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DEPARTMENT OF BUSINESS OVERSIGHT SAN FRANCISCO

FRANCHISE DISCLOSURE DOCUMENT

EWC FRANCHISE, LLC

The Village at Gulfstream Park 600 Silks Run, Suite 2270 Hallandale Beach, FL 33009 (954) 455-8000 www waxcenter com franchise@waxcenter com

If we (franchisor) approve you (franchisee), you will have the right to establish and operate a European Wax Center franchise business offering high-end facial and body waxing and related skin care services to women and men, and other related products and services

The total investment necessary to begin operations of a European Wax Center franchise is \$357,060 to \$511,600. This includes \$66,800 if you are a new franchisee, or \$57,800 if you are an existing franchisee, that must be paid to us or our affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English Read this Disclosure Document and all accompanying agreements carefully You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale Note, however, that no governmental 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 our Franchise Development department at EWC Franchise, LLC, Attn Franchise Development, The Village at Gulfstream Park, 600 Silks Run, Suite 2270, Hallandale Beach, FL 33009, (954) 455-8000, franchise@waxcenter.com

The terms of your contract will govern your franchise relationship Do not rely on the Disclosure Document alone to understand your contract Read your entire 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, D.C. 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

Date of Issuance March 28, 2017



STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THE DISCLOSURE DOCUMENT

Call the state franchise administrator listed in <u>Exhibit A</u> for information about the franchisor, or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY A FRANCHISE, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

PLEASE CONSIDER THE FOLLOWING RISK FACTORS BEFORE YOU BUY THIS FRANCHISE

- THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISPUTES BE SUBMITTED TO ARBITRATION IN BROWARD COUNTY, FLORIDA THE FRANCHISE AGREEMENT ALSO REQUIRES THAT EXCEPT FOR CERTAIN LIMITED CIRCUMSTANCES, ALL CLAIMS UNDER THE FRANCHISE AGREEMENT MUST BE BROUGHT IN BROWARD COUNTY, FLORIDA OR WHERE OUR PRINCIPAL OFFICE IS LOCATED, IF DIFFERENT OUT OF STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE AND LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE
- THE FRANCHISE AGREEMENT ALSO REQUIRES THAT EXCEPT FOR CERTAIN LIMITED CIRCUMSTANCES, ALL CLAIMS UNDER THE FRANCHISE AGREEMENT MUST BE BROUGHT BY FRANCHISEES ON AN INDIVIDUAL BASIS, AND NOT PART OF A CLASS ACTION WITH OTHER FRANCHISEES LITIGATING OR ARBITRATING SOLELY ON AN INDIVIDUAL BASIS MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE AND LITIGATE INDIVIDUALLY THAN AS PART OF A CLASS ACTION
- THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE FRANCHISE AGREEMENT, AND FLORIDA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW YOU MAY WANT TO COMPARE THESE LAWS
- IF THE LAWS OF YOUR STATE ALLOW US TO DO SO, WE MAY SET THE PRICE FOR THE PRODUCTS AND SERVICES YOU SELL. IF WE SET THE PRICE FOR THE PRODUCTS AND SERVICES YOU SELL, YOU MUST COMPLY WITH THESE MINIMUM AND MAXIMUM PRICES FOR THESE PRODUCTS AND SERVICES THIS REQUIREMENT MAY REDUCE YOUR ANTICIPATED REVENUE AND NET INCOME
- AS OF FEBRUARY 25, 2017, WE AWARDED 786 EUROPEAN WAX CENTER FRANCHISE LICENSES, OF WHICH 579 ARE OPEN AND OPERATING ACCORDINGLY, ONLY 74% OF OUR LICENSES ARE OPEN AND OPERATING AS OF FEBRUARY 25, 2017 OF THE 207 LICENSES THAT HAVE NOT YET OPENED, 37 LICENSES ARE UNDER DEVELOPMENT
- YOU AND ANY PERSON WHO OWNS MORE THAN 5% OF A FRANCHISEE ENTITY MUST SIGN A GUARANTY MAKING EACH PERSON JOINTLY AND INDEPENDENTLY LIABLE FOR THE FRANCHISEE'S FINANCIAL AND PERFORMANCE OBLIGATIONS TO THE FRANCHISOR THE GUARANTY WILL PLACE YOUR PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS YOUR SPOUSE AND THE SPOUSE OF ANY PERSON WHO OWNS MORE THAN 5% OF A FRANCHISEE ENTITY MUST SIGN A JOINDER TO



- THIS PERSONAL GUARANTY THIS JOINDER WILL PLACE YOUR SPOUSE'S JOINTLY HELD PROPERTY AND MARITAL ASSETS AT RISK IF YOUR FRANCHISE FAILS
- MOST INVENTORY PRODUCTS, INCLUDING THE WAX USED IN THE OPERATION OF YOUR CENTER, WILL BE PURCHASED FROM OUR AFFILIATE, EWC FRANCHISE DISTRIBUTION, LLC WE AND OUR AFFILIATES SET THE COST OF THESE PRODUCTS BASED ON SEVERAL FACTORS, INCLUDING OUR COSTS IN OBTAINING THESE PRODUCTS FROM THE SUPPLIER DUE TO THE NATURE OF CERTAIN OF THESE PRODUCTS, YOU WILL BE LIMITED FROM SELECTING ANOTHER SUPPLIER THAT MAY OFFER SIMILAR PRODUCTS AT A LOWER COST THIS MAY IMPACT YOUR PROFIT MARGIN

8 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We use the services of area representatives to assist us in selling franchises and providing support services to our franchisees. An area representative acts as our representative, not yours. We pay area representatives a commission for selling franchises as well as for providing support services to franchisees within their territory, which are based on the franchise fees and royalties you pay us from your operations. You should make sure to do your own investigation of the franchise. Area representatives are not our employees, and do not have authority to bind us to any agreement.

We or our area representatives may also use the services of one or more franchise brokers or other referral sources to assist with selling franchises. Any broker or other referral source used would represent us or our area representative, not you. Brokers or other referral sources likely receive a separate fee for assistance is selling franchises or providing the referral. Again, you should make sure to do your own investigation of the franchise.

Effective Date Please see the following page for registration state effective dates

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