

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u. Dispute Resolution by Mediation or Arbitration	Section 21(B) Section 21(C)	<p>You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation or arbitration, which will take place, at our option, in (a) Denver, Colorado, or (b) our then-current corporate headquarters. You must notify us of any potential disputes, and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated or arbitrated, the parties will split the fees and bear all of their other respective costs of the mediation/arbitration.</p> <p>(subject to applicable state law)</p>
v. Choice of Forum	Section 21(D) and 21(E)	<p>Subject to the other dispute resolution provisions set forth in the Franchise Agreement and disclosed above in this Item, all claims and causes of action arising out of the Franchise Agreement must be brought in the state or, if appropriate, federal court of general jurisdiction that is closest to (a) Denver, Colorado, or (b) the city and state where we have notified you in writing we have established our then-current corporate headquarters.</p> <p>(subject to applicable state law)</p>
w. Choice of Law	Section 21(A)	<p>The Franchise Agreement is governed by the laws of the State of Colorado, without reference to this state's conflict of laws principles.</p>

**ITEM 18
PUBLIC FIGURES**

We do not presently use any public figures to promote our franchises.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATION**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or affiliate-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Historical Financial Performance Representation

This Item 19 presents certain historical financial performance information about our affiliate-owned spas during the 2022, 2023, and 2024 calendar years (the “**Measurement Period**”).

As of the issuance date of this Franchise Disclosure Document, we have two (2) affiliate-owned spas (each an “**Affiliate-Owned Spa**”), one of which first opened in February 2021 and is located in Denver, Colorado (the “**Denver Spa**”), and one of which first opened in April 2025 and is located in Highlands Ranch, Colorado (the “**Highlands Ranch Spa**”).

This Item 19 discloses the total gross sales and certain disclosed expenses for the Denver Spa during the Measurement Period. We have excluded from this Item 19 the financial performance of the Highlands Ranch Spa, because it first opened in April 2025 and therefore was not open during the Measurement Period.

The information in this Item 19 was reported to us by the owner of the Denver Spa. We have not audited this information. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

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Table 1 – Disclosed Financial Performance of the Denver Spa During the Measurement Period

	<u>2022</u>		<u>2023</u>		<u>2024</u>	
	<u>Total</u>	<u>% of Gross Sales</u>	<u>Total</u>	<u>% of Gross Sales</u>	<u>Total</u>	<u>% of Gross Sales</u>
GROSS SALES¹						
Gross Sales – Beverages	\$279,940.41	12.53%	\$306,439.72	11.50%	\$276,039.58	10.73%
Gross Sales – Retail	\$166,478.18	7.45%	\$176,660.03	6.63%	\$150,516.45	5.85%
Gross Sales – Spa Services & Enhancements	\$1,929,128.27	86.34%	\$2,366,288.82	88.78%	\$2,339,963.85	90.92%
Adjustments ²	(\$141,308.62)	-6.32%	(\$184,088.02)	-6.91%	(\$192,779.45)	-7.49%
Total Gross Sales	\$2,234,238.24	100%	\$2,665,300.55	100%	\$2,573,740.43	100%
COST OF GOODS SOLD (COGS)³						
CoGS - Beverages	\$67,674.49	3.03%	\$85,893.25	3.22%	\$77,052.71	2.99%
CoGS - Retail	\$84,304.32	3.77%	\$69,885.36	2.62%	\$95,684.60	3.72%
CoGS – Spa Services & Enhancements	\$63,381.20	2.84%	\$73,431.97	2.76%	\$64,707.49	2.51%
CoGS – Merchant Account Fees	\$65,147.34	2.92%	\$72,849.92	2.73%	\$70,255.05	2.73%
Total COGS	\$280,507.35	12.55%	\$302,060.50	11.33%	\$307,699.85	11.96%
TOTAL GROSS SALES LESS COGS	\$1,953,730.89	87.45%	\$2,363,240.05	88.67%	\$2,266,040.58	88.04%
ADDITIONAL DISCLOSED EXPENSES⁴						
Business Insurance ⁵	\$14,238.91	0.64%	\$17,648.91	0.66%	\$23,991.60	1.06%
Job Supplies ⁶	\$41,371.87	1.85%	\$42,871.77	1.61%	\$37,101.28	1.64%
Employee Meals, Gifts & Events ⁷	\$10,745.39	0.48%	\$14,855.68	0.56%	\$16,296.99	0.72%
Salary and Wages ⁸	\$716,349.58	32.06%	\$570,719.89	21.41%	\$616,388.64	27.20%
Payroll Tax Expenses & Payroll Processing Fees ⁹	\$106,898.08	4.78%	\$108,425.72	4.07%	\$109,790.53	4.85%
Tax & Accounting Services ¹⁰	\$26,400.00	1.18%	\$26,400.00	0.99%	\$26,400.00	1.17%
Rent ¹¹	\$83,118.06	3.72%	\$73,540.32	2.76%	\$88,169.16	3.89%

Repairs & Maintenance ¹²	\$21,701.05	0.97%	\$22,368.93	0.84%	\$22,844.97	1.01%
Software Subscriptions & Office Supplies ¹³	\$7,058.25	0.32%	\$8,604.09	0.32%	\$7,669.28	0.34%
Uniforms ¹⁴	\$854.18	0.04%	\$1,246.96	0.05%	\$1,753.31	0.08%
Utilities ¹⁵	\$49,002.49	2.19%	\$50,133.11	1.88%	\$43,063.41	1.90%
Total Disclosed Expenses	\$1,077,737.86	55.16%	\$936,815.38	39.64%	\$993,469.17	43.84%
<u>TOTAL GROSS SALES LESS COGS & DISCLOSED EXPENSES</u>	\$875,993.03	39.21%	\$1,426,424.67	53.52%	\$1,272,571.41	49.44%
IMPUTED FEES						
Royalty (Imputed) ¹⁶	\$156,396.68	7.00%	\$186,571.04	7.00%	\$180,161.83	7.00%
Brand Fund Contribution (Imputed) ¹⁷	\$44,684.76	2.00%	\$53,306.01	2.00%	\$51,474.81	2.00%
Local Advertising Requirement (Imputed) ¹⁸	\$33,513.57	1.50%	\$39,979.51	1.50%	\$38,606.11	1.50%
Technology Fee (Imputed) ¹⁹	\$13,200	0.59%	\$13,200.00	0.50%	\$13,200.00	0.51%
Total Imputed Fees	\$247,795.02	11.09%	\$293,056.56	11.00%	\$283,442.75	11.01%
<u>TOTAL GROSS SALES LESS COGS, DISCLOSED EXPENSES & IMPUTED FEES</u>	\$628,198.02	28.12%	\$1,133,368.11	42.52%	\$989,128.66	38.43%

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NOTES TO ITEM 19:

A. Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

B. Defined Terms

- (1) **Gross Sales.** "Gross Sales" means the total revenue generated by the Denver Spa during the Measurement Period, including all revenue generated from the sale and provision of (a) alcohol and non-alcoholic beverages ("Gross Sales – Beverages"), (b) retail products sold from the Denver Spa storefront, offsite events, and online ("Gross Sales – Retail"), and (c) spa services, enhancements, private parties, and special events offered and sold by the Denver Spa ("Gross Sales – Spa Services & Enhancements"). "Gross Sales" does not include staff gratuities, gift card sales, or sales tax.
- (2) **Adjustments.** "Adjustments" means the total amount of approved refunds, discounts, credits, and/or allowances issued to customers of the Denver Spa during the Measurement Period. Several top-selling spa packages sold during the Measurement Period included beverage credits and retail credits as part of the package. As of 2025, Oakwell's revised service menu no longer contains packages that include beverage credits or retail credits, so adjustments are projected to decrease significantly in subsequent years.
- (3) **Cost of Goods Sold** means the total costs and/or expenses incurred by the Denver Spa during the Measurement Period on (a) alcohol and non-alcoholic beverages ("CoGS – Beverages"), (b) the retail products made available for sale from the Denver Spa storefront, offsite events, and online, or otherwise used in business operations ("CoGS – Retail"), (c) spa services, enhancements, private parties, and special events ("CoGS – Spa Services & Enhancements"), and (d) credit card and other merchant processing fees ("CoGS - Merchant Account Fees").
- (4) **Additional Disclosed Expenses** include those items listed in Table 1 above. It does not include all costs and expenses incurred by the Denver Spa during the Measurement Period. You will incur additional expenses in the operation of your Franchised Business. See below in this Item 19 for additional information.
- (5) **Business Insurance** means the total costs incurred by the Denver Spa on business liability insurance premiums and workers' compensation insurance premiums during the Measurement Period. You may incur additional insurance-related expenses in connection with the operation of your Franchised Business. See Item 8 for our current insurance requirements.
- (6) **Job Supplies** means the amounts expended by the Denver Spa on miscellaneous job supplies during the Measurement Period, including, but not limited to, cleaning supplies, paper goods, and other non-purchasable inventory.
- (7) **Employee Meals, Gifts & Events** means the amounts expended by the Denver Spa during the Measurement Period on complimentary team meals, work anniversary and birthday gifts, and quarterly offsite employee appreciation events for employees of the Denver Spa.
- (8) **Salary & Wages** means the total amounts expended by the Denver Spa in salary and wage payments to employees and management during the Measurement Period. During the majority of the Measurement Period, the Denver Spa employed an average of fourteen (14) full-time hourly employees, as well as two (2) full-time Store Managers. In 2022, the company owners

served as Store Managers and were paid a higher salary than typical Store Managers. Starting in 2023, the two company owners were replaced by two Store Managers who were paid salaries typical for their experience and the role.

- (9) **Payroll Taxes and Payroll Processing Fees** means the total amounts expended by the Denver Spa on (a) payroll taxes, and (b) payroll processing fees during the Measurement Period.
- (10) **Tax & Accounting Services** means the total amounts expended by the Denver Spa on (a) monthly bookkeeping services, and (b) tax return preparation services during the Measurement Period.
- (11) **Rent** means the total base rent and CAM fees incurred by the Denver Spa for the triple-net lease for their Premises during the Measurement Period.
- (12) **Repairs & Maintenance** means the total costs incurred by the Denver Spa on the maintenance and repair of the Premises and operational equipment during the Measurement Period.
- (13) **Software Subscriptions & Office Supplies** means the total costs incurred by the Denver Spa on (a) antivirus and endpoint protection software subscription fees, (b) digital password management software subscription fees, (c) self-pour technology software subscription fees, and (d) printer ink during the Measurement Period.
- (14) **Uniforms** means the total amounts expended by the Denver Spa on (a) employee aprons, and (b) employee spa shoe reimbursements during the Measurement Period.
- (15) **Utilities** means the total amounts expended by the Denver Spa on (a) water, (b) natural gas, (c) electricity, (d) waste removal services, and (e) cell phone services during the Measurement Period.
- (16) **Royalty (Imputed)** means the total amount in Royalty fees that the Denver Spa would have paid during the Measurement Period had the Denver Spa signed our current form of Franchise Agreement. The current Royalty fee is seven percent (7%) of Gross Sales. The Denver Spa does not pay a Royalty, and these amounts are included for illustrative purposes only.
- (17) **Brand Fund Contribution (Imputed)** means the total amount in Brand Fund Contributions the Denver Spa would have made had the Denver Spa signed our current form of Franchise Agreement and contributed at the level required of current System franchisees. The current required Brand Fund Contribution is three percent (2%) of Gross Sales. The Denver Spa may, but is not currently required to, make contributions to the Brand Fund, and if it does, it may contribute different amounts. These amounts are included for illustrative purposes only.
- (18) **Local Advertising Requirement (Imputed)** means the total Local Advertising Requirement expenditures the Denver Spa would have been required to make during the applicable Measurement Period had the Denver Spa signed our current form of Franchise Agreement and spent the minimum amount required. The current Local Advertising Requirement is one and a half percent (1.5%) of Gross Sales. These amounts are included for illustrative purposes only.
- (19) **Technology Fee (Imputed)** means the total amount of Technology Fees the Denver Spa would have paid had the Denver Spa signed our current form of Franchise Agreement. The current Technology Fee is \$1,100 per month. The Denver Spa is not required to pay us a Technology Fee, and these amounts are included for illustrative purposes only.

C. The Denver Spa operates under our Proprietary Marks and offers all approved spa services and retail products that our System franchisees are authorized to offer and sell from their Franchised Businesses. However, please note that the Denver Spa (i) is a mature outlet that first opened and commenced operations in February 2021, and therefore has more operational history as of the commencement of the Measurement Period, and (ii) is located in the Denver, Colorado area where the Proprietary Marks and Approved Products have garnered a reputation and goodwill that may not yet exist in the geographical area where you open a new Franchised Business..

D. You should develop your own business plan for your franchise, including capital budgets, financial statements, projections, pro forma financial statements, and other elements appropriate to your circumstances. We encourage you to consult with your own accounting, business, and legal advisors to assist you in preparing your business plan.

E. As described above, the information presented in this Item 19 does not include or reflect all operating expenses of the Denver Spa during the Measurement Period, including any costs and expenses associated with (a) advertising & marketing, (b) bank charges & fees, (c) business vehicle expenses, (d) interest paid on loans, (e) business meal and entertainment expenses, (f) employee benefits, including health insurance and retirement plan contributions, (g) business license and permitting fees, (h) owners' compensation and draws, (i) depreciation expenses, (j) legal and professional services, and (k) certain other operating costs and expenses that you may incur in connection with the operation of your Franchised Business. Franchisees or former franchisees listed in Exhibit D of this Franchise Disclosure Document may be one source of this information.

F. Other than the payroll tax information disclosed above, the information presented in this Item 19 excludes tax liabilities, including sales tax, property tax, and local taxes. You will be responsible for all taxes incurred in connection with the operation of your Franchised Business. You are strongly advised to consult with a tax professional before investing in this franchise opportunity.

Other than the preceding financial performance representation, we do not make any financial performance representation. 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 our management by contacting our Chief Executive Officer, Jessica Zouaoui, c/o Oakwell Franchising, LLC, 3004 N. Downing Street, Denver, Colorado 80205, Telephone (720) 282-0058, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
System-Wide Outlet Summary
For Fiscal Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	1	0
	2023	1	1	0
	2024	1	1	0

TABLE 2
Transfers of Outlets from Franchisees to New Owners
(Other than The Franchisor)
For Fiscal Years 2022 to 2024

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0