 is supplemented by the addition of the following:

   Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 6, "Other Fees", Item 6 is supplemented by the addition of the following:

   No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

   A. Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

   B. Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

   C. Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

   D. Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

   E. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

   F. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

G. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

H. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

4. 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 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.

RHODE ISLAND FDD ADDENDUM

Amendment to the Live Hydration Spa Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

A. The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

B. Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

VIRGINIA FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17(h) is supplemented by the addition of the following:

> 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 Live Hydration Spa Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision 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 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.

WASHINGTON STATE FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

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

In any arbitration 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 the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

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 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.

WISCONSIN FDD ADDENDUM

Amendments to the Live Hydration Spa Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

State Specific Amendments:
Franchise Agreement
Multi-Unit Development Agreement (if applicable)

CALIFORNIA FRANCHISE AGREEMENT AMENDMENT

Amendments to the Live Hydration Spa Franchise Agreement

In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

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 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.

IN WITNESS WHEREOF, the parties have duly executed and delivered this California State amendment to the Live Hydration Spa Franchise LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Live Hydration Spa Franchise LLC

Signature

Name and Title (please print)

Dated

Franchisee:

Signature

Name (please print)

Dated

CALIFORNIA MULTI-UNIT DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the Live Hydration Spa Multi-Unit Development Agreement

In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

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 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.

IN WITNESS WHEREOF, the parties have duly executed and delivered this California State amendment to the Live Hydration Spa Franchise LLC Multi-Unit Development Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Live Hydration Spa Franchise LLC

Signature

Name and Title (please print)

Dated

Franchisee:

Signature

Name (please print)

Dated

HAWAII FRANCHISE AGREEMENT AMENDMENT

Amendments to the Live Hydration Spa Franchise Agreement

In recognition of the requirements of the Hawaii Franchise Investment Law, the undersigned agree to the following modifications to the Live Hydration Spa Franchise LLC Franchise Agreement (the "Franchise Agreement"), as follows:

1. Sub-Article 14.C.(6). Sub-article 14.C.(6), under the Article section titled "Conditions for Approval of Transfer," is supplemented by the addition of the following language:

> provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and
>
> The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this Sub-article contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Sub-Article 15.B.(8). Sub-article 15.B.(8), under the Article section titled "Conditions for Renewal," is supplemented by the addition of the following:

> provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and
>
> The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this subarticle contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

3. 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 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.

4. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii State amendment to the Live Hydration Spa Franchise LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Live Hydration Spa Franchise LLC

Signature

Name and Title (please print)

Dated

Franchisee:

Signature

Name (please print)

Dated

ILLINOIS FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the Live Hydration Spa Franchise and Multi-Unit Development Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the Live Hydration Spa Franchise LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the Live Hydration Spa Franchise LLC Multi-Unit Development Agreement (the "Development Agreement"), as follows:

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.

Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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 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.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the Live Hydration Spa Franchise LLC Franchise Agreement, and, if applicable, Multi-Unit Development Agreement, on the same date as each respective agreement was executed.

Franchisor: Live Hydration Spa Franchise LLC	**Franchisee:**
_____	_____
Signature	Signature
_____	_____
Name and Title (please print)	Name (please print)
_____	_____
Dated	Dated

MARYLAND FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the Live Hydration Spa Franchise and Multi-Unit Development Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Live Hydration Spa Franchise LLC Franchise Agreement (the "Franchise Agreement"):

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

2. 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. Article 18.G. of the Franchise Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction," shall be amended by the addition of the following statement added to Article 18.G. of the Franchise Agreement:

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

4. Article 18.I. of the Franchise Agreement, under the heading "Limitations of Claims," shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. A general release required as a condition of renewal, sale and/or assignment or transfer of a Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

6. Any provisions which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

7. Article 18.Q. of the Franchise Agreement is deleted.

8. Section 17.16 of the Multi-Unit Development Agreement is deleted.

9. 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 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.

10. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the Live Hydration Spa Franchise LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

Franchisor: Live Hydration Spa Franchise LLC	**Franchisee:**
Signature	Signature
Name and Title (please print)	Name (please print)
Dated	Dated

MINNESOTA FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendment to the Live Hydration Spa Franchise and Multi-Unit Development Agreement

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached Live Hydration Spa Franchise LLC Franchise Agreement (the "Franchise Agreement") as follows:

1. Article 14.C. of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," subarticle 14.C(6) is supplemented with the addition of the following language:

> provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and
>
> Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

2. Article 15.B. of the Franchise Agreement, under the heading "Conditions for Renewal," subarticle 15.B(8) is supplemented with the addition of the following language:

> provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and
>
> Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

3. Under Article 11 of the Franchise Agreement, under the heading "Notification of Infringement and Claims," the subarticle 11.C. shall be supplemented by the addition of the following:

> Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee's use of the Marks when, in the opinion of Franchisor's counsel, Franchisee's rights warrant protection pursuant to Article 11.E. of this Agreement.

4. Under Article 14 of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," the subarticle 14.C. shall be supplemented by the addition of the following:

> Franchisor shall not unreasonably withhold consent to transfer the Franchise Agreement.

5. Under Article 16 of the Franchise Agreement, under the heading "Defaults and Automatic Termination Upon Written Notice Without Cure Period," the subarticle 16.A.(2). shall be supplemented by the addition of the following:

> Article 16.A.(2) will not be enforced to the extent prohibited by applicable law.

6. Under Article 16 of the Franchise Agreement, under the heading "Defaults and Automatic Termination After 30 Day Cure Period," the subarticle 16.A.(4)(f), shall be supplemented by the addition of the following:

Subarticle 16.A.(4)(f) will not be enforced to the extent prohibited by applicable law.

7. Under both subarticles 16.A.(2) and 16.A.(4) of the Franchise Agreement, the following is added:

Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days-notice of termination (with 60 days to cure) of this Agreement.

8. Article 18.F. of the Franchise Agreement, under the heading "Governing Law", shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.F.:

except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

9. Article 18.G. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Section 7.6 of the Development Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction", shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.G. of the Franchise Agreement and Section 7.6 of the Development Agreement:

except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

10. Article 18.K. of the Franchise Agreement, and if Franchisee executes a Development Agreement, Section 7.10 of the Development Agreement, under the heading "Waiver of Jury Trial", shall be supplemented by the addition of the following statement at the end of the sentence contained in Article 18.K. of the Franchise Agreement and Section 7.10 of the Development Agreement:

except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.

11. Article 18.I. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Section 7.8 of the Development Agreement, under the heading "Limitations of Claims," shall be supplemented by the addition of the following statement:

Under the Minnesota Franchise Act, any claims between the parties must be commenced within three years of the occurrence of the facts giving rise to such claim, or such claim shall be barred.

12. Article 18 of the Franchise Agreement and if Franchisee executes a Development Agreement, Section 7 of the Development Agreement, under the heading "Enforcement and Construction," shall be supplemented by the addition of the following new subarticle 18.AA. to the Franchise Agreement and Section 7.24 of the Development Agreement:

Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.

13. 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 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.

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

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the Live Hydration Spa Franchise LLC Franchise Agreement.

Franchisor: Live Hydration Spa Franchise LLC	**Franchisee:**
Signature	Signature
Name and Title (please print)	Name (please print)
Dated	Dated

NEW YORK FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the Live Hydration Spa Franchise and Multi-Unit Development Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Live Hydration Spa Franchise LLC Franchise Agreement (the "Franchise Agreement") as follows:

1. Under Article 14.C. of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," the subarticle 14.C(6) is supplemented with the addition of the following language:

> provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Article 15.B. of the Franchise Agreement, under the heading "Conditions for Renewal," the subarticle 15.B(8) is supplemented with the addition of the following language:

> provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Article 18 of the Franchise Agreement and, if Franchisee executes a Development Agreement, Section 7 of the Development Agreement, under the heading "Enforcement and Construction," shall be supplemented by the addition of the following new subarticle 18.AA. to the Franchise Agreement and Section 7.24 of the Development Agreement:

> Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by Live Hydration Spa Franchise LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. Live Hydration Spa Franchise LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. 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 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.

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the Live Hydration Spa Franchise LLC Franchise Agreement.

Franchisor: Live Hydration Spa Franchise LLC	**Franchisee:**
Signature	Signature
Name and Title (please print)	Name (please print)
Dated	Dated

NORTH DAKOTA FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the Live Hydration Spa Franchise and Multi-Unit Development Agreement

In recognition of the North Dakota Franchise Investment Law, Section 51-19, the parties to the attached Live Hydration Spa Franchise LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your Live Hydration Spa outlet will be located within the State of North Dakota.

1. Item 17(u), Article 18 of the Franchise Agreement and Section 7 of the Multi Unit Development Agreement is here by amended such that the site of arbitration or mediation be agreeable to all parties and may not be remote from the Franchisee's place of business.

2. Item 17(v), Article 18 of the Franchise Agreement and Section 7 of the Multi Unit Development Agreement is here by amended such that the jurisdiction of courts must be in the state of North Dakota.

3. Article 15 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota franchisees to sign a general release upon renewal of the Franchise Agreement are not enforceable in North Dakota."

4. Article 16 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota Franchisees to consent to termination or liquidated damages are not enforceable in North Dakota."

5. Articles 6 of the Franchise Agreement are hereby amended by the addition of the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

6. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law."

7. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law."

8. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law."

9. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

10. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee’s business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee’s place of business.”

11. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.”

12. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.”

13. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota.”

14. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “for North Dakota Franchisees, North Dakota law shall apply.”

15. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.”

16. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.”

17. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply.”

18. Section 7 of the Multi Unit Development Agreement is hereby amended by the addition of the following language: Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.

19. Section 7 of the Multi Unit Development Agreement is hereby amended by the addition of the following language: Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply.

20. Section 7 of the Multi Unit Development Agreement is hereby amended by the addition of the following language: Any provision in the Franchise Agreement which requires a franchisee to

waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

21. Section 7 of the Multi Unit Development Agreement is here by amended such that apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

22. 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 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.

23. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this North Dakota amendment to the Live Hydration Spa Franchise LLC Franchise Agreement.

Franchisor: Live Hydration Spa Franchise LLC	**Franchisee:**
_____	_____
Signature	Signature
_____	_____
Name and Title (please print)	Name (please print)
_____	_____
Dated	Dated

WASHINGTON FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendment to the Live Hydration Spa Franchise and Multi-Unit Development Agreement

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

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

In any arbitration 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 the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

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 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.

Article 18.R. of the Franchise Agreement does not apply to Washington Franchisees.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington

State amendment to the Live Hydration Spa Franchise LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Live Hydration Spa Franchise LLC	**Franchisee:**
Signature	Signature
Name and Title (please print)	Name (please print)
Dated	Dated

Franchise Disclosure Document
Exhibit J
State Effective Dates

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the 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:

Effective Dates	
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

RECEIPT

This Disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Live Hydration Spa Franchise LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us (the franchisor) or an affiliate in connection with the proposed franchise sale.

Applicable state laws in New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements, or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever comes first.

If Live Hydration Spa Franchise LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B to this Disclosure Document to receive service of process for us in their particular state.

The franchise seller(s) for this offering are:

Franchise Seller	Principal Business Address	Phone Number
Cassandra (Casey) Kuhl	17010 Wright Plaza, Suite 145, Omaha, NE 68130	712-253-7278

Issuance Date of this Disclosure Document is: 1 July 2026

I received a Disclosure Document dated 1 July 2026 that included the following exhibits:

A. List of State Administrators
B. List of Agents for Service of Process
C. Operations Manual Table of Contents
D. Financial Statements
E. Franchise Agreement
F. Multi-Unit Development Agreement
G. List of Franchisees
H. List of Franchisees that Have Left the System
I. State Specific Addenda
J. State Effective Dates
K. Receipts

Date	Printed Name	Signature
Date	Printed Name	Signature

Please date, print your name, and sign 2 copies of this Receipt. Return 1 copy of this Receipt to Live Hydration Spa LLC, Attn: Casey Kuhl, 17010 Wright Plaza, Suite 145, Omaha, NE 68130. Keep one copy of the signed Receipt for your records.

RECEIPT

This Disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

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J. State Effective Dates
K. Receipts

Date	Printed Name	Signature
Date	Printed Name	Signature

Please date, print your name, and sign 2 copies of this Receipt. Return 1 copy of this Receipt to Live Hydration Spa LLC, Attn: Casey Kuhl, 17010 Wright Plaza, Suite 145, Omaha, NE 68130. Keep one copy of the signed Receipt for your records.