

FRANCHISE DISCLOSURE DOCUMENT

skoah.®

SKOAH FRANCHISING INC.
A British Columbia, Canada Corporation
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You will offer skin care services (primarily facials), skin and body care products, cosmetics, and related products and services from a retail location.

The total investment necessary to begin operation of a SKOAH® franchise is approximately from \$242,000 to \$381,000. This includes approximately \$74,000 to \$91,000 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.**

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you to 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.

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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 THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit D 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, 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:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION THEN ARBITRATION (AND IN CERTAIN CASES LITIGATION) ONLY IN SEATTLE, WASHINGTON OR THE CITY OF OUR THEN-CURRENT HEADQUARTERS, WHICHEVER WE CHOOSE. OUT-OF-STATE ARBITRATION OR LITIGATION MAY ENCOURAGE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN SEATTLE, WASHINGTON OR THE CITY OF OUR THEN-CURRENT HEADQUARTERS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISE AGREEMENT STATES THAT THE PARTIES WAIVE TRIAL BY JURY.
4. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE MARCH 1, 2016. THEREFORE, THERE IS ONLY A BRIEF OPERATIONS HISTORY FOR YOU TO ASSESS IN DECIDING WHETHER TO MAKE THIS INVESTMENT.
5. WE HAVE LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND OUR PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES. A FRANCHISEE'S INITIAL INVESTMENT OF FROM \$240,000 TO \$364,000 EXCEEDS THE FRANCHISOR'S TOTAL STOCKHOLDERS' DEFICIENCY OF \$(412,051) AS OF APRIL 30, 2017. THIS AMOUNT IS EXPRESSED IN CANADIAN DOLLARS.
6. THE FRANCHISOR HAS MINIMUM ROYALTY AND PRODUCT PURCHASE REQUIREMENTS THAT YOU MUST MAINTAIN. IF YOU FAIL TO DO SO, YOU

COULD LOSE YOUR PROTECTED TERRITORY OR THE FRANCHISOR COULD TERMINATE YOUR AGREEMENT AND YOU COULD LOSE YOUR INVESTMENT.

7. YOUR SPOUSE OR LEGAL DOMESTIC PARTNER MUST ALSO SIGN A GUARANTY MAKING YOUR SPOUSE OR LEGAL DOMESTIC PARTNER JOINTLY AND INDEPENDENTLY LIABLE FOR THE FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THIS PLACES YOUR SPOUSE'S MARITAL (OR LEGAL DOMESTIC PARTNER'S PARTNERSHIP) AND PERSONAL ASSETS AT RISK.
8. OUR FINANCIAL STATEMENTS ARE DENOMINATED IN CANADIAN DOLLARS.
9. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Certain state laws may supersede these provisions. See State Addenda in Exhibit E for a summary of some of these laws.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/skoah>