BEAUTY BUNGALOWS FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

ISSUANCE DATE: MARCH 6, 2026

FRANCHISE DISCLOSURE DOCUMENT

Beauty Bungalows Franchising, LLC
A Wyoming limited liability company
257 Wake Forest Road
Costa Mesa, CA 92626
209-996-8722
franchise@beautybungalows.com
www.beautybungalows.com

As a Beauty Bungalows franchisee, you will operate a franchised business that licenses individual turn- key salon studios to independent salon professionals under the "Beauty Bungalows" trade name and business system.

The total investment necessary to begin operation of a Beauty Bungalows franchised business ranges from $941,650 to $1,961,900. This includes $49,900 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to begin operation of a Beauty Bungalows area development business with the right to open between the minimum of two (2) and up to ten (10) franchised businesses ranges from $981,650 to $2,226,900. This includes $89,900 to $314,900 that must be paid to franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no government agency has verified the information contained in this document.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jade Blevens, at 257 Wake Forest Road, Costa Mesa, CA 92626; and 209-996-8722.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission ("FTC"). 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: March 6, 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 Exhibit D.
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 A 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 Beauty Bungalows 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 Beauty Bungalows franchisee?	Item 20 or Exhibit D lists 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.

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 C.

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

Special Risks to Consider About *This* Franchise

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

1. Out-of-State Dispute Resolution. The franchise agreement and area development agreement requires you to resolve any disputes with the franchisor by mandatory face-to-face negotiation and/or arbitration. These proceedings to negotiate, mediate and/or arbitrate will take place in Wyoming. Out-of-state face-to-face negotiation, mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to negotiate, mediate, or arbitrate with us in Wyoming than in your home state.

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

3. Mandatory Minimum Payments**.** You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

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

To simplify the language in this franchise disclosure document ("Disclosure Document"), the terms "we", "us", "our", "Beauty Bungalows", and "Franchisor" mean Beauty Bungalows Franchising, LLC. The term "You" means the person or entity that buys the franchise (the "Franchisee"). If an entity is the Franchisee, "you" includes the Franchisee's owners.

The Franchisor, any Parents, Predecessors and Affiliates

We are a Wyoming limited liability company formed on July 29, 2021. We do not do business under any other name. Our principal business address is 257 Wake Forest Road, Costa Mesa, CA 92626. We offer franchised businesses ("Beauty Bungalows Franchise(s)") under the name "Beauty Bungalows". Our agent for service in Wyoming is Registered Agents, Inc. with an address at 30 N Gould St, Ste. R, Sheridan, WY 82801. Our agents for service of process for other states are listed in Exhibit C to this Disclosure Document. We began offering Beauty Bungalows Franchises in September 2021. We have never offered franchises in any other line of business. We have not conducted and are currently not conducting any other business activities other than selling and supporting Franchised Businesses.

Beauty Bungalows, Inc. ("BBI") is a California corporation and shares our principal business address. Beginning in October 2017, BBI has operated four (4) Beauty Bungalows locations in California that are similar to the franchises offered under this disclosure document. We refer to these locations as the "Company-Owned Outlets" in this disclosure document. BBI does not offer franchises in any line of business and does not provide products or services to our franchisees, however the facilities operated by BBI may be utilized in a portion of the training programs we offer to franchisees.

We do not have any predecessors or parent entities. Other than the affiliates disclosed above, we do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Description of the Franchise

Beauty Bungalows offers franchises for the operation of a business that provides build-out and licenses turn-key salon studios to beauty professionals under the Beauty Bungalows trademarks, trade names, service marks, and logos ("Marks"). Throughout this Disclosure Document, your franchised business will also be referred to as your "location" or "unit."

As a franchisee, you will typically purchase or lease a commercial space ranging from 5,500 to 8,000 square feet and transform it into a collection of high-end, fully equipped salon studios. These studios are then licensed to independent salon and beauty professionals, giving them a private, upscale workspace to operate their businesses. As a Franchisee, you will oversee the daily operations and management of the facility, ensuring that all aspects of the business run smoothly, including but not limited to:

- general maintenance and upkeep of the building
- managing common areas to create a clean, inviting environment
- providing essential amenities such as premium salon equipment and laundry facilities
- ensuring high-quality services like regular cleaning and wireless internet access, and
- maintaining the Beauty Bungalows booking app and systems designed for salon professionals.

Each salon professional must obtain their own insurance, business licenses, health department approvals, and any other required professional licenses as dictated by state and local regulations.

The Beauty Bungalows Franchise is operated under a business format that includes our valuable know-how, information, trade secrets, methods, Manual, standards, designs, methods of trademark usage, copyrightable

works, rental space sources and specifications, software, confidential electronic and other communications, methods of internet usage, marketing programs, and research and development connected with the operation and promotion of the Business (collectively, the "System") owned and developed by us and known as Beauty Bungalows ("Business"). We are designed to support you in your ongoing business efforts. We reserve the right to change or otherwise modify the System and add, modify, or delete any of our designs, lease processes, or services at any time in our sole discretion.

You must operate your Beauty Bungalows Franchise in accordance with our standard business operating practices and sign our standard franchise agreement ("Franchise Agreement"), which is attached to this Disclosure Document as Exhibit B. In the Franchise Agreement we grant you the right, and you undertake the obligation, to develop and operate one Beauty Bungalows franchise location at a mutually agreed upon site (the "Site") with an area (the "Site Selection Area") that we will specify in the Franchise Agreement. You will have no obligation, nor any right, to open any additional locations other than the Site or to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution.

Multi-Unit Development Business

We also offer, to qualified applicants, the opportunity to develop additional units by purchasing the rights to develop multiple Beauty Bungalows Franchises in a defined geographical area (the ("Development Area") in accordance with a specified business development schedule ("Development Schedule"). You will be required to sign our area development agreement ("Area development agreement" or "ADA") at the same time you execute the Initial Franchise Agreement, and you will be required to develop these additional units within a fixed time period. The Initial Franchise Agreement will count as the first unit developed as part of your ADA. You must sign our then-current franchise agreement for each additional unit opened under the terms of the ADA. These franchise agreements may not be the same as the initial Franchise Agreement that you will sign for your first Franchise ("Initial Franchise Agreement").

The Market and Competition

The Beauty Bungalows Franchise targets its services to salon, beauty, and wellness professionals, such as stylists, nail technicians, estheticians, and massage therapists. The services we provide are not seasonal in nature. You may have to compete with other businesses including franchised operations, national chains, and independently owned companies offering similar services to customers. The market for a centralized salon studio rental business is, in many areas of the country, moderately developed and moderately competitive. However, there are certain areas of the country where the concept is a mature concept, is well developed and highly competitive. The market for commercial leasing services around the country is well developed and highly competitive.

Industry Specific Law and Regulations

Some states may have regulations that apply to barbers and cosmetologists. As a franchisee, you may be subject to general business, employment and other laws and regulations.

Many states and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of your business. For example, some states may have real estate rental laws that govern the rental of space in your Beauty Bungalows Franchise. Your Beauty Bungalows Franchise must also comply with various health standards and regulations. You must also comply with laws that apply generally to all businesses.

ITEM 2: BUSINESS EXPERIENCE

Traci Hawkins – President and CEO

Ms. Hawkins has served as our President and CEO of Beauty Bungalows Franchising, LLC since July 2021. Ms. Hawkins also owns and operates of our affiliate Beauty Bungalows in Huntington Beach, California since October 2017, under Beauty Bungalows Inc. In addition, Ms. Hawkins has served as the Owner of Porcelain Luxury Salon Suites, LLC in Costa Mesa, California since October of 2017. She has served as the Owner of Porcelain Hair Studio in Huntington Beach, California since December of 2011.

Jade Blevens – Director of Franchise Development

Ms. Blevens serves as our Director of Franchise Development since July of 2022. Ms. Blevens is also the owner of JDF Dev Co, a consulting firm based in Carlsbad, California since November 2024. Ms. Blevens served as Sales Manager for Haircare Australia in Brisbane, Australia from January of 2021 to June of 2022. Ms. Blevens served as an independent Sales Consultant for L'Oreal Australia in Gold Coast, Australia from November 2017 to December 2020. Ms. Blevens serves in her current capacity in San Marcos, California.

ITEM 3: LITIGATION

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

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

Initial Franchise Fee

You must pay us an Initial Franchise Fee of $49,900 for the rights to open a single Beauty Bungalows franchise. The Initial Franchise Fee is due in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is deemed fully earned upon receipt and there are no refunds of the Initial Franchise Fee under any circumstances.

Development Fee for Multi-Unit Development

If you choose and we agree, you may purchase multiple Beauty Bungalows Franchises under an ADA. You may purchase multiple units in a group of two (2) or more units with our prior approval (two (2) is the minimum required). You will be required to sign our ADA and agree to open your additional Beauty Bungalows Franchises upon a set schedule. The Development Fee is deemed fully earned upon receipt and there are no refunds of the Development Fee under any circumstances. If you execute an ADA, you will be required to execute a Franchise Agreement for the first unit in your ADA concurrently with your execution of the ADA.

The Development Fee you must pay to us depends upon the number of Beauty Bungalows Franchises we grant you the right to develop in your Development Area in accordance with the Development Schedule set forth in the ADA, and is calculated as follows:

Development Fee Chart

Number of Franchised Businesses	Initial Franchise Fee	Cumulative Development Fee
1	$49,900	$49,900
2	$40,000	$89,900
3	$35,000	$124,900
4	$30,000	$154,900
5	$30,000	$184,900
6	$30,000	$214,900
7	$25,000	$239,900
8	$25,000	$264,900
9	$25,000	$289,900
10	$25,000	$314,900

You must enter into our then-current form of franchise agreement for each Beauty Bungalows Franchise you wish to open under your ADA, but you will not pay any additional Initial Franchise Fee at the time you execute each of these franchise agreements. You must execute our current form of Franchise Agreement that will govern the first Beauty Bungalows Franchise at that same time you execute your ADA.

The initial fees described above are not refundable under any circumstances.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	5.5% of Gross Revenue or a minimum royalty of $250 per week, whichever is greater.	Monthly, on the first Tuesday of each month	Your Royalty Fee will begin once your Beauty Bungalows Franchise is open for business. "Gross Revenue" is defined in Note (2) below this table.
Brand Fund Contribution ("Brand Fund")	Currently 1% of Gross Revenue per month. May be increased to a maximum of 2% of Gross Revenue.	Monthly, on the first Tuesday of each month	We may implement or change the contribution amount to the Brand Fund upon thirty (30) days' written notice. All franchisees will be required to contribute the same amounts to the Brand Fund; however, the Company-Owned Outlets may not contribute to the Brand Fund in the same amounts as our franchisees.
Local Area Marketing Requirement	Up to 2% of Gross Revenue. May be reduced to 0% based on your occupancy levels.	Monthly, on the first Tuesday of each month	In addition to the Brand Fund Contribution, you must spend a minimum of 2% per month on local advertising and promotion implemented in a format and using materials and designs approved by us. We may reduce, or waive entirely, the Local Area Marketing Requirement if you reach 75% or greater suite occupancy for available suites at your Beauty Bungalows franchise. If we establish a Marketing Cooperative (described in Note 8 below) then your contributions to any Marketing Cooperative shall count toward your Local Area Marketing Requirement.
Marketing Cooperative	Not yet established. When established, as set by Marketing Cooperative, but not to exceed 2% of monthly Gross Revenue (Note 8)	As established by Marketing Cooperative	See Note 8 regarding Marketing Cooperatives. If we establish a Marketing Cooperative (described in Note 8 below) then your contributions to any Marketing Cooperative shall count toward your Local Area Marketing Requirement.

Type of Fee	Amount	Due Date	Remarks
Technology Fee (Note 3)	Currently $150 per month	Due on the 10th of each month	This amount includes your licensing and use of software, communications, or other custom technology for use in your Business. We may add or delete services included in the Technology Fee and raise or lower the Technology Fee upon 30 days' written notice to you. We will not increase the Technology Fee by an amount greater than 10% of any price increases by our suppliers.
Additional or Replacement Training Fee (Note 4)	$500 per person per day for any additional trainees that you require to attend initial training in a different session	Prior to attending training	We provide training for up to three (3) people per Beauty Bungalows Franchise as part of your initial Franchise Fee (or Development Fee, if applicable). While the training is primarily done online, if you request and we agree to do the training in person, you are responsible for your travel and living expenses while training. If you elect to have more than three (3) people attend initial training, we may charge you the additional training fee per trainee, per day for the additional training sessions. You must have our prior written approval.
Special Support Fee (Note 5)	$500 per day for each representative plus our reasonable travel and living expenses.	On demand	Due if we (or a third party) provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Site Selection Support Fee	$500 per representative per day if you request, and we agree to provide, site selection assistance.	On demand	If you request our on-site assistance or support in evaluating a site to lease or purchase for your Beauty Bungalows Franchise, we may charge you a Site Selection Support Fee. We are under no obligation to provide on-site support or assistance for your site-selection efforts.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee (Franchise Agreement) (Note 6)	$5,000 plus any broker fees associated with the transfer or sale, per location.	Prior to acceptance of transfer. You must pay us a $1,000 non-refundable deposit due at the time of application. The remaining balance is due at the time of approval of the transfer.	Payable before you sell your franchise.
Transfer Fee (Development Agreement) (Note 6)	$5,000 plus any broker fees associated with the transfer or sale.	Prior to acceptance of transfer. You must pay us a $1,000 non-refundable deposit due at the time of application. The remaining balance is due at the time of approval of the transfer.	This fee is payable for *each* location for which a franchise agreement has been signed under the ADA.
Audit	Our actual cost	On demand	We pay all audit costs unless the audit shows an understatement of at least 2% of Gross Revenue for any month. Also payable for failure to submit required reports.
Late Payments and Interest	$100 per day plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due. The $100 per day late fee will not exceed $500 in any given calendar month.
Franchise Renewal Fee	15% of our then-current initial franchise fee or $7,500, whichever is greater.	Upon expiration of the initial franchise agreement	Instead of paying the initial franchise fee, upon renewal of your franchise agreement you will pay the reduced renewal fee

Type of Fee	Amount	Due Date	Remarks
National Conference Fee	$500 per attendee	As incurred	If we conduct an annual conference of franchisees, you must send at least one (1) representative from your Beauty Bungalows Franchise to the conference. We may charge the National Conference Fee regardless of whether or not you actually attend.
Operating Non-compliance Fee	$500 per occurrence	On demand	We may charge you $500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you $250 per week until you correct such non-compliance.
Reporting Non-Compliance Fee	$150 per occurrence	On demand	Payable for failure to timely submit required reports, and other information and financial statements as required under Franchise Agreement.
Third-party Vendors	Pass through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.
Alternative Supplier Evaluation	Our actual costs in inspecting, testing and investigating the alternative supplier or product, plus travel and living expenses.	Upon invoice	You may only use suppliers and products that we designate or approve in writing. If you propose an alternative supplier or product for use in your Beauty Bungalows Franchise, you must pay the costs of our investigation and testing of the supplier/product, including travel and living expenses incurred during the investigation and testing.

Type of Fee	Amount	Due Date	Remarks
Insurance (Note 7)	Actual costs of obtaining insurance on your behalf plus a 20% administrative fee.	On demand	You must purchase the required insurance coverage described in Item 8. If you do not purchase and maintain the required insurance, we may purchase it on your behalf, and you must reimburse us for the costs of insurance plus 20% of the premium as an administrative cost for obtaining insurance on your behalf.
Liquidated Damages – Default and Termination of Franchise	the greater of $100,000 or up to 24 months of rolling 12-month average of Royalty Fees and Brand Fund Contributions	Upon termination of the Franchise Agreement due to your default, in a lump sum	If your Franchise Agreement is terminated due to your default, you must pay us the average monthly Royalty Fee and Brand Fund Contribution payable by you for the 12 months prior to your default multiplied by the lesser of 24 months or the number of months remaining in the term of your Franchise Agreement.

Notes to Item 6:

(1) We or our affiliates impose all the fees in this table, you pay them to us or our affiliate, and we (or our affiliate) do not refund them. All fees in this Item 6 are uniformly imposed unless otherwise noted.

(2) "Gross Revenue" means the total of all receipts derived from license agreements and gross reservation fees and other revenue, whether the receipts are evidenced by cash, credit, checks, services, property, or other means of exchange. Gross Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that Franchisee realizes no revenue, and employee receipt of services, if free, or any portion not paid for by an employee. On a monthly basis, we will calculate the Gross Revenue generated from the operation of your Beauty Bungalows Franchise from reports generated by the software programs we require you to use. You must authorize us to make electronic funds transfer debits from your bank account for payment of the Royalty Fee and any other fees you owe to us.

(3) Technology Fees include amounts for technology services that we pay for on your behalf. We will automatically deduct the Technology Fees in the same manner that we deduct your royalty payments.

(4) Training for you, your Manager, and one additional person (a total of three (3) people)) is included in the Initial Franchise Fee. Additional charges are only applied if you choose to train more than three people. Training fees can be increased or decreased by us at any time in our discretion.

(5) Ongoing assistance by telephone is included. We will charge you the Additional Assistance fee only if you require additional assistance at your Beauty Bungalows Franchise location. Fees for additional assistance can be increased or decreased by us at any time in our discretion.

(6) No Transfer Fee is required if you transfer your Beauty Bungalows Franchise to a corporation in which you are the majority stockholder, or if you transfer the Beauty Bungalows Franchise to your child, parent, sibling, or spouse. In all other cases, you must pay the Transfer Fee if you transfer the Beauty Bungalows Franchise.

(7) You must maintain insurance policies in amounts as specified by us periodically in the Manual. Insurance coverage must include general liability, combined single limit, bodily injury and property damage insurance for premises operations, and all other occurrences against claims of any person, employee, customer, agent, or otherwise.

(8) We may establish and require a marketing cooperative in a geographic area in which two or more Beauty Bungalows are located ("Marketing Cooperative"). The Marketing Cooperative's members will include all Beauty Bungalows operating in the geographic area, including those operated by us and our affiliates, if applicable. We may require you to join a Marketing Cooperative existing or established in a geographic area encompassing your Beauty Bungalows Franchise. All material decisions of the Marketing Cooperative, including contribution levels, will require the affirmative vote of at least 51% of all Beauty Bungalows operating within the Marketing Cooperative's area (including those that we and our affiliates operate, if any), with each Beauty Bungalows Franchise receiving one vote. We may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees directly, as we determine. If a Marketing Cooperative is established in your geographic area, the members of the Marketing Cooperative will establish your required contribution to the Marketing Cooperative, provided your required contribution to the Marketing Cooperative will not exceed 2% of your Beauty Bungalows Franchise's monthly Gross Revenue, and any contributions you make to the Marketing Cooperative will count toward your required Local Area Marketing Requirement. We may form, modify, change, dissolve, or merge Marketing Cooperatives. As of the date of this Disclosure Document, there are no cooperatives in existence in certain geographic areas, but these existing cooperatives are elective and are voluntarily formed and managed by the franchisees participating in the cooperative.

ITEM 7: ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT FRANCHISE AGREEMENT

Type Of Expenditure[(1)]	Low Estimate	High Estimate	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee[(2)]	$49,900	$49,900	Lump sum	Upon signing Franchise Agreement	Us
Rent & Security Deposit[3]	$20,000	$60,000	As determined by Landlord	Upon signing lease	Landlord
Utilities[4]	$250	$3,500	As incurred	Prior to opening	Suppliers, Utilities, etc.
Leasehold Improvements[5]	$675,000	$1,553,000	As incurred	Prior to opening	Vendors and Suppliers
Furniture, Fixtures, and Equipment[6]	$100,000	$150,000	As determined by Vendors	Prior to opening	Vendors and Suppliers
Architecture & Design[7]	$30,000	$30,000	As Incurred	Prior to opening	Vendors and Suppliers
Computer Systems[8]	$500	$1,000	As determined by Vendors	Prior to opening	Vendors and Suppliers
Insurance[9]	$1,000	$1,500	As incurred	Prior to opening or as incurred	Insurance Company/ Agent

Signage[10]	$10,000	$20,000	As incurred	As arranged with Vendors	Vendors
Office Expenses[11]	$500	$1,000	As incurred	As incurred	Vendors and Suppliers
Pre-Opening and Grand Opening Marketing Spend[12]	$22,000	$24,000	As incurred	Beginning 5 months prior to opening	Vendors and Suppliers
Business Licenses and Permits[13]	$4,000	$10,000	As incurred	As incurred	Government agencies
Professional Fees[14]	$3,500	$5,000	As incurred	As incurred	Attorneys, accountants, and other professionals
Travel and Living Expenses to Training[15]	$0	$3,000	As incurred	As incurred	Airlines, hotels, food vendors, and other merchants.
Additional Funds (3 Months)[16]	$25,000	$50,000	As incurred	As incurred	Suppliers, Utilities
TOTALS[17]	**$941,650**	**$1,961,900**			

Notes:

1. Type of Expenditure: The amounts provided in this Item 7 include costs you will incur to start your business. These estimates are based upon Beauty Bungalow's experience developing and operating the Company-Owned outlets and based upon industry data and upon the experience of our management team in operating similar businesses. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. The estimates provided in this Item 7 assume that you will rent the premises in which your Beauty Bungalows Franchise will be located from a third-party landlord. It does not include costs associated with the acquisition of real estate if you decide to operate from a building you purchase. The costs for rent, fixtures and improvements will vary based on the square footage, location, economic climate, market conditions, prevailing interest rates, other financing costs, the conditions of the property, and other physical characteristics of your Beauty Bungalows Franchise.

2. Initial Franchise Fee: The Initial Franchise Fee is $49,900. We will not refund the Initial Franchise Fee(s) or any other fees paid to us or our affiliates under any circumstances. Neither we nor our affiliates offer any other financing. (See Items 10 and Item 11). We describe the Initial Franchise Fee in Item 5.

3. Rent & Security Deposit: If you do not own adequate space, you must lease the space for your Business. Generally, your pre-opening lease expenses will include prepayment of your first months' rent and a security deposit equal to one month's rent payment. The numbers provided are based on our collective experience in the salon business and real estate industry. Typical Franchises are located in commercial centers, strip centers or buildings on commercial streets with heavy traffic, malls and office buildings. Generally, Beauty Bungalows are located in an existing shopping center with an approximately 5,500 to 8,000 square feet. We base our estimates for Rent or Real Estate on a prototypical store of approximately 7,000 square feet. The terms and conditions of all agreements relating to the purchase, lease, and alteration of the property will be negotiated solely by you. We require you to include certain lease provisions as set forth in Section 10.05 of the Franchise Agreement. Legal fees are included in our estimates for leasing the premises but not for the purchase of real estate. The purchase of real estate may have additional legal expenses.

Your rent will depend on the site's size, condition, visibility, accessibility, and location, local market conditions, and demand for the premises among prospective lessees.

4. Utilities: Includes utility costs and deposits through the initial month of operation of your Franchise location.

5. Leasehold Improvements: The numbers provided cover the interior build out of a location and are based on our collective experience in the salon business and our combined years in the real estate industry. These estimates are based on the build out of one location. If you purchase multiple franchises at one time, you will incur additional expenses for each location purchased. Your location will typically be leased, although some franchisees own their locations. These costs are the same regardless of whether you buy a building or lease space. Franchisees can choose whether to office from home, maintain onsite offices or lease other space. This is not a Beauty Bungalows requirement. You should investigate all of these costs in the area where you wish to establish a Beauty Bungalows Franchise.

If you are able to negotiate a tenant improvement allowance from your landlord, the landlord typically may require you to provide proof that you have paid for the leasehold improvements before reimbursing you the money. Some landlords may require you to receive the tenant improvement allowance in the form of reduced rent over the life of your lease, rather than in the form of a lump sum reimbursement.

Your actual costs will depend on, among other factors, the Franchise location, the size of the Franchise, the condition of the premises being remodeled, national and local economic factors, the local costs of materials and labor, and the amount of tenant improvement allowances that you are able to obtain, if any.

6. Furniture, Fixtures, and Equipment: This estimate includes your costs for furniture and fixtures in the common areas and suites portions of your Franchise. Common area spaces should be equipped with an entrance logo, seating, sconces, individual studio signs, and interior decor. Individual studios should be equipped with a sink and cabinet or shampoo basin and locking doors. Each studio will differ based on size, but we will provide you with the Design and Brand Standards Manual.

7. Architecture & Design: This estimate includes your costs for architectural plan drawings (including MEP) drawings for your Beauty Bungalows Franchise. You must use an architecture design firm that we approve.

8. Computer Systems: You will be required to purchase or license computer equipment and software for the operation of your Beauty Bungalows Franchise. While we do not require any specific vendors for computer, Internet, and communications equipment, we require that you meet certain minimum standards established periodically in the Manual.

9. Insurance: You must obtain and maintain certain types and amounts of insurance. Item 8 describes in further detail these requirements. The cost figures stated above are only estimates. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees and lifestyle professionals, square footage, location, business contents, and other factors bearing on risk exposure. The above estimate contemplates insurance costs for three (3) months.

10. Signage: This estimate includes the cost of outdoor identification on the Franchise and displays and signage through the Franchise location.

11. Office Expenses: These estimates include your costs for general office supplies and furniture used in the operation of your Beauty Bungalows Franchise. You are not required to maintain a dedicated office space within your Beauty Bungalows Franchise location, but you may choose to do so depending on the size and layout of the space you secure for your Site.

12. Pre-Opening and Grand Opening Marketing Spend: You must spend between $20,000 and $22,000 on approved advertising and marketing with our preferred marketing vendors during the 5 months prior to your grand opening date. In addition to the amount, $2,000 should be directed to advertising and event promotions during the week of the grand opening of your Beauty Bungalows Franchise. You must provide us with sufficient evidence to show you have spent the minimum Pre-Opening Marketing Spend amounts. We may permit you to reduce the amount of your Pre-Opening Marketing Spend if you have at least 75% of your suites booked prior to opening your Beauty Bungalows Franchise.

13. Business Licenses and Permits: This estimate includes the cost of acquiring business licenses and permits. Your costs will vary depending upon your Beauty Bungalows location.

14. Professional Fees: This estimate includes the cost of professional fees that you may incur in establishing your business.

15. Travel and Living Expenses to Training: We provide the initial training program tuition-free for up to three (3) of your representatives in an online format. However, if you request and we agree to provide you training in person, you are required to pay the expenses that you will incur for travel, food, and lodging during the initial training program. The costs you incur will vary depending upon factors such as distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, per diem expenses actually incurred, and the number of persons who attend training. The low end of this estimate assumes your representatives will be attending initial training online and will not need to travel to attend training, while the high end assumes that a total of three (3) individuals will attend the initial training and will be required to purchase a flight to/from that training in order to attend. The actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices.

16. Additional Funds (3 Months): Based on our experience with our Company-Owned Outlet locations, this estimates your initial startup expenses for an initial three-month period, not including payroll costs, and does not include any revenue generated by the operation of your Business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Business.

17. Total: We relied on our collective experience in the salon business and combined years in the real estate industry to compile these estimates. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

B. YOUR ESTIMATED INITIAL INVESTMENT – AREA DEVELOPMENT AGREEMENT

Type of Expenditure	Low Estimate (2 Units)	High Estimate (10 Units)	Method of Payment	When Due	To Whom Payment Is Made
Development Fee (1)	$89,900	$314,900	Lump sum	Upon signing ADA	Us
Estimated Initial Investment for First Business (2)	$891,750	$1,912,000	As incurred	As incurred	Us and third parties
TOTAL (3)	**$981,650**	**$2,226,900**			

1. Development Fee. Upon signing the ADA, you must pay us the Development Fee. The Development Fee varies based on the number of Beauty Bungalows Franchises you commit to develop. The low estimate is based on a commitment to develop two (2) Beauty Bungalows Franchises, and the high estimate is based on a commitment to develop ten (10) Beauty Bungalows Franchises. (two (2) is the minimum required) We may, in our discretion, permit you to enter into an ADA for more than ten Beauty Bungalows Franchises. The Development Fee will be

credited towards the initial Franchise Fee for each Beauty Bungalows Franchise developed under the ADA. The Development Fee is not refundable. See Item 5.

2. Estimated Initial Investment for First Business. For each Beauty Bungalows Franchise that you develop under an ADA, you will execute a Franchise Agreement and incur the initial investment expenses for the development of a single Beauty Bungalows Franchise as described in the first table of this Item 7 This estimate is based on the expenses described in the first table of this Item 7. The estimate does not include the Franchise Fee, since the Development Fee is credited towards the Franchise Fee for each Studio.

3. Total. We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We require that you establish and operate your franchised location in compliance with your Franchise Agreement. You must strictly follow our specifications as set forth in the operations manual we provide to you or other written materials from us (collectively, the "Manual"), which we may modify from time to time, and which may be in print or electronic format. We reserve the right to require you to use an electronic version of the Manual and to require you to access the document using the Internet or an intranet created and supported by us. Our standards and specifications have been prescribed in order to maintain a uniform standard of high quality, value, tenant recognition, advertising support and availability to be furnished to the public in connection with our Marks. In operating the Beauty Bungalows Franchise, all fixtures, furniture, and equipment and all salon designs must conform to our standards and specifications, which have been established through years of experience. In the future, we may modify our fixtures, furniture, and equipment and salon design specifications.

You are required to subscribe to and use the bookkeeping, accounting and record keeping and data processing system conforming to the requirements and formats that we prescribe, including our standard chart of accounts and methodology, format, submission process and timelines. You must use the operational data control system approved by us, as further described in the Manuals. You must furnish us period reports, which include and are not limited to, gross revenue and rent revenue reports, vacancy and occupancy reports, lease expirations reports, profit and loss statements, balance sheets, statement of cash flows, sales activity reports and annual tax returns for all entities and corporations related to your Beauty Bungalows Franchise. We may require you to provide us access to some or all of these reports via our accounting and/or CRM software programs.

You are required to use our preferred marketing vendors for your pre-opening marketing expenditure.

At your option, you can use our automated text messaging system for your leads. You must reimburse us the pass-through charges for this service.

None of our owners, directors or affiliates owns any interest in this designated supplier.

If you would like to purchase required items from another supplier (other than our designated supplier), you may request our approval by submitting a written request for an evaluation of the alternative product or supplier. Based on the information and samples you supply to us, we will test the items supplied and review the proposed supplier's business reputation, delivery performance, credit rating and other information. You will be required to pay our actual costs incurred by us in investigating the supplier or vendor. The additional costs are estimated to be between $1,000 and $2,000 but may be more. The costs will include time, travel and materials associated with our reasonable efforts to investigate, inspect, test, and do reasonable due diligence on the proposed supplier or vendor. We expect to complete our review and advise you of our decision within 30 days after you submit the required information. The specifications and standards for these required purchases are in the Manual. We reserve the right to disapprove any previously approved vendor whose performance falls below our standards. We will make any approvals of new vendors or revoke approval of vendors in writing based on the vendor's credit

worthiness, delivery standards, and cost and will incorporate our decision in the Manual. The specifications and standards for these required purchases are in the Manual

Real Estate Requirements

You must obtain our prior written approval of your proposed business site, and we must approve certain terms of the lease between you and your proposed landlord. Your lease must include our standard form lease rider which is attached as an exhibit to your Franchise Agreement. We approve locations on a case-by-case basis, considering factors such as size, appearance, and other physical characteristics or the site, demographic characteristics, traffic patterns, competition from other businesses in the area (including other Beauty Bungalows locations) and other commercial characteristics such as purchase price, rental obligations, and other lease terms. We will assist you with a list of site criteria to help you locate a suitable site.

You must construct and develop your location at your own cost and expense. You must develop your location in accordance with such exterior and interior materials and finishes, dimensions, design, image, interior layout, décor, fixtures, furnishings, equipment, color schemes and signs consistent with System products and Marks. You must utilize an architect designated by us to draft a preliminary test fit floor plan and directly pay our designated architect for such. You must prepare all required construction plans and specifications to suit the shape and dimensions of your site and to ensure that the plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. The architect that you use for a full set of construction documents and required engineering must be approved by us. You must submit construction plans and specifications to us for our review before you begin construction of your Beauty Bungalows Franchise, and you must submit all revised and "as built" plans and specifications to us during the course of construction. Our review is not designed to assist with compliance with local ordinances and building codes, including ADA standards and requirements, or obtaining any required permits and is limited to review of such plans to assess compliance with our design standards.

In developing and operating your location, you must use only the fixtures, furnishings, equipment, and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function, and performance. You must use our designated or approved suppliers for fixtures, furnishings, equipment, and décor for developing your location. These approved suppliers are the only ones that meet our specifications and standards for these items, and you must purchase these items from these approved suppliers. You may only display at your Beauty Bungalows Franchise the signs, emblems, lettering, logos, and display materials that we approve in writing. We have the right to install all required signs at the premises at your expense, although our current practice is to require you to install the signs.

Website and Social Media

You may not promote, offer, or sell any products or services relating to your Beauty Bungalows Franchise, or use any of the Marks, through the Internet without our consent. We or our affiliates are the lawful, rightful, and sole owner of the www.beautybungalows.com domain name and you may not claim any ownership interests in any similar phrase or any similar Internet domain name. You (and your owners if you are a business entity) agree not to register any Internet domain name in any class or category that contains the Marks or any abbreviation, acronym, combination, derivative, or variation of the Marks.

You will use the Beauty Bungalows website www.beautybungalows.com (the "Franchise Website") in strict compliance with the standards, protocols, and restrictions we include in the Manuals. You must implement all reasonable procedures we prescribe periodically to prevent unauthorized use and strict compliance with the standards, protocols, and restrictions we include in the Manuals regarding the use of the Franchise Website among your owners, general managers, assistant managers, and the like. You must notify us when any partner or employee ceases to be affiliated or employed with your Beauty Bungalows Franchise so we can remove their access to the Franchise Website. You recognize and understand the crucial importance of the Franchise Website users not transmitting Confidential Information, documents, or data from or via the Intranet or Internet without first

encrypting the transmission with the encryption program we may either require you to purchase or approve of your purchase.

Insurance

You must, at all times, maintain insurance as follows:

A. If you have employees, workers' compensation insurance in amounts prescribed by law in your territory but not less than $500,000 in coverage;

B. Fire and lightning, extended coverage, theft, vandalism and malicious mischief, flood (if the Beauty Bungalows Franchise is in a Designated Flood Hazard Area), and sprinkler leakage insurance on the Beauty Bungalows Franchise and all fixtures, equipment, supplies and other property used in the operation of the Beauty Bungalows Franchise, for not less than 100% of the replacement value of the same, except that an appropriate deductible clause will be permitted;

C. Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a salon studio rental business located in your Protected Territory, but not less than $1,000,000, insuring both you and Beauty Bungalows against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the Beauty Bungalows Franchise.

D. Professional liability insurance must be maintained at all times in amounts not less than $1,000,000 per occurrence. It must protect the Beauty Bungalows Franchise against all professional related claims. If renters of said Beauty Bungalows Franchise have operations that are excluded on professional liability policy, Franchisee is responsible for ensuring that the excluded operation is covered under a separate policy.

E. Such additional insurance as may be required by the terms of any lease or mortgage for the Beauty Bungalows Franchise.

F. If you do not maintain the required insurance, then we may obtain it for you, and you will owe us the cost of the insurance premium plus 20% of the premium amount as an administrative fee.

Computer Requirements

We currently require you to purchase the hardware we designate to establish or operate your Beauty Bungalows Franchise. You will be required to purchase or lease certain software to use in the operation of your Beauty Bungalows Franchise as prescribed periodically in the Operations Manual. We reserve the right, to require you in the future, to use computer hardware or software, and other communications equipment, and to specify other computer-related and communications standards.

During the 2025 fiscal year, neither we nor our affiliates earned any revenue, rebates, or other material considerations from required purchases or leases in the 2025 fiscal year.

We estimate that your purchases from designated or approved suppliers or in accordance with our specifications will represent approximately between 60% and 85% of your total purchases in connection with the establishment of your business and will represent from 25% to 50% of your ongoing expenses.

We and our affiliates may receive rebates from suppliers and vendors based on your purchases of products and services, promotional allowances, volume discounts and other programs. We have designated suppliers for certain items of furniture, fixtures, and equipment that you will use in the build-out of your Beauty Bungalows franchise. We are entitled to receive a rebate equal to 3% - 5% of the amount a franchisee purchases for items sourced through these suppliers. In the 2025 fiscal year we did not receive any amounts from our suppliers.

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document. We may implement a centralized purchasing system in the future, and we may negotiate purchase arrangements with suppliers and distributors, including price terms, for the benefit of the Beauty Bungalows system as a whole, including us, our affiliates, and our Franchisees, in the future. We may receive rebates or volume discounts from our purchase of salon equipment, beauty supplies, hair care products or salon or spa inventory that we resell to you. We do not provide material benefits, such as renewing or granting additional franchises, to Franchisees based on their use of designated or approved suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Section in ADA	Item in Disclosure Document
A	Site selection and acquisition/lease, if any	Sections 8.02 & 10.01	Section 4	ITEM 11
B	Pre-opening purchases/leases	Sections 10.03 & 12.06	Not Applicable	ITEM 11
C	Site development and other pre-opening requirements	Sections 10 & 12	Section 4	ITEM 11
D	Initial and ongoing training	Sections 8.05 & 8.06	Not Applicable	ITEM 11
E	Opening	Section 8.06	Sections 3.1, 4, Attachment A	Not Applicable
F	Fees	Section 5	Section 2	ITEM 5, 6, & 7
G	Compliance with standards and policies/Manual	Section 7.04, Section 12	Section 8	ITEM 11
H	Trademarks and proprietary information	Section 6 & 7	Section 8	ITEM 13 & 14
I	Restrictions on products and services offered	Sections 8.03, 12.06	Not Applicable	ITEM 8 & 16
J	Warranty and customer service requirements	Section 12.08	Not Applicable	Not Applicable
K	Territorial development and sales quotas	Section 4 and Attachment A	Sections 3, 4 Attachment A	ITEM 11 & 12
L	Ongoing product and service purchases	Section 12.06	Not Applicable	ITEM 8 & 16
M	Maintenance, appearance, and remodeling requirements	Sections 10.01, 10.03, 10.04, 12.02,	Not Applicable	Not Applicable
N	Insurance	Section 12.07	Not Applicable	ITEM 8
O	Advertising	Section 9	Not Applicable	ITEM 11
P	Indemnification	Section 12.13	Section 8	Not Applicable
Q	Owner's participation/management staffing	Sections 12.04	Not Applicable	ITEM 15
R	Records and reports	Section 11.01 and 11.02	Not Applicable	Not Applicable
S	Inspections and audits	Section 11.03, 12.05	Not Applicable	Not Applicable
T	Transfer	Section 14	Section 7	ITEM 17
U	Renewal	Section 3	Not Applicable	ITEM 17
V	Post-termination obligations	Sections 3.07, 13.03, 13.04	Section 8	ITEM 17

W	Non-competition covenants	Sections 7.05, 15.01	Section 8	ITEM 17
X	Dispute resolution	Section 16	Section 8	ITEM 17
Y	Guarantee	Section 2.03, Attachment E	Attachment B	ITEM 10

ITEM 10: FINANCING

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

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

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

Pre-Opening Obligations

Before you open your Beauty Bungalows Franchise, we will:

1. Designate your Protected Territory in writing and approve, if it meets our standards and specifications for approval, the location selected solely by you to be used for the operation of the Beauty Bungalows Franchise. If your site is not already known and approved by us when you sign your franchisee agreement, then we will specify in your franchise agreement the Site Selection Area in which you must select a Site. Upon selection of an approved site, we will designate your Protected Territory based upon our then-current methods of territory determination set forth in the Manuals. (See Sections 4 and 10 of the Franchise Agreement).

2. Provide you with access to an electronic copy of our confidential operating Manual, which contains mandatory and suggested specifications, standards, operating procedures, and rules. The Manual is confidential and remains our property. We may modify the Manual from time to time, but the modification will not alter your status and rights under the Franchise Agreement. (See Section 7.04 of the Franchise Agreement). We have included a copy of the Table of Contents of our Manual as Exhibit F to this Disclosure Document. The Manual currently contains 188 pages.

3. Provide advice about selecting and analyzing a Site for the Franchise. Your Site must meet our minimum requirements as set forth in the Manuals for square footage, layout, visibility, and other factors that we may determine from time to time. Site selection is your responsibility, but we will assist you in the site selection process by considering population density, traffic patterns, and proximity of the proposed site to other Beauty Bungalows or any other reasonable criteria. You must secure a Site that we have approved by signing a lease or purchase agreement within ninety (90) days of the date of this Agreement. We may extend the deadline for acquisition of a Site by 90 days in our sole discretion, and we may require you to pay a $2,500 extension fee and execute a general release as a condition of us agreeing to grant such extension. We will approve or disapprove your proposed Site within 30 days after we receive notice from you of your proposed Site. (See Section 8.02 and 10.01 of the Franchise Agreement). If you enter into an ADA with us, then upon execution of the ADA, we will designate an exclusive Development Area within which you will develop and establish franchised locations. You must execute our then-current form of franchise agreement for each franchised location to be developed under an ADA. For each franchised location under a Franchise Agreement executed pursuant to an ADA, we will approve the Site, and provide the site selection assistance, in accordance with such Franchise Agreement as summarized in this Item 11 and in Item 12. We generally do not own your premises and lease it to you. (See Sections 1.1 and 3.1 of ADA.)

4. Upon your request, provide you advice about the negotiation of the lease or purchase of a location for your Beauty Bungalows Franchise, which will be leased or purchased by you from independent third parties. We do not own premises that are then leased to you. We are not acting as your direct representative or attorney in lease

negotiations and our assistance in no way constitutes a representation or warranty with respect to the lease or purchase. (See Section 8.02 and 10.01 of the Franchise Agreement)

5. Provide information regarding our pre-approved salon equipment vendors, design firms and beauty supplies for your opening inventory and supplies used in the Business. We do not deliver to or install any of these items in your Business.

6. We will advise you regarding the planning and execution of a grand opening event at or around the time of opening your Beauty Bungalows Franchise.

7. We are under no obligation to assist you in establishing prices, such as setting minimum and/or maximum prices at which you must sell products and services.

8. Prior to opening your Beauty Bungalows franchise, we will provide training to you as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Onboarding	1	0	Virtual
CRM and IT	1	0	Virtual
Tenant CRM	1	0	Virtual
Real Estate and Construction	3	0	Virtual
Marketing & Promotions	3	0	Virtual
Leasing Your Suites	2	0	Virtual
Design, Suppliers, and Vendors	2	0	Virtual
Outside Vendor Training	7	0	Virtual
Operations	2	0	Virtual
Grand Opening, Events and Culture	2	0	Virtual
Ongoing Operations Support and Follow-Up Training	4	0	Virtual
TOTALS	**28**	**0**	

Our training materials will consist of the Operations Manual, real-time, or recorded virtual training sessions delivered via video conference, online database or other learning management system, and live instruction. We conduct our training programs at least once per calendar quarter, but we reserve the right to hold training more or less often. You or your designated Manager must attend training, but we do not charge an additional fee for this training or service unless more than three persons are attending. You will, however, be required to pay the travel and living expenses for you, your designated Manager, and your employee(s) who attend training. All training, except any on-site training, will be held at our corporate headquarters in Costa Mesa, California virtually, or at another designated location. You must complete this training to our satisfaction or repeat this training, at no cost, prior to commencing operation of your Beauty Bungalows Franchise. Training is conducted or supervised by our CEO, Traci Hawkins. Ms. Hawkins has been our CEO since our formation and has been working in the salon services industry since 2005. Training may also be conducted by one or more of our staff trainers, all of whom have at least 1 year of experience in the salon services industry. After satisfactorily completing this initial training,

there is no mandatory training requirement, however, you may be required to attend mandatory conferences (See Item 11 and Sections 8.04 and 8.05, Franchise Agreement).

We may also provide to you on-site initial training at your Beauty Bungalows Franchise location and assistance with respect to opening activities within the first four weeks of the operation of your Franchise at no additional cost to you, but we are under no obligation to do so. (See Section 8.07, Franchise Agreement).

9. Approve, if it meets our standards and specifications for approval, plans submitted for the design of your Franchise. Construction or remodeling, if needed, should begin as soon as possible after signing the Franchise Agreement, but, in any case, will not begin later than twelve months after signing the Franchise Agreement. You must purchase cabinetry, doors and interior signage, and design services from our approved supplier(s) (See Item 8). We must approve your exterior signage. You must pay for construction or remodeling, and all other costs associated with compliance and permits. Our approval means that the site and plans meet minimum specifications and is not a warranty for their appropriateness. (See Section 10 of the Franchise Agreement). Unless otherwise agreed to in writing by the parties, you must open your Initial Franchise unit no later than twelve (12) months after you sign a Franchise Agreement. The factors that affect this time are the ability to obtain a building or lease, obtain general business permits, training, financing, or building permits, zoning and local ordinances, weather conditions, shortages, and installation of equipment, fixtures and signs. Our assistance does not include conforming the premises to local ordinances and building codes or obtaining any required permits. Unless otherwise agreed to in writing by the parties if you do not make reasonable efforts to open your franchise by the end of twelve (12) months we may terminate the Franchise Agreement and retain all monies received. (See Section 10.03, Franchise Agreement).

Schedule for Opening

It is estimated that the length of time between the signing of the Initial Franchise Agreement and the opening of your Business will usually be about 12 to 18 months. Factors affecting this length of time include financing arrangements, property lease terms, construction or conversion requirements, and scheduling and completion of the training program.

If you enter into an ADA with us and unless otherwise agreed to in writing, you will be required to sign our ADA (Exhibit H) and agree to open your additional units upon a set schedule that we determine (your "Development Schedule"). Your failure to meet the development schedule is a default under your ADA. Upon default we may terminate your rights to develop one or more of the additional franchises in your Development Schedule or terminate the ADA in its entirety. However, a default under the ADA will not, by itself, be a default of any effective Franchise Agreements between you and us.

Ongoing Assistance

During the operation of the franchised business, we will:

1. Offer you a reasonable amount of continuing advisory services by telephone during normal business hours. We may also provide additional trainings or conferences, for which you may incur a fee. We may also provide to you visits by our field representative, but any additional on- site consultation or advisory services you request may incur a fee. (See Sections 8.01, 8.05, and 8.06 of the Franchise Agreement).

2. We will include information about your Beauty Bungalows Franchise on our website. (See Section 8.11 of the Franchise Agreement).

3. Provide marketing, promotional materials, and services to you. Materials provided may include video and photography, copy-ready print marketing materials, posters, mailers, banners social media graphics and copy, digital advertising collateral, and miscellaneous items. You will receive one sample of each at no charge. If you want additional copies, you must pay duplication costs. We may use either national advertising agency or a

regional advertising agency and marketing agencies and internal staff to create advertising. You may develop marketing materials for your own use, at your own cost. We must approve the marketing materials in advance and in writing within fifteen days from receipt. We reserve the right to utilize marketing and photography/videography developed by you for the use of all Franchisees without any payment or other compensation to you. (See Section 9.02 of the Franchise Agreement).

4. We may hold periodic regional or national conferences to discuss on-going changes in the industry, operational techniques, studio rental developments, training, bookkeeping, accounting, advertising programs and new service procedures. We may require you to attend these conferences at our then-current conference attendance fee, currently $500 per attendee. If we charge a conference fee, you will be required to pay the fee regardless of your attendance at the conference (See Item 6). You must pay all of the travel and living expenses for you and any other employees who attend. These conferences will be held at our corporate headquarters or at another location chosen by us. We estimate the cost of the travel and living expenses to attend the conferences to be between $1,500 and $3,000. We may provide other trainings/conferences from time to time, and you may be required pay an Additional Training Conference

5. fee for attending these additional trainings/ conferences based upon the direct costs to us of retaining speakers and other direct expenses associated with the conference. You must pay all of the travel and living expenses for you and any other employees who attend. (See Section 8.05 of the Franchise Agreement).

5. You are also required to participate in any continuing advanced training which we may choose to offer in the future ("Continuing Advanced Training"). The Continuing Advanced Training may be provided by various methods, including by telephone, video conference, e-mail, or via online learning management systems. We do not charge any fee for the Continuing Advanced Training. (See Section 8.05 of the Franchise Agreement).

Marketing Programs

Local

You are required to market on a local basis as an individual Beauty Bungalows Franchise or by local marketing agencies hired by you. We do not require you to spend any specific amounts on local marketing, but we recommend you spend approximately 1% to 2% of gross revenue on local marketing efforts. These expenditures may include wages and bonuses paid to your Manager or other employees who secure Bungalow renters in your Business. The amounts you spend on marketing will be influenced largely by the number of vacant suites at any given time in your Business.

Prior to opening your business, you must spend between $20,000 and $22,000 for advertising and promotion of your Beauty Bungalows Franchise with our preferred marketing vendors in your local market. Additionally, during the week of your anticipated opening date, you must spend a minimum of $2,000 on a grand opening specific marketing effort.

There are no restrictions on your marketing, except that you may not advertise independently on the World Wide Web (See Sections 4.03 and 9.01 of the Franchise Agreement) and any advertising or marketing materials must be approved by us prior to your use of such materials. We will include your Business on our website.

Multi-Area Marketing Programs

You must participate, at your sole cost and expense, in any national, international, regional, and/or multi-area marketing programs we require from time to time (collectively, "Multi-Area Marketing Program(s)" or "MAM Program(s)"). MAM Programs will be administered and/or directed by our marketing and accounting staff. In any given month, your combined expenditures in connection with a MAM Program and required monthly contribution to the Brand Fund (discussed below) will not exceed 2% of your Gross Revenue. MAM Programs may require your cooperation and participation, including refraining from certain channels of marketing and distribution, and

payment of commissions, referral fees, or other amounts to us, our affiliates, or third parties. We reserve the right to require you to pay a fee to us, in an amount we determine at our sole option subject only to the combined monthly cap noted above, in connection with MAM Programs. Any such fee will be due at the same time and manner as the Royalty Fee. We will use and direct amounts collected in connection with a MAM Program in our sole determination and we may use such amounts to reimburse our costs and expenses incurred in administering or directing such MAM Program. We have no fiduciary duty to you regarding any MAM Program or your expenditures or payments in connection with any MAM Program. We have no obligation to ensure that any particular franchisee benefits directly or pro rata from any MAM Programs or that any expenditures related to MAM Programs are equivalent or proportionate to any individual franchisee's payments or expenditures related to such MAM Programs.

Brand Fund

You must contribute to the Brand Fund ("Fund") in an amount we designate (currently 1% of Gross Revenue), which contribution amount will not exceed 2% of your Gross Revenue. Your combined total of contributions to the Fund and any required expenditures in connection with a MAM Program will not exceed 2% of your Gross Revenue in any given month. Your monthly contribution to the Fund is due at the same time and manner as the Royalty Fee. We may, but are not required to, hold contributions to the Fund in a separate bank account. The Fund will be administered by Beauty Bungalows' marketing and accounting staff. Company-owned and affiliate-owned Beauty Bungalows have no obligation to contribute to the Fund on the same basis as franchisees. We will spend the contributions to the Fund in our discretion. We have no fiduciary duty to you regarding the Fund or your contributions to the Fund. We have no obligation to make expenditures for franchisees in their area or territory or that are equivalent or proportionate to any individual franchisee's contribution to the Fund or ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or deployment of marketing purchased with money from the Fund. If the Fund operates at a deficit or require additional funds at any time, we reserve the right to loan such funds to the Fund on any terms we determine. We are not required to use all contributions collected for the Fund in a given year, and we may retain the amount to spend on the Fund in future years. An unaudited annual financial statement of the Fund will be prepared within 120 days of the close of our fiscal year and will be available to any Franchisee upon written request.

During the 2025 fiscal year the Brand Fund collected $2,010.99 from franchisee brand fund contributions. Of the amount we collected, we spent 50% on ad placement and 45% on ad creation and 5% on administration and miscellaneous expenses. We did not use all of the funds received but intend to do so in the coming fiscal year, although we are not obligated to.

The Fund is intended to maximize public recognition and acceptance of the Beauty Bungalows brand, increase business, and enhance the collective success of all salons operating under the System. We will administer contributions to the Brand Fund in our sole determination for the creation and development of marketing, advertising, promotions, and related programs and materials, including electronic, print, and internet media, as well as the planning and purchasing of national, regional, and/or local advertising. We will direct all advertising and marketing programs funded by the Fund, including but not limited to research methods, branding, creative concepts and materials, sponsorships, and endorsements, selection of geographic and media markets, and media placement and allocation thereof. We may reimburse our self from the Fund for its expenses in administering the Fund or any MAM Program(s), including expenses related to third-party services, in-house services, contractors, employees and other costs related to the managing the Fund and the collecting Fund contributions. The Fund or any MAM Program(s) may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising or marketing, including, without limitation, (a) the costs or preparing and conducting marketing campaigns intended to enhance the brand, including marketing, advertising, or promotions that are directed at consumers, salon professionals or general business professionals such as lenders to franchisees, landlords and beauty industry participants, (b) digital marketing, (c) social media marketing, (d) in-store and point of purchase marketing, (e) public relations activities or events, intended to enhance the brand, that are directed at consumers, salon professionals or general business professionals such as lenders to franchisees, landlords and beauty industry participants, (f) employing or engaging advertising and/or marketing personnel, contractors or

agencies, (g) development, enhancement and maintenance of Beauty Bungalows- sponsored or promoted websites and mobile applications, (h) costs incurred by Beauty Bungalows for personnel and other departmental costs for marketing purposes, (i) Beauty Bungalows programs and differentiators relating to education and support, (j) technologies and platforms used by Beauty Bungalows franchisees and Customers, and (k) other internal or administrative costs, expenses, or overhead caused by or related to the collecting, administering and managing the Fund or any MAM Program(s) or creating, preparing, distributing, monitoring and managing marketing related marketing or advertising programs or campaigns, websites and mobile applications.

We will not use the Fund or any MAM Program(s) for advertising that is principally a solicitation for the sale of Beauty Bungalows Franchises, but we reserve the sole right to pursue any franchisee or business opportunity that results from any MAM Program or any use of the Fund, including marketing, promotional, public relations, and advertisement activities. We reserve the right to include notations in any advertisement or marketing platform, including websites or mobile applications, that Beauty Bungalows Franchises are available (or similar phrasing) along with contact forms or informational pages.

We may develop advertising internally, or contract with local, regional, or national agencies to develop advertising for the brand fund.

Regional Advertising Cooperative

We may establish a Marketing Cooperative in a geographic area in which two or more Beauty Bungalows are located. The Marketing Cooperative's members include all Beauty Bungalows franchises operating in the geographic area, including those operated by us and our affiliates, if applicable. We may require you to join a Marketing Cooperative existing or established in a geographic area encompassing your Beauty Bungalows franchise. We will determine how any Marketing Cooperative is organized and governed, but the Marketing Cooperative's members are responsible for its administration and determination of contribution levels, provided your required contribution to the Marketing Cooperative will not exceed 2% of your Beauty Bungalows Franchise's location's monthly Gross Revenue. Each Marketing Cooperative will operate under written governing documents prepared by us or our designee. Such documentation will be made available to members of the Marketing Cooperative upon reasonable request. Marketing Cooperatives will prepare an annual unaudited financial statement and make it available to members upon reasonable request. All material decisions of the Marketing Cooperative, including contribution levels, will require the affirmative vote of at least 51% of all Beauty Bungalows operating within the Marketing Cooperative's area (including those that we and our affiliates operate, if any), with each Beauty Bungalows franchisee group receiving one vote. We may form, modify, change, dissolve, or merge Marketing Cooperatives. Funds contributed to a Marketing Cooperative will not be utilized to solicit new franchise sales. Any fees you pay to a Marketing Cooperative will count towards your Local Area Marketing Requirement, though the fees imposed by the Marketing Cooperative may exceed your required Local Area Marketing Requirement obligation.

Advertising Council

Currently, we have not formed any council of Beauty Bungalows franchisees, but we may do so in the future. We have the right to form, change, dissolve, or merge franchisee advisory council(s). When established, the Beauty Bungalows Franchise Advisory Board ("BBFAB") will provide us with general input but will not have decision making authority or the ability to obligate us to any particular course of action outside of our obligations set forth in the Franchise Agreement. Council members may be selected for any characteristics, such as region and experience. We will give due consideration to all input from the council, but we retain the ultimate decision-making authority and responsibility for all matters. If we submit a matter for approval by the BBFAB and that matter is approved by a majority vote of the BBFAB, that approval will be fully binding on you.

We have no obligation to spend any amount on advertising and promotion in your Area or Territory. Computer

Systems, Proprietary Software, and Internet Access

We do not currently require you to purchase any particular brand of computer hardware to establish or operate the Business, but we do specify the standards for computer and communication equipment and Internet access. The minimum hardware requirement is a laptop or desktop computer with 4 GB RAM, a 128 GB Hard Drive, internet access, the ability to run the business management software we designate, and the ability to run basic business function software programs such as Microsoft Office and bookkeeping software. This hardware may be obtained from any computer reseller such as Staples, Office Depot or Best Buy and will cost from $500 to $1,000.

You must provide us real-time internet access to the information contained in the computer system and/or the software utilized in the operation of your Beauty Bungalows Franchise. However, we will be restricted to the information relating only to your Beauty Bungalows Franchise. Beauty Bungalows has the contractual right to pull the necessary data from your computer, but as a practical matter would be unable to do so without your cooperation. Beauty Bungalows will not have the right to access other types of data on your computer and does not have the ability to access it independently. Neither we nor our affiliates have any obligation to provide ongoing maintenance, repair, upgrades or updates to any computer system or software.

We reserve the right to specify computer hardware or software standards in the future. You must have access to the Internet, have an electronic mail address and periodically check your electronic mailbox and the portion of our website devoted to franchise owners. We have the sole right to market and sell on the Internet and use the Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media. You may not separately register any domain name, or any portion of a domain name containing the Marks or participate or market on any website or other form of electronic media (including social technology, social media and social networking platforms) using the Marks unless you first obtain written approval from us. Your general conduct on the Internet or other forms of electronic media, including your use of the Marks or any advertising, is subject to the terms and conditions of the Franchise Agreement and any other rules, requirements or policies that we may identify from time to time.

You may be required to upgrade your hardware and/or software in order to utilize the computerized system as technological advances require. You will be responsible for the cost of such upgrades. We anticipate that you will not be required to upgrade your hardware or software more often than once a year, and we estimate the costs of such upgrades will not exceed more than a maximum cost of $1,500 per calendar year.

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by such computer-related problems. You must also take reasonable steps to verify that any person or entity upon whom you rely is reasonably protected. This may include establishing firewalls, access code protection, anti-virus systems, and use of backup systems.

ITEM 12: TERRITORY

Your franchise is for the specific Site that we approve. You must select a site that we have accepted within the non-exclusive Site Selection Area that we specify. The Site will be added to the Franchise Agreement once we accept it and you secure it. You Site Selection Area is not exclusive and is only intended to give you a general indication of the area within which you locate the Site for your Beauty Bungalows Franchise.

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.

Once you have secured the Site for your Beauty Bungalows franchise, we will provide you an area in which you will have protected rights (the “Protected Territory”). Your Protected Territory will typically be a two-mile radius around your Business, unless your Business is located in a major metropolitan downtown area or similarly situated/populated central business district (a “Central Business District”). If your Business is located in a Central Business District, your Protected Territory may be limited to a geographic area comprised of anywhere from a

radius of two blocks to two miles around your Business, as we deem appropriate in our discretion. The size of your Protected Territory may vary from the territory granted to other franchisees based on the location and demographics surrounding your Business.

The boundaries of your Protected Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. The sources we use to determine the population within your Protected Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources). Your Protected Territory will be defined in Attachment A of the Franchise Agreement.

If you execute an ADA, you will be assigned a geographic area ("Development Area") within which you will be granted the right and obligation to develop and establish the agreed-upon number of franchised locations under a prescribed Development Schedule. The size of your Development Area may range from a portion of a city or an unincorporated area to a single or multi-county or single state area, and will be determined based on the number of franchised locations we grant you the right to develop and establish under the ADA, and the demographics of the general geographic area where we mutually agree you will be opening these locations. Your Development Area will be defined, typically by zip codes, in Attachment A to the ADA. Subject to your rights regarding a Protected Territory (as described below) around a franchised unit as set forth in the franchise agreement for such franchised unit, you may face competition within the Development Area from other franchisees, from outlets that we or our affiliates own, or from other channels of distribution or competitive brands that we or our affiliates control. You must execute our then-current form of franchise agreement for each franchised unit to be developed under the ADA within the Development Area. We will review and approve the site for each franchised unit to be developed in accordance with the Franchise Agreement for such franchised unit and our then-current site selection criteria, as summarized below.

Each Franchised unit purchased will operate from one location approved by us and must receive our permission before relocating. We will grant approval to relocate if you are in compliance with the Franchise Agreement and/or the ADA, you have paid all money owed to us and/or our affiliates, and the proposed location meets our site selection criteria as specified in the Manual. In order to relocate the franchisee must pay the relocation fee and meet the then-current site selection criteria, which we will provide. You must submit proposals for the location within three (3) months of signing the Franchise Agreement. We will approve or disapprove your proposed site within thirty (30) days after we receive notice from you of your proposed site. You may also request our site selection services and pay the Site Selection Assistance Fee (See Items 5 and 7). Our assistance in no way constitutes a representation or warranty with respect to the property.

Neither Beauty Bungalows, nor any affiliate, will operate, a Business using the Marks you are authorized to use nor grant franchisees the right to operate a Business using the Marks you are authorized to use within your Protected Territory, but Beauty Bungalows, its affiliate and its franchisees have the right to operate a Business using the Marks anywhere outside your Protected Territory. Neither Beauty Bungalows, nor any affiliate currently plan to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer. Unless otherwise agreed to in writing by the parties, the boundaries of your Protected Territory will not be adjusted during the Term regardless of whether the population of your Protected Territory increases or decreases over time.

Your Protected Territory does not extend to, and you may not advertise independently on, the Internet or World Wide Web. We will maintain Beauty Bungalows web pages that will include information regarding your Beauty Bungalows Franchise. You may not solicit or advertise to customers of another Beauty Bungalows franchisee (other than general solicitation through direct mail and social media advertising across large, multiple geographic areas) and your advertising must be approved by us and cannot be used without our express written permission.

There is no compensation the franchisor must pay franchisee for soliciting or accepting orders within the franchisee's territory.

There is no minimum sales quota; however, there is a minimum royalty fee to encourage development of business in your territory. The minimum monthly royalty fee of $250 per week is required regardless of your particular level of sales. Failure to pay the royalties or minimum royalty is a material breach of the Franchise Agreement and may result in termination of your Franchise Agreement.

You do not receive the right to acquire additional franchises within your area or any contiguous area by this agreement alone. You do not receive any right of first refusal or right of first offer to acquire additional franchises within your Site Selection, Development Area, or any contiguous area. Each Franchise Agreement is a separate and distinct transaction between you and us. We intend to develop a strong system of multi-unit owners. You are encouraged to purchase franchise rights to operate additional franchises within or outside your local trade area. You do not receive any rights to use any other channel of distribution for our products or services without our written consent.

We and our affiliates may sell products under the Marks within and outside your Protected Territory through any method of distribution other than a dedicated Beauty Bungalows location, including, sales through such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Protected Territory except as described in the following paragraph and you will receive no compensation for our sales through alternative distribution channels except as described in the following paragraph.

We and our affiliates can use alternative distribution channels to make sales within your Protected Territory of products or services under trademarks different from the Marks you will use under the Franchise Agreement.

The Protected Territory we grant you is an exclusive territory. However, because we reserve certain rights to operate or offer products and services through alternative channels of distribution in your Protected Territory, you may face competition from us, our affiliates, other franchisees, or others inside and outside of your Protected Territory.

We reserve the following rights, among others:

1. to own, franchise, or operate Beauty Bungalows Franchises at any location outside of the Protected Territory, regardless of the proximity to your Site;

2. to use the Marks and the System to sell any goods or services, including salon equipment or services, or beauty supplies similar to those which you will sell, through any alternative distribution channels within or outside of the Protected Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale sale to unrelated franchises, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce.

3. to purchase or be purchased by, or merge or combine with, any businesses, including a business that competes directly with your Beauty Bungalows Franchise, wherever located; and

4. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

5. to use, license and franchise the use of trademarks or service marks that are not the same or similar to the Marks, whether in alternative channels of distribution or at any location including within the Protected Territory, in association with operations that are the same as, similar to, or different than Beauty Bungalows Franchises.

ITEM 13: TRADEMARKS

We grant you the right to operate a Beauty Bungalows Franchise under the Mark "Beauty Bungalows" and to use other future Marks we authorize. In addition to the Marks in the chart below, franchisees may also use other marks, registered or unregistered, that we own or have the right to use through the License Beauty Agreement and that we designate as part of the Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the Marks.

We have registered the following Marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"), and we have filled all required affidavits with respect to each of the Marks.

Trademark	Registration Number	Registration Date
BEAUTY BUNGALOWS	6824857	August 23, 2022
Beauty Bungalows	6521235	October 12, 2021
	7135897	August 15, 2023

There is no currently effective determination of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending interference, opposition, or cancellation proceeding, or any pending material litigation involving the Marks that is relevant to your use of these Marks.

No currently effective litigation affects our use or ownership rights in a trademark. There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed in this section in a manner material to the franchise.

You must indicate, as required in the Franchise Agreement and specified in the Manual, that you are an independent operator of the Beauty Bungalows Franchise and will use the appropriate Marks as indicated by us. You must follow our rules when you use any of the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate name or in any form on the Internet, including, but not limited to URLs, domain names, email addresses, locators, links, metatags or search techniques except as we license to you. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing. Guidelines regarding proper trademark use and notices are set forth in the Manual and will be updated from time to time in our discretion.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. You must notify us within three days of when you learn about an infringement of or challenge to your use of our Marks. We will take the action necessary, in our sole and absolute discretion, to protect the unauthorized use of our Marks, which may include payment of reasonable costs associated with the action. We will indemnify you for any claims of infringement or challenges resulting from your approved use of our Marks in accordance with the Franchise Agreement, and we will be responsible for the defense and the cost thereof. If your use of the Marks in a manner that is unapproved under the Franchise Agreement or the Manuals results in any action against, we will not have any obligation to indemnify or defend you in any action resulting from that unapproved use.

You must modify or discontinue the use of a Mark if we modify or discontinue use. The use of a new or modified trademark may be required, and you may be required to replace existing signs using new signs displaying our new or modified trademark. If this happens, we will reimburse you for your tangible cost of compliance (for example, changing signs). You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our Marks.

While we have not yet been required to renew any registrations, we intend to file all affidavits and renewals as required by the USPTO to maintain our Marks.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

There are no pending patent applications that are material to the franchise. We hold no patents and have no pending patent applications. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Confidential Operating Manual.

There are no agreements currently in effect that significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the USPTO, the U.S. Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights, which could materially affect your use of them in any state.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Marks described in Item 13 of this Disclosure Document.

Confidential Information

You may not, during the Initial Term, any Renewal Term, or after the expiration or termination of the Franchise Agreement, reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our confidential information or give it to a third party except as we authorize. All persons affiliated with you who perform work for the business or who have access to our confidential information must first sign our then-current form of Nondisclosure and Noncompetition Agreement, the current form of which is attached to this Disclosure Document as Exhibit G .

Our confidential information will include services, technologies and procedures relating to the operation of a Beauty Bungalows Franchise; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the Beauty Bungalows System; the Manual: methods of advertising and promotion: instructional materials; and other matters.

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

You or a fully trained and qualified manager ("Manager"), who has completed our training program, must directly supervise, and participate in the actual day-to-day operation of the Beauty Bungalows Franchise on a full-time basis. Neither you nor your Manager may have an interest or business relationship with any of our business competitors. In the event that your Manager resigns or is otherwise terminated, you must hire a replacement approved by us in writing who meets our then current standards for Managers and who is approved by us in writing before hiring, within 30 days after the resignation or termination of the former Manager. You must train the new Manager within 30 days of hiring. If you are an entity, we do not require that your designated Manager own an

equity interest in such entity. You are responsible for ensuring that your Manager, employees and contractors do not disclose our confidential information. Each of your officers, directors, partners, shareholders, or members (and, if you are an individual, immediate family members) who perform work for the business or who have access to our confidential information must execute our then-current form of Nondisclosure and Non-Competition Agreement, the current form of which is attached to this Disclosure Document as Exhibit G. Other than the above, we make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees. You may employ one Manager to oversee multiple Beauty Bungalows franchises that you own, subject to our approval. Factors that we will consider in deciding whether to approve a single Manager's oversight of multiple locations will include the Manager's prior business experience, the number of proposed franchises that the Manager will oversee, the geographic area in which multiple businesses are located, and other reasonable factors we determine from time to time in our business judgment.

If you are a business entity, each of your officers, directors, shareholders, partners, and members, plus any individual who owns, directly or indirectly, a 5% or greater interest in you must also sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement. The Franchisor Requires that Spouses of the Franchisee, who may not be involved in the franchised business or Area development agreement must be bound to the Franchise Agreement by signing the Guaranty and Assumption of Franchisee's Obligations (See Appendix E to the Franchise Agreement).

All employees you hire or employ at your Beauty Bungalows Franchise will be your employees and your employees alone, and will not, for any purpose, be deemed to be our employees or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for your employees and operations. We will not have the power to hire or fire your employees. Our authority under the Franchise Agreement to train and approve your supervisorial or managerial personnel for qualification to perform certain functions at your Beauty Bungalows Franchise does not directly or indirectly vest us with the power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to the Beauty Bungalows Franchise, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies and should do so in consultation with local legal counsel experienced in employment law.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You will offer to license salon studio spaces, rooms, or studios to salon professionals for only those services that are authorized and approved by Beauty Bungalows, which do not include spray tanning, body art tattoos, or non-beauty related services. You are not restricted in your selection of the salon professionals to whom you may offer studio space, booths, rooms, or other rentals provided such individuals are properly licensed in your state. You and your salon professionals will offer only those products and services that are authorized and approved by Beauty Bungalows. Beauty Bungalows reserves the right, in its sole discretion, to change the types of authorized products and services that you may offer upon reasonable notice to you. There are no contractual limits on our right to make any such changes, however, the changes will not materially and unreasonably increase your obligations under the Franchise Agreement. Beauty Bungalows reserves the right to set maximum prices for use with multi-area marketing and special price promotions. If we require you to purchase salon equipment and beauty supplies, you must do so from our designated suppliers. Beauty Bungalows reserves the right to designate alternative vendors from whom you will purchase salon equipment and beauty supplies.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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.

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary
A	Length of the franchise term	Section 3.01	10 years.
B	Renewal or extension of term	Section 3.02	If you are in good standing, you can renew for one successive period of ten 10 years.
C	Requirements for franchisee to renew or extend	Section 3	Sign new agreement, give timely notice of intent to renew, not be in default, not have been in material breach previously, be current in payments, pay the Renewal Fee. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original contract, but the boundaries of the territory will remain the same, and the Continuing Royalty on renewal will be no greater than Royalties that we impose on similarly-situated renewing franchisees.
D	Termination by franchisee	Section 13.01	Breach by us of material provision and failure to cure following proper notice (subject to state law).
E	Termination by franchisor without cause	None	None
F	Termination by franchisor with cause	Section 13.02(a) & (b)	We can terminate only if you default under the Franchise Agreement. Termination of the Franchise Agreement does not terminate any other agreements we may have with you unless the cause of termination would be sufficient to terminate an agreement on its own. Subject to applicable state law.
G	"Cause" defined - curable defaults	Section 13.02(a)	You have 30 days to cure, including failure to comply with the System, failure to timely locate and secure a Site, failure to timely open and begin operating, non-payment of fees and other obligations, failure to comply with federal, state or local laws or regulations, certain breaches of the agreement, failure to complete training as required, loss of possession of your business, affecting an unapproved transfer, or liquidating or consolidating without our approval.

H	"Cause" defined - non-curable defaults	Section 13.02(b)	Non-curable defaults include misrepresentation by you, failure to complete initial training, bankruptcy, insolvency, or appointment of receiver, abandonment, trademark misuses, unauthorized disclosure, unapproved transfers, or repeated noncompliance. (Termination upon bankruptcy may not be enforceable under U.S. Bankruptcy Law.)
I	Franchisee's obligations on termination/nonrenewal	Sections 3.07, 13.03, 13.04, 13.05	Obligations include complete de-identification, non-competition, return of confidential or critical business information, payment of amounts due, and, upon Franchisor's election, cooperation regarding assignment of lease.
J	Assignment of contract by franchisor	Section 14	No restriction on our right to assign.
K	"Transfer" by franchisee - defined	Sections 1.23, 14.03	Includes transfer of contract or assets or ownership change.
L	Franchisor approval of transfer by franchisee	Sections 14.04-14.08	We have the right to approve all transfers but will not unreasonably withhold approval.
M	Conditions for franchisor approval of transfer	Section 14.04	Franchise must be open for business to the general public at the Premises, New Franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, general release signed by you, and current agreement signed by new Franchisee. Any brokers' fees or commissions that arise because of the transfer must be paid by the Franchisee.
N	Franchisor's right of first refusal to acquire franchisee's Business.	Section 14.09	We can match any offer for your Business.
O	Franchisor's option to purchase franchisee's Business	Section 14.09	We may purchase the Business pursuant to our Right of First Refusal to match any offer for your Business.
P	Death or disability of franchisee	Section 14.08	Franchise must be assigned by estate to approved transferee within 120 days.
Q	Non-competition covenants during the term of franchise	Section 15.01	No involvement in competing business anywhere in U.S. (subject to state law).
R	Non-competition covenant after the franchise is terminated or expires	Section 15.01	No competing business for 2 years within 20 miles from the boundary of your Protected Territory or from another Beauty Bungalows franchise, company-owned Franchise, or on the Internet (including after assignment) (subject to state law).

S	Modification of agreement	Sections 7.04, 8.09, 18.02	No modifications generally but Manual and the System are subject to change.
T	Integration/merger clause	Section 18.01	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the Franchise Agreement may not be enforceable. Nothing in this agreement or in any related agreement is intended to disclaim any of the representations made in the disclosure document.
U	Dispute resolution by arbitration or mediation	Section 16	Except for certain claims, all disputes must be arbitrated (subject to state law).
V	Choice of forum	Section 16.06	Arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of Wyoming (subject to state law).
W	Choice of law	Section 16.06	Wyoming (subject to applicable state law).

See Exhibit E , the state specific addenda to the Franchise Agreement and Disclosure Document for special state disclosures.

THE MULTI-UNIT DEVELOPER RELATIONSHIP

This table lists certain important provisions of the Area development agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

	Provision	Section in ADA Agreement	Summary
A	Length of the ADA term	Section 5	The term expires at midnight on the last Opening Deadline date listed on the Development Schedule unless this Agreement is terminated sooner.
B	Renewal or extension of term	Not Applicable	Not Applicable
C	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable

D	Termination by franchisee	Not Applicable	Breach by us of material provision and failure to cure following proper notice (subject to state law).
E	Termination by franchisor without cause	None	Not Applicable
F	Termination by franchisor with cause	Section 6.1	We can terminate only if you default (see (g) and (h) below).
G	"Cause" defined - curable defaults	Not Applicable	Not Applicable
H	"Cause" defined - non-curable defaults	Section 6.1	You fail to have open and operating the minimum number of Franchised Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule; any Franchise Agreement is terminated a result of default; or you breach or otherwise fail to comply fully with any other provision of the Development Agreement.
I	Franchisee's obligations on termination/nonrenewal	Section 6.2	You will lose the right to continue to develop Franchised Businesses in your Development Area.
J	Assignment of contract by franchisor	Section 7	Fully assignable and transferrable by us.
K	"Transfer" by franchisee - defined	Section 7.1	Includes transfer of the Development Agreement, any interest in the Development Agreement, or, if you are a business entity, any interest in the entity.
L	Franchisor approval of transfer by franchisee	Section 7	We have the right to approve or not approve all transfers in our sole discretion.
M	Conditions for franchisor approval of transfer	Section 7	We have sole discretion in setting conditions for our approval of a transfer.
N	Franchisor's right of first refusal to acquire franchisee's Business.	Section 7.2	We have the first right of refusal on all transfer, exercisable withing 30 days of receiving an executed copy of the contract of transfer.
O	Franchisor's option to purchase franchisee's Business	Not Applicable	Not Applicable
P	Death or disability of franchisee	Not Applicable	We have the right approve or disapprove any transfer in our sole discretion.
Q	Non-competition covenants during the term of franchise	Section 8	The non-competition covenants in your Franchise Agreement shall apply to your Development Agreement
R	Non-competition covenants after the franchise is terminated or expires	Section 8	The non-competition covenants in your Franchise Agreement shall apply to your Development Agreement.

S	Modification of agreement	Section 9	No modifications to the Development Agreement unless you and we agree in writing. We may amend the Operations Manual at any time.
T	Integration/merger clause	Section 9	Only the terms of the Development Agreement and any Franchise Agreements are binding (subject to state law). Any promises outside the Development Agreement, the Franchise Agreements, and this FDD may not be enforceable. However, nothing in the Franchise Agreement will have the effect of disclaiming any of the representations made in this FDD.
U	Dispute resolution by arbitration or mediation	Section 8	The dispute resolution provisions of the Franchise Agreement apply to any disputes under the Development Agreement (subject to applicable state law)
V	Choice of forum	Section 8	The choice of forum provisions of the Franchise Agreement apply to the Development Agreement (subject to applicable state law)
W	Choice of law	Section 8	The choice of law provisions of the Franchise Agreement apply to the Development Agreement (subject to state law)

ITEM 18: PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

At the end of our fiscal year on December 31, 2025, we had 4 company-owned outlets and 2 franchised outlets in operation. The financial performance representation in this Item 19 is historic based upon our existing Company-Owned Outlets and 1 franchised outlet. We have excluded the financial performance of 1 franchised outlet as they have not been in operation for at least 6 months. Parts I - IV are the historical financial and operational results from our 4 existing Company-Owned Outlets during the period beginning January 1, 2025, and ending December 31, 2025. Part V is the historical financial and operation results from our franchised outlet in Vista, California, during the period beginning March 16, 2025, and ending December 31, 2025. We have a reasonable basis for the financial performance information disclosed in this Item 19 and written substantiation

for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Parts I - IV of this Item 19 details the Gross Revenue generated by the Company-Owned Outlets along with (a) the costs and expenses associated with operating each Company-Owned Outlet (collectively, the "Operating Costs"); and (b) the estimated fees that would have been incurred by each Company-Owned Outlet in connection with the Royalty Fees, Marketing Fees (excluding those the Company-Owned Outlet also pays), if it were a franchise outlet governed by our current form of franchise agreement (collectively, the "Estimated Fees"). Part V of this Item 19 details the Gross Revenue generated by the Franchised Outlet along with (a) the costs and expenses associated with operating the Franchised Outlet (collectively, the "Operating Costs"); and (b) the actual fees that have been incurred by the Franchised Outlet in connection with the Royalty Fees, Marketing Fees, and Technology Fees governed by our current form of franchise agreement (collectively, the "Franchise Operating Expenses"). Any differences between the operations of a Company-Owned Outlet and the operations of our franchised outlets are described in the footnotes to each table. Both the Company-Owned Outlet's and Franchised Outlet's fiscal year follows the calendar year ending December 31.

Except for the Estimated Franchise Operating Expenses that are (a) estimated and calculated based on the Gross Revenue figures reported by the Company-Owned Outlet, and (b) required to be disclosed herein under applicable pre-sale disclosure laws, the data and information provided in Parts I - IV of this Item 19 are based on the historical and actual performance of the Company-Owned Outlets over the Measurement Period(s) detailed above.

The Company-Owned Outlets operate in materially the same way as our franchise outlets operate. The explanatory notes included with the following charts are an integral part of this financial performance representation and should be read in their entirety for a full understanding of the information contained in the following charts.

Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Part I - Company-Owned Outlet #1 (15 Suites | ~3,000 sqft.)[1]

January 1, 2025, to December 31, 2025	
GROSS REVENUE[2]	**$293,990**
Key Operating Expenses	
Advertising	$167
Cleaning Supplies	$582
Insurance	$2,586
Janitorial	$7,280
Legal/ licenses	$284
Manager[3]	$0
Rent/NNN/CAMS Expense	$148,816
Repairs & Maintenance	$2,328
Utilities	$9,292
Bank Fees	$238
Total Key Operating Expenses	**$171,573**
Estimated Franchise Operating Expenses[4]	
Royalty Fees (5.5%)	$16,114.45
Brand Fund Contribution (1%)	$2,939.90

Technology Fee	$1,800
Total Franchise Expenses	**$20,854.35**
EBITDA (if franchised)[5]	**$101,562.65**
EBITDA (if franchised) Margin[6]	**34.5%**

Notes to Part I:

1. Company Owned Outlet #1 – Company-Owned Outlet #1 operates in Downtown Huntington Beach, California and has been open since March 2017. It is comprised of 15 individual suites of varying sizes. We estimate that your Beauty Bungalows Franchise location will typically be between 5,500 to 8,000 square feet and will contain 25-40 individual suites of varying sizes.

2. Gross Revenue – "Gross Revenue" means all amounts collected from license agreements and reservation fees generated at Company-Owned Outlet #1. Gross Revenue does not include any revenue collected in the form of taxes collected and then paid to applicable government agencies.

3. Manager Compensation – Company-Owned Outlet #1 was owner-operated and did not employ a dedicated Manager.

4. Estimated Franchise Operating Expenses – Company-Owned Outlet #1 did not pay us Royalty Fees, Brand Fund Contributions, or Technology Fees. We have included a Royalty Fee, a Brand Fund Contribution, and a Technology Fee in the tables above as if Company-Owned Outlet #1 had paid these fees as required by the Franchise Agreement attached to this disclosure document. We did not include an adjustment for the required local advertising amount because we do not require you to spend a minimum amount once a location is rented at or above 75% capacity.

5. EBITDA (if franchised) – "EBITDA (if franchised)" does not include expenses related to taxes, interest on debt, depreciation, or amortization costs. The numbers included in this figure are equal to the Gross Revenue, minus the Total Key Operating Expenses and Estimated Franchise Operating Expenses.

6. EBITDA (if franchised) Margin – EBITDA (if franchised) Margin is calculated by dividing the EBITDA (if franchised) figure by the Gross Revenue figure.

7. Suite Profiles – Company-Owned Outlet #1 operated from a location with a smaller footprint, and with less total suites than we anticipate your Beauty Bungalows Franchise have. Typical Beauty Bungalows franchise locations will be 5,500 to 8,000 square feet with 25-40 suites available.

[Remainder of page intentionally left blank.]

Part II - Company-Owned Outlet #2 (27 Suites | ~5,700 sqft.)[1]

January 1, 2025, to December 31, 2025	
GROSS REVENUE[2]	**$552,701**
Key Operating Expenses	
Advertising	$357
Cleaning Supplies	$532
Insurance	$8,703
Janitorial	$20,100
Legal/Licenses	$109
Manager[3]	$0
Rent/NNN/CAMS Expense	$264,946
Repairs & Maintenance	$2,310
Utilities	$20,184
Bank Fees	$1,320
Total Key Operating Expenses	**$318,561**
Estimated Franchise Operating Expenses[4]	
Royalty Fees (5.5%)	$30,398.56
Brand Fund Contribution (1%)	$5,527.01
Technology Fee	$1,800
Total Franchise Expenses	**$37,725.57**
EBITDA (if franchised)[5]	**$196,414.44**
EBITDA (IF FRANCHISED) Profit Margin[6]	**35.54%**

Notes to Part II:

1. Company Owned Outlet #2 – Company-Owned Outlet #2 operates in Huntington Beach, California and has been open since April 2022. It is comprised of 27 individual suites of varying sizes. We estimate that your Beauty Bungalows Franchise location will typically be between 5,500 to 8,000 square feet and will contain 25-40 individual suites of varying sizes.

2. Gross Revenue – "Gross Revenue" means all amounts collected from license agreements and reservation fees generated at Company-Owned Outlet #2. Gross Revenue does not include any revenue collected in the form of taxes collected and then paid to applicable government agencies.

3. Manager Compensation – Company-Owned Outlet #2 was owner-operated and did not employ a dedicated Manager.

4. Estimated Franchise Operating Expenses – Company-Owned Outlet #2 did not pay us Royalty Fees, Brand Fund Contributions, or Technology Fees. We have included a Royalty Fee, a Brand Fund Contribution, and a Technology Fee in the tables above as if Company-Owned Outlet #2 had paid these fees as required by the Franchise Agreement attached to this disclosure document. We did not include an adjustment for the required local advertising amount because we do not require you to spend a minimum amount once a location is rented at or above 75% capacity.

5. EBITDA (if franchised) – "EBITDA (if franchised)" does not include expenses related to taxes, interest on debt, depreciation, or amortization costs. The numbers included in this figure are equal to the Gross Revenue, minus the Total Key Operating Expenses and Estimated Franchise Operating Expenses.

6. EBITDA (if franchised) Margin – EBITDA (if franchised) Margin is calculated by dividing the EBITDA (if franchised) figure by the Gross Revenue figure.

Part III - Company-Owned Outlet #3 (29 Suites | ~6,000 sq ft.)[1]

January 1, 2025, to December 31, 2025	
GROSS REVENUE[2]	**$343,946**
Key Operating Expenses	
Advertising	$12,042
Cleaning Supplies	$1,157
Insurance	$5,759
Janitorial	$14,540
Legal/Licenses	$1,346
Manager[3]	$16,300
Rent/NNN/CAMS Expense	$127,015
Repairs & Maintenance	$6,325
Utilities	$19,982
Bank Fees	$1,308
Total Key Operating Expenses	**$205,774**
Estimated Franchise Operating Expenses[4]	
Royalty Fees (5.5%)	$18,917.03
Brand Fund Contribution (1%)	$3,439.46
Technology Fee	$1,800
Total Franchise Expenses	**$24,156.49**
EBITDA (if franchised)[5]	**$114,015.51**
EBITDA (IF FRANCHISED) Profit Margin[6]	**33%**

Notes to Part III:

1. **Company Owned Outlet #3** – Company-Owned Outlet #3 operates in Clovis, California and has been open since March 2023. It is comprised of 29 individual suites of varying sizes. We estimate that your Beauty Bungalows Franchise location will typically be between 5,500 to 8,000 square feet and will contain 25-40 individual suites of varying sizes.
2. **Gross Revenue** – "Gross Revenue" means all amounts collected from license agreements and reservation fees generated at Company-Owned Outlet #3. Gross Revenue does not include any revenue collected in the form of taxes collected and then paid to applicable government agencies.

3. **Manager Compensation** – Company-Owned Outlet #3 employed a dedicated Area Manager.

4. **Estimated Franchise Operating Expenses** – Company-Owned Outlet #3 did not pay us Royalty Fees, Brand Fund Contributions, or Technology Fees. We have included a Royalty Fee, a Brand Fund Contribution, and a Technology Fee.

5. **EBITDA (if franchised) –** "EBITDA (if franchised)" does not include expenses related to taxes, interest on debt, depreciation, or amortization costs. The numbers included in this figure are equal to the Gross Revenue, minus the Total Key Operating Expenses and Estimated Franchise Operating Expenses.

6. **EBITDA (if franchised) Margin** – EBITDA (if franchised) Margin is calculated by dividing the EBITDA (if franchised) figure by the Gross Revenue figure.

Part IV - Company-Owned Outlet #4 (31 Suites | ~7,000 sq ft.)[1]

January 1, 2025, to December 31, 2025	
GROSS REVENUE[2]	**$384,287**
Key Operating Expenses	
Advertising	$6,415
Cleaning Supplies	$687
Insurance	$5,500
Janitorial	$22,080
Legal/Licenses	$154
Manager[3]	$0
Rent/NNN/CAMS Expense	$135,664
Repairs & Maintenance	$5,765
Utilities	$15,270
Bank Fees	$1,100
Total Key Operating Expenses	**$192,635**
Estimated Franchise Operating Expenses[4]	
Royalty Fees (5.5%)	$21,135.79
Brand Fund Contribution (1%)	$3,842.87
Technology Fee	$1,800
Total Franchise Expenses	**$26,778.66**
EBITDA (if franchised)[5]	**$164,873.35**
EBITDA (IF FRANCHISED) Profit Margin[6]	**42.9%**

Notes to Part IV:

1. **Company Owned Outlet #4** – Company-Owned Outlet #4 operates in Roseville, California and has been open since October 2024. It is comprised of 31 individual suites of varying sizes. We estimate that your Beauty Bungalows Franchise location will typically be between 5,500 to 8,000 square feet and will contain 25-40 individual suites of varying sizes.

2. **Gross Revenue** – "Gross Revenue" means all amounts collected from license agreements and reservation fees generated at Company-Owned Outlet #4. Gross Revenue does not include any revenue collected in the form of taxes collected and then paid to applicable government agencies.

3. **Manager Compensation** – Company-Owned Outlet #4 was owner-operated and did not employ a dedicated Manager.

4. **Estimated Franchise Operating Expenses** – Company-Owned Outlet #4 did not pay us Royalty Fees, Brand Fund Contributions, or Technology Fees. We have included a Royalty Fee, a Brand Fund Contribution, and a Technology Fee.

5. **EBITDA (if franchised) –** "EBITDA (if franchised)" does not include expenses related to taxes, interest on debt, depreciation, or amortization costs. The numbers included in this figure

are equal to the Gross Revenue, minus the Total Key Operating Expenses and Estimated Franchise Operating Expenses.

6. **EBITDA (if franchised) Margin** – EBITDA (if franchised) Margin is calculated by dividing the EBITDA (if franchised) figure by the Gross Revenue figure.

Part V - Franchise Outlet #1 (29 Suites | ~6,090 sq ft.)[1]

March 16, 2025, to December 31, 2025	
GROSS REVENUE[2]	**$369,385**
Key Operating Expenses	
Advertising	$26,147
Supplies	$6,492
Insurance	$2,616
Janitorial	$12,953
Legal/Licenses	$1,464
Manager[3]	$0
Rent/NNN/CAMS Expense	$122,964
Repairs & Maintenance	$4,255
Utilities	$15,327
Bank Fees	$526
Office Expenses	$1,630
Total Key Operating Expenses	**$194,374**
Franchise Operating Expenses[4]	
Royalty Fees (5.5%)	$20,316.18
Brand Fund Contribution (1%)	$3,693.85
Technology Fee	$1,500
Total Franchise Expenses	**$25,510.03**
EBITDA[5]	**$149,500.97**
EBITDA Profit Margin[6]	**40.5%**

Notes to Part V:

1. **Franchise Outlet #1** – Franchise Outlets #1 operates in Vista, California and has been open since March 2025. It is comprised of 29 individual suites of varying sizes.

2. **Gross Revenue** – "Gross Revenue" means all amounts collected from license agreements and reservation fees generated at Franchise Outlet #1. Gross Revenue does not include any revenue collected in the form of taxes collected and then paid to applicable government agencies.

3. **Manager Compensation** – Franchise Outlet #1 was owner-operated and did not employ a dedicated Manager.

4. **Franchise Operating Expenses** – Franchise Outlet #1 did pay us Royalty Fees, Brand Fund Contributions, or Technology Fees.

5. **EBITDA –** "EBITDA" does not include expenses related to taxes, interest on debt, depreciation, or amortization costs. The numbers included in this figure are equal to the Gross Revenue, minus the Total Key Operating Expenses and Franchise Operating Expenses.

6. **EBITDA Margin** – EBITDA Margin is calculated by dividing the EBITDA figure by the Gross Revenue figure.

Notes Regarding the Company-Owned Outlets and Item 19 Generally:

1. This Item 19 does not reflect certain pre-opening costs and expenses over the Measuring Period that you are likely to incur in connection with development of a new Outlet. See Item 7 for details about pre-opening costs for your Business.

2. The financial performance representation does not reflect all of the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Beauty Bungalows business. Franchisees or former franchisees, listed in Exhibit D of this Franchise Disclosure Document, may be one source of this information.

Other than the preceding financial performance representation, Beauty Bungalows Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jade Blevens, 526 Main Street, Huntington Beach, CA 92648, and 209-996-8722, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

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	0	0	0
	2024	0	0	0
	2025	0	2	+2
Company-Owned	2023	2	3	+1
	2024	3	4	+1
	2025	4	4	0
Total Outlets	2023	2	3	+1
	2024	3	4	+1
	2025	4	6	+2

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TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2023 TO 2025

STATE	YEAR	NUMBER OF TRANSFERS
TOTAL	2023	0
	2024	0
	2025	0

TABLE NO. 3
STATUS OF FRANCHISED LOCATIONS FOR YEARS 2023 TO 2025

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Florida	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
California	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Totals	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2023 TO 2025

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2023	2	1	0	0	0	3
	2024	3	1	0	0	0	4
	2025	4	0	0	0	0	4
Totals	2023	2	1	0	0	0	3
	2024	3	1	0	0	0	4
	2025	4	0	0	0	0	4

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TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2025

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	6	4	0
New Jersey	1	1	0
Texas	1	1	0
Florida	1	2	0
Total	9	8	0

Exhibit D lists (i) the names of all current Beauty Bungalows franchisees and the addresses and telephone numbers of their outlets as of the date of this Disclosure Document, and (ii) the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within ten weeks of the issuance date of this Disclosure Document. If you buy a Beauty Bungalows Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Agreements

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees.

Associations and/or Organizations

As of the date of the issuance date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with our franchise system.

ITEM 21: FINANCIAL STATEMENTS

Included in Exhibit A to this disclosure document is our audited financial statements as of December 31, 2025, December 31, 2024, and December 31, 2023. Our fiscal year end is December 31.

ITEM 22: CONTRACTS

Attached to this Disclosure Document are the following contracts:

Contract	Location in FDD
Franchise Agreement & Attachments	FDD Exhibit B
Collateral Assignment of Phone Numbers	FA Appendix C
Personal Guaranty	FA Appendix E
Franchisee Compliance Questionnaire	FA Appendix H
Sample General Release	FA Appendix F
State Specific Addenda (if applicable)	FDD Exhibit E
Sample Non-compete and Non-disclosure Agreement	FDD Exhibit G
Area Development Agreement & Appendix	FDD Exhibit H
Receipts	Last 2 Pages

ITEM 23: RECEIPTS

Attached as the last two pages of this Disclosure Document are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A

FINANCIAL STATEMENTS

Beauty Bungalows Franchising, LLC

(A Wyoming Limited Liability Company)

Financial Statements with Report of Independent Auditors
December 31, 2025, 2024 and 2023

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Report of Independent Auditors

To the Member of
Beauty Bungalows Franchising, LLC:

Opinion
We have audited the accompanying financial statements of Beauty Bungalows Franchising, LLC (the "Company"), a Wyoming Limited Liability Company, which comprise the balance sheets as of December 31, 2025, December 31, 2024 and December 31, 2023, and the related statements of operations, member's equity 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, December 31, 2024 and December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 for one year after March 3, 2026.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstance, 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

DA Advisory Group PLLC

Troy, MI
March 3, 2026

Beauty Bungalows Franchising, LLC
BALANCE SHEETS
As of December 31, 2025, 2024 and 2023

	2025	2024	2023
ASSETS			
Current assets:			
Cash and cash equivalents	$ 111,592	$ 148,703	$ 115,727
Deferred cost	25,478	7,264	-
Franchise fee receivable	49,900	-	-
Total current assets	186,970	155,967	115,727
Noncurrent assets:			
Deferred cost - net of current portion	242,758	202,236	-
Total noncurrent assets	242,758	202,236	-
Total assets	$ 429,728	$ 358,203	$ 115,727
LIABILITIES AND MEMBER'S DEFICIT			
Current liabilities:			
Credit card	$ 17,285	$ 13,933	$ -
Deferred revenue	43,834	61,980	37,010
Accounts payable	30,000	-	-
Total current liabilities	91,119	75,913	37,010
Noncurrent liabilities:			
Deferred revenue - net of current portion	726,296	595,220	177,590
Total noncurrent liabilities	726,296	595,220	177,590
Total liabilities	817,415	671,133	214,600
Member's deficit			
Total member's deficit	(387,687)	(312,930)	(98,873)
Total liabilities and member's deficit	$ 429,728	$ 358,203	$ 115,727

see accompanying notes

Beauty Bungalows Franchising, LLC
STATEMENTS OF OPERATIONS
For the years ended December 31, 2025, 2024 and 2023

	2025	2024	2023
OPERATING REVENUES			
Revenue	$ 6,970	$ 46,800	$ -
Royalty and brand fund fee	20,115	-	-
Technology fee	9,225	200	-
Total operating revenues	36,310	47,000	-
OPERATING EXPENSES			
Total operating expenses	210,249	277,675	201,094
Operating loss	(173,939)	(230,675)	(201,094)
OTHER INCOME (EXPENSE)			
Interest expense	(2,024)	-	-
Total other income (expense)	(2,024)	-	-
Net loss	$ (175,963)	$ (230,675)	$ (201,094)

see accompanying notes

Beauty Bungalows Franchising, LLC
STATEMENTS OF MEMBER'S EQUITY
For the years ended December 31, 2025. 2024 and 2023

	Total Member's Equity
BALANCE, DECEMBER 31, 2022	$ 124,233
Member contributions	37,988
Member distributions	(60,000)
Net loss	(201,094)
BALANCE, DECEMBER 31, 2023	$ (98,873)
Member contributions	16,618
Member distributions	-
Net loss	(230,675)
BALANCE, DECEMBER 31, 2024	$ (312,930)
Member contributions	126,206
Member distributions	(25,000)
Net loss	(175,963)
BALANCE, DECEMBER 31, 2025	$ (387,687)

see accompanying notes

Beauty Bungalows Franchising, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2025, 2024 and 2023

	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (175,963)	$ (230,675)	$ (201,094)
Change in:			
Deferred revenue	112,930	442,600	214,600
Franchise fee receivable	(49,900)	-	-
Accounts payable	30,000	-	-
Credit card	3,352	13,933	-
Deferred acquisition costs	(58,736)	(209,500)	-
Net cash (used in) provided by operating activities	(138,317)	16,358	13,506
CASH FLOWS FROM FINANCING ACTIVITIES			
Member contributions	126,206	16,618	37,988
Member distributions	(25,000)	-	(60,000)
Net cash provided by (used in) financing activities	101,206	16,618	(22,012)
Net change in cash and cash equivalents	$ (37,111)	$ 32,976	$ (8,506)
Cash and cash equivalents at beginning of year	148,703	115,727	124,233
Cash and cash equivalents at end of year	$ 111,592	$ 148,703	$ 115,727
Total cash and cash equivalents	$ 111,592	$ 148,703	$ 115,727
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 2,024	$ -	$ -

see accompanying notes

1. Organization

Beauty Bungalows Franchising LLC (the "Company") is a Wyoming limited liability company formed in July 2021. The Company was formed for the purpose of franchising beauty stores nationally in the United States. The company has one member with 100% ownership.

For the years ended December 31, 2025, December 31, 2024, and December 31, 2023, total member contributions were $126,206, $16,618 and $37,988, respectively and total member distributions were $25,000, $0 and $60,000, respectively.

2. Summary of significant accounting policies and nature of operations

Basis of accounting
The accompanying financial statements have been prepared under the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash and cash equivalents
Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition. The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since its inception and has not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Revenue and expenses
The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees. Each franchise agreement is comprised of several performance obligations.

The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

2. Summary of significant accounting policies and nature of operations (continued)
Revenue and expenses (continued)

When a franchisee purchases a franchise, the Company grants the franchisee the rights to operate in a designated area and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). The license is considered to be symbolic intellectual property. Revenues related to the license are continuing royalties based on a fixed percentage of gross sales of each location. These revenues will be used to continue the development of the Company's brand, the franchise system and provide ongoing support for the Company's franchisees over the term of the agreement. The royalties are billed monthly and are recognized as revenue when earned. For the years ended December 31, 2025, 2024, and 2023, royalties and brand fund fees were $20,115, $200 and $0, respectively.

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory and license rights. These primarily include training services, opening support services, opening marketing assistance and franchisee acquisition and acceptance. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin approach. Revenue from initial fees is recognized when the performance obligation is satisfied, and control of the goods or service has been transferred to the franchisee. Performance obligations that are normally satisfied by the opening of the franchised business to the public are determined to be earned during the period from the execution of the contract to the opening of the franchised business which is generally less than one year. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred nonrefundable revenue and recognized as revenue over the term of the contract which is currently 10 years from the date the franchisee opens the franchise business to the public. Incremental costs of obtaining a franchise agreement with a franchisee related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as cost of sales over the same term as the related performance obligation which is currently 10 years. Revenue from multi-unit development agreements is recognized over the term of the development agreement

Income taxes
The Company filed an election with the Internal Revenue Service to be treated as a flow-through entity for all taxable years. Therefore, the Company is not subject to corporate income tax and all taxable income or loss will pass through to the Member of the Company.

Advertising costs
The Company expenses and advertising costs as incurred. Advertising expenses for the years ended December 31, 2025, and 2024 were $31,692, $21,514 and $10,613 respectively.

Accounts receivable
Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. No write-offs were made in the reporting period.

2. Summary of significant accounting policies and nature of operations (continued)

Fair value of financial instruments

The Fair Value Measurements and Disclosure Topic of the FASB Accounting Codification establishes a framework for measuring fair value that is based on the inputs market participants use to determine fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs.

The accounting guidance describes a hierarchy of three levels of input that may be used to measure fair value:

Level 1	Inputs based on quote prices in active markets for identical assets and liabilities.
Level 2	Inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
Level 3	Unobservable inputs based on little market or no market activity and which are significant to the fair value of the assets and liabilities.

The Company's material financial instruments consist of primarily cash and cash equivalents and accounts payable and accrued expenses. The fair values of cash, accounts and notes receivable, accounts payable and accrued expenses are equal to their carrying values based on their liquidity. The fair value measurement of these assets is categorized as Level 1.

3. Restatement of prior period financials

In 2025, the Company identified one error in misclassification of consulting expense into commissions paid for procuring the contracts and the amount was deferred since 2023. The total amount of expense was $115,283. Considering the materiality of the amount, the prior period financials for 2023 and 2024 need to be restated. The impact of the adjustments is listed below.

The following tables summarize the impact of changes on the Company's financial statements for the years ended December 31, 2024, and December 31, 2023.

Restated financials presented in the supplemental schedules of this report.

4. Disaggregation of revenues

The Company disaggregates revenue from contracts with customers by the timing of revenue recognition by type of revenue, as it believes this best depicts how nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by timing of recognition were as follows:

	2025	2024	2023
Point in time			
Franchise fee	$ 5,850	$ 46,800	$ -
Royalty/ Brand Fund Fee	20,115	-	-
Technology Fee	9,225	200	-
	35,190	47,000	-
Over time:			
Franchise fee	1,120	-	-
Total revenue	$ 36,310	$ 47,000	$ -

5. Contract balances

The Company recorded an asset for acquisition costs incurred to obtain franchise agreements and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements.

A summary of acquisition costs incurred as of December 31, 2025, 2024 and 2023 is as follows:

	2025	2024	2023
Deferred acquisition costs - beginning	$ 209,500	$ -	$ -
Additional costs incurred	66,000	209,500	-
Deferred acquisition costs recognized	(7,264)	-	-
Deferred acquisition costs - ending	$ 268,236	$ 209,500	$ -

Deferred acquisition costs are expected to be amortized over the remaining term of the associated franchise agreement as follows:

5. Contract balances (continued)

Year ending December 31, 2025		
2026	$	25,478
2027		30,888
2028		31,031
2029		31,031
2030		31,031
Thereafter		118,777
Total	$	268,236
Year ending December 31, 2024		
2025	$	7,264
2026		17,780
2027		20,491
2028		24,797
2029		24,797
Thereafter		114,371
Total	$	209,500
Year ending December 31, 2023		
2024	$	-
2025		-
2026		-
2027		-
2028		-
Thereafter		-
Total	$	-

6. Deferred franchise revenue

This represents franchise fees received in advance that are not yet earned under the terms of franchise agreement.

A summary of deferred franchise revenue as of December 31, 2025, 2024 and 2023 is as follows:

	2025	2024	2023
Deferred revenue - beginning	$ 657,200	$ 214,600	$ -
Franchise fees	119,900	489,400	214,600
Franchise fees recognized	(6,970)	(46,800)	-
Deferred revenue - ending	$ 770,130	$ 657,200	$ 214,600

Deferred franchise fee revenue is expected to be amortized over the remaining term of the associated franchise agreement as follows:

Year ending December 31, 2025	
2026	$ 43,834
2027	71,163
2028	101,589
2029	101,589
2030	101,589
Thereafter	350,366
Total	$ 770,130

6. Deferred franchise revenue (continued)

Year ending December 31, 2024		
2025	$	61,980
2026		60,865
2027		59,870
2028		59,870
2029		59,870
Thereafter		354,745
Total	$	657,200

Year ending December 31, 2023		
2024	$	23,400
2025		19,120
2026		19,120
2027		19,120
2028		19,120
Thereafter		114,720
Total	$	214,600

7. Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

8. Related-party transactions

During the year ended December 31, 2025, 2024 and 2023, the Company paid rent expenses of $0, $3,000 and $6,500 to its affiliate for the usage of common workspace. No amount is outstanding for the year ending December 31, 2025, 2024 and December 31, 2023.

9. Subsequent events

Subsequent events have been evaluated through March 3, 2026, which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the financial statements or disclosure.

SUPPLEMENTAL SCHEDULE TO FOOTNOTE 3

RESTATED BALANCE SHEETS - AS OF DECEMBER 31, 2024 and 2023

	2024			2023		
	As previously reported	Adjustments	As restated December 31, 2024	As previously reported	Adjustments	As restated December 31, 2023
ASSETS						
Current assets:						
Cash and cash equivalents	$ 148,703	$ -	$ 148,703	$ 115,727	$ -	$ 115,727
Deferred cost	26,544	(19,280)	7,264	-	-	
Total current assets	175,247	(19,280)	155,967	115,727	-	115,727
Noncurrent assets:						
Deferred cost - net of current	286,113	(83,877)	202,236	115,783	(115,783)	-
Total noncurrent assets	286,113	(83,877)	202,236	115,783	(115,783)	-
Total assets	$ 461,360	$ (103,157)	$ 358,203	$ 231,510	$ (115,783)	$ 115,727
LIABILITIES AND MEMBER'S DEFICIT						
Current liabilities:						
Credit card	$ 13,933	$ -	$ 13,933	$ -	$ -	$ -
Deferred revenue	61,980	-	61,980	37,010	-	37,010
Accounts payable	-	-	-	-	-	-
Total current liabilities	75,913	-	75,913	37,010	-	37,010
Noncurrent liabilities:						
Deferred revenue - net of current	595,220	-	595,220	177,590	-	177,590
Total noncurrent liabilities	595,220	-	595,220	177,590	-	177,590
Total liabilities	671,133	-	671,133	214,600	-	214,600
Member's deficit						
Total member's deficit	(209,773)	(103,157)	(312,930)	16,910	(115,783)	(98,873)
Total liabilities and member's deficit	$ 461,360	$ (103,157)	$ 358,203	$ 231,510	$ (115,783)	$ 115,727

RESTATED STATEMENTS OF OPERATIONS - FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

	2024			2023		
	As previously reported	Adjustments	As restated December 31, 2024	As previously reported	Adjustments	As restated December 31, 2023
Operating revenues:						
Revenue	$ 46,800	$ -	$ 46,800	$ -	$ -	$ -
Royalty and brand fund fee	-	-	-	-	-	-
Technology fee	200	-	200	-	-	-
Total operating revenues	47,000	-	47,000	-	-	-
Operating expenses:						
Total operating expenses	290,301	(12,626)	277,675	85,311	115,783	201,094
Operating loss	(243,301)	12,626	(230,675)	(85,311)	(115,783)	(201,094)
Net loss	$ (243,301)	$ 12,626	$ (230,675)	$ (85,311)	$ (115,783)	$ (201,094)

RESTATED STATEMENTS OF EQUITY - FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

	As previously reported	Adjustments	As restated
BALANCE, DECEMBER 31, 2022	$ 124,233	$ -	$ 124,233
Member contributions	37,988	-	37,988
Member distributions	(60,000)	-	(60,000)
Net loss	(85,311)	(115,783)	(201,094)
BALANCE, DECEMBER 31, 2023	$ 16,910	$ (115,783)	$ (98,873)
Member contributions	16,618	-	16,618
Member distributions	-	-	-
Net loss	(243,301)	12,626	(230,675)
BALANCE, DECEMBER 31, 2024	$ (209,773)	$ (103,157)	$ (312,930)

RESTATED STATEMENTS OF CASH FLOWS - FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

	2024			2023		
	As previously reported	Adjustments	As restated December 31, 2024	As previously reported	Adjustments	As restated December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss	$ (243,301)	$ 12,626	$ (230,675)	$ (85,311)	$ (115,783)	$ (201,094)
Change in:						
Deferred revenue	442,600	-	442,600	214,600	-	214,600
Credit card	13,933	-	13,933	-	-	-
Deferred acquisition costs	(196,874)	(12,626)	(209,500)	(115,783)	115,783	-
Net cash provided by operating activities	16,358	-	16,358	13,506	-	13,506
CASH FLOWS FROM FINANCING ACTIVITIES						
Member contributions	16,618	-	16,618	37,988	-	37,988
Member distribtuions	-	-	-	(60,000)	-	(60,000)
Net cash provided by/(used in) financing activities	16,618	-	16,618	(22,012)	-	(22,012)
Net change in cash and cash equivalents	$ 32,976	$ -	$ 32,976	$ (8,506)	$ -	$ (8,506)
Cash and cash equivalents at beginning of year	115,727	-	115,727	124,233	-	124,233
Cash and cash equivalents at end of year	$ 148,703	$ -	$ 148,703	$ 115,727	$ -	$ 115,727
Total cash and cash equivalents	$ 148,703	$ -	$ 148,703	$ 115,727	$ -	$ 115,727

EXHIBIT B

FRANCHISE AGREEMENT & ATTACHMENTS

FRANCHISE AGREEMENT

between

BEAUTY BUNGALOWS FRANCHISING, LLC

and

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FRANCHISEE

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BEAUTY BUNGALOWS FRANCHISING, LLC

FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is entered into as of the date set forth on Appendix A of this Agreement (the "Effective Date") (Appendix A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) between Beauty Bungalows Franchising, LLC, a Wyoming limited liability company with a principal business address at 257 Wake Forest Road, Costa Mesa, CA 92626 ("Franchisor"), and the person or entity identified on Appendix A as the franchisee ("Franchisee" or "you"), with a principal business address set forth on Appendix A. In this Agreement "we," "us," and "our" refers to Franchisor. "You" and "your" refers to Franchisee

In consideration of the mutual promises in this Agreement, the parties agree as follows:

1. DEFINITIONS

1.01 "**Assets**" means the Franchised Business, including all inventories, supplies, furnishings, equipment, fixtures, land, buildings and improvements, and other tangible items.

1.02 "**Business**" means the right which is granted to Franchisee to operate a Franchise as set forth in this Agreement.

1.03 "**Business Records**" means evidence of each business transaction, and all financial, tax, marketing, and other operating aspects of the Business, and all evidence and records with respect to tenants, employees, and other service professionals relating the Business including, without limitation, all databases in print, electronic or other form, including all names, addresses, phone numbers, e-mail addresses, tenant records, and all other records contained in the database, and all other records created and maintained by Franchisee in operation of the Business.

1.04 "**Client**" means the individual receiving salon services from Franchisee's Customers (defined below).

1.05 "**Competitive Business**" means any other business or enterprise that develops, operates, constructs, manages, provides, rents, or leases studios, suites, offices or rooms to individuals, businesses or groups that provide spa services, barbering, beauty services, cosmetology services, wellness services, personal care services, massage services, nail care services, skin care services, teeth-whitening services, skin tanning services, hair loss treatments services and hair treatment services and other similar personal services.

1.06 "**Confidential Information**" means all methods for establishing, operating, and promoting the Business pursuant to the Franchisor's distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Franchisor and such other information as may be further developed periodically by the Franchisor. Franchisor's Confidential Information includes lists of, and information regarding, actual and prospective customers (including Customers) of any Beauty Bungalows Studio.

1.07 "**Contractor**" means an independent contractor providing work or services to the Franchisee at the Premises (for example, janitorial services, on-site management services, trash removal services).

1.08 "**Control,**" "**Controlled**," or "**Controlling Interest**" means the power, directly or indirectly, to direct or cause the direction of the management and policies of an entity, whether by contract, vote, or otherwise.

1.09 "**Customer**" means the salon professional who licenses the salon studio from Franchisee.

1.10 "**Force Majeure Event**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), war (declared or undeclared), riot, terrorist act, cybersecurity incident, or other civil disturbances; epidemics; pandemics; or other forces, that materially and adversely affect the ability of a party hereto to perform provided that in all events they are not within the reasonable control of the party affected thereby.

1.11 "**Franchise**" means the Beauty Bungalows Studio which Franchisee is granted the right to operate in conformity with the requirements of this Agreement.

1.12 "**Gross Revenue**" means the total of all income derived from license agreements and reservation fees, whether the income is received by cash, credit, checks, services, property, or other means of exchange. "Gross Revenue" shall exclude only those sales taxes that Franchisee must by law collect from customers and that Franchisee pays to the government, promotional or discount coupons to the extent that Franchisee realizes no income, and employee or lessee receipt of services, if free, or any portion not paid for by an employee or studio lessee.

1.13 "**License**" when used on the context of a Customer means the license agreement whereby the Franchisee agrees to allow its Customer to use a studio or space within the Beauty Bungalows Premises.

1.14 "**Local Area Marketing Requirement**" means local advertising, marketing, and promotion expenditures that Franchisee is required to make. Subject to the expenditure limit set forth in Section 9.01, Franchise must expend, at its sole cost and expense, the amounts set forth in Section 9.01 on local advertising, marketing, and promotional items that we approve, unless we agree to reduce or waive such requirements as a result of Franchisee maintaining certain occupancy levels of suites in the Business.

1.15 "**Manual**" means Franchisor's operations manual and other written materials, including information posted on Franchisor's website and information sent to or accessed by Franchisee in print or electronic form, manuals, written procedures, memoranda and their supplements loaned to Franchisee by Franchisor.

1.16 "**Marks**" means Franchisor's trade names, trademarks, service marks, logos, decor, trade dress, lay out, and commercial symbols, and similar and related words or symbols, now or in the future associated with Franchisor, the System or the franchised Business, whether or not they are registered, including, but not limited to, "Beauty Bungalows."

1.17 "**Multi-Area Marketing Program(s)**" or "**MAM Program(s)**" means regional, national, or international marketing, advertising, or promotional program(s) performed in conjunction with other franchisees or the Franchisor, designed to increase business, such as marketing to multi-area customers, customer incentive programs, Internet, social media, shows, events, yellow pages, directories, affinity marketing, vendor programs, and co-branding programs. Subject to the expenditure limit set forth in Section 9.03, Franchisee must participate, at Franchisee's sole cost and expense, in any Multi-Area Marketing Programs required by Franchisor.

1.18 "**Brand Fund**" means the separate bank account used by Franchisor for the purposes specified in this Franchise Agreement. The Marketing Fund is not a trust or escrow account and is managed by Franchisor in its sole discretion. Franchisee must make a monthly contribution to the Brand Fund as set forth in Section 9.04.

1.19 "**Premises**" means the one Franchise within the Protected Territory and as described in Appendix A at which Franchisee may operate the franchised Business using the System.

1.20 "**Protected Territory**" means the territory described in Schedule 1 to Appendix A to this Agreement, subject to any reservations or exceptions contained in this Agreement.

1.21 "**Site Selection Area**" means the area in which you will have the non-exclusive right to search for a Premises to locate your Beauty Bungalows Franchise. Your Site Selection Area is set forth in Appendix A to this Agreement.

1.22 "**System**" means, collectively, Franchisor's valuable know-how, information, trade secrets, methods, Manuals, standards, designs, methods of trademark usage, copyrightable works, space sources and specifications, software, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the franchised Business, as modified by Franchisor at any time.

1.23 "**Term**" means, individually and collectively, the initial term of this Agreement under Section 3.01 and any successive renewal term under Section 3.02.

1.24 "**Trade Secret**" is the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures, and improvements regarding the System that is valuable and secret in the sense that it is not generally known to competitors of Franchisor, including lists of, and information regarding, actual and prospective customers (including Customers) of any Beauty Bungalows.

1.25 "**Transfer**" means to voluntarily or involuntarily, directly or indirectly, transfer, assign, sell, convey, dispose of, gift, pledge, hypothecate, mortgage, or encumber any rights, obligations, interests, ownership, or Control of this Agreement, Franchisee, the Franchise, the Business, or the Assets, or any other transaction that would, alone or together with other previous, simultaneous, or proposed Transfer, have the effect of transferring a Controlling Interest in or Control of Franchisee, this Agreement, or substantially all of the Assets. Except, however, a Transfer does not include the encumbering of assets in the ordinary course of business to secure financing in order to perform obligations under this Agreement or to operate the Franchise.

2. GRANT OF FRANCHISE

2.01 Grant of License. Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee a license to operate a Franchise as designated in Appendix A to this Agreement and described in Section 4, using the System and the Marks for the term of this Agreement. Franchisee may use the Marks and System only in accordance with the terms and conditions of this Agreement.

2.02 Modification of System. Franchisor reserves the right to periodically change, improve, or further develop the System, or any part of the System. Franchisee must promptly accept and comply with any change to the System and make any reasonable expenditure as necessary to comply. Such changes, improvements and developments will be imposed in a nondiscriminatory manner and required of all Franchises and Franchisor's affiliate locations. Franchisor will not alter the basic rights and obligations of the parties arising under this Agreement through changes in the Manual.

2.03 Ownership and Principal Contact of Franchisee. If Franchisee is an entity, Franchisee shall complete and immediately update throughout the term of this Agreement, as necessary, the Statement of Ownership attached hereto as Appendix D. In addition, if Franchisee is an entity, all persons who own five percent (5%) or more of the beneficial ownership interests in the entity shall guaranty Franchisee's performance under this Agreement by signing the Guaranty and Assumption of Franchisee's Obligations attached hereto as Appendix E. If Franchisee is a limited liability company, partnership, corporation or other entity, Franchisee shall provide to Franchisor a resolution signed by all members, directors or partners, as appropriate, designating the principal contact for the Business. This principal contact must be a managing member, general partner, or Controlling shareholder. Such representative shall have the authority to speak for and bind Franchisee in all matters pertaining to this Agreement, and all matters relating to the Business. Further, if Franchisee is an entity, such entity shall engage in no business other than the operation of the Business governed by this Agreement.

3. TERM AND RENEWALS

3.01 Term of Agreement. This Agreement begins on the Effective Date and will continue for a period of ten (10) years from the Effective Date, unless earlier terminated as provided under this Agreement.

3.02 Rights Upon Expiration. At the end of the term of this Agreement, Franchisee may renew its license under this Agreement for one (1) successive period of ten (10) years, provided Franchisor does not exercise its rights of refusal as set forth below.

3.03 Right of Refusal to Renew. Franchisor may refuse, in Franchisor's sole discretion, to renew Franchisee's license if Franchisee:

(a) fails to remedy, in the time frame set forth in this Agreement, any breach of this Agreement specified by Franchisor in a written notice;

(b) has committed three (3) or more breaches of this Agreement in the preceding twenty-four (24) months prior to expiration;

(c) fails to give notice of Franchisee's intent to renew at least six (6) months, but no more than twelve (12) months, prior to the expiration of this Agreement; or

(d) is not, at the time Franchisee delivers its notice of renewal or on the date this Agreement is scheduled to expire, current in payment obligations (i) to Franchisor or its subsidiaries and affiliates or (ii) to trade creditors, landlords, or mortgage holders unless Franchisee is in good faith disputing any such alleged payment obligation to such trade creditors, landlords, or mortgage holders; or

(e) fails to execute a renewal franchise agreement, fails to execute a general release in favor of Franchisor, or fails to complete any required renovations, upgrades or modernizations of the Franchise (See Section 3.05, below) prior to the expiration of this Agreement.

3.04 If Franchisor intends not to renew Franchisee's license due to a condition as set forth in Sections 3.03(a), (b), (c) or (d), then Franchisor must give Franchisee a notice of non-renewal prior to the expiration of this Agreement.

3.05 Renewal Agreement. Prior to the expiration of this Agreement, Franchisee must execute a renewal franchise agreement and all other legal agreements in Franchisor's then-current form for new franchisees. These agreements may vary in material aspects from this Agreement, including, but not limited to, higher royalty and advertising fees. Franchisee, prior to the expiration of this Agreement, must complete, to the satisfaction of Franchisor, those renovations, upgrades and/or modernizations of the Franchise as set forth in the Manual or as reasonably required by the Franchisor. Prior to executing a renewal franchise agreement, Franchisor, in its sole discretion, may require Franchisee to execute a general release of all claims Franchisee may have against Franchisor and all principals of Franchisor. This release shall include all claims arising under any federal, state, or local law, rule, or ordinance arising out of or concerning this Agreement (to the fullest extent permitted by law) and shall be in a form satisfactory to Franchisor. If Franchisee fails to execute a renewal franchise agreement prior to the expiration of this Agreement and Franchisor fails to give Franchisor a notice of non-renewal pursuant to Section 3.04 above, then this Agreement will automatically be extended from month-to-month until a renewal franchise agreement is executed or until Franchisor delivers a notice of non-renewal pursuant to Section 3.04 above.

3.06 Renewal Fee. Upon signing a renewal franchise agreement, Franchisee will not be required to pay another Initial Franchise Fee but will be required to pay a renewal fee equal to: 15% of our then-current initial franchise fee or $7,500, whichever is greater.

3.07 Franchisor's Post-Term Option Regarding Lease. Upon expiration, non-renewal, or earlier termination of this Agreement for any reason except Franchisee's termination pursuant to Section 13.01, Franchisor or its designee will have the option for thirty (30) days following the date of expiration, non-

renewal, or termination to assume Franchisee's remaining lease obligations without accruing any liability regarding the lease prior to the effective date of any assignment. If Franchisor or its designees exercises this option, Franchisee will cooperate to assign any lease related to the Franchise to Franchisor or its designee at Franchisee's sole expense.

4. TERRITORY

4.01 Franchise. Franchisee may operate the Franchise only at the mutually agreed upon Premises to be located within the Site Selection Area set forth in Appendix A to this Agreement. Franchisee may not relocate the Premises without Franchisor's prior written approval; such consent shall not be unreasonably withheld.

4.02 Protected Territory. Once you have selected and we have accepted a Premises in the Site Selectin Area, we will designate an area within the confines of your Site Selection Area as your Protected Territory. During the term of this Agreement and any extensions, neither Franchisor nor any affiliate will operate, or grant others the right to open and operate, a Beauty Bungalows location using the Marks within your Protected Territory, but Franchisor, its affiliates, and its franchisees have the right to do so anywhere outside your Protected Territory as designated in Appendix A to this Agreement. Once established, the boundaries of Franchisee's Protected Territory will not be adjusted during the Term without the written consent of both parties hereto.

4.03 Solicitation. Franchisee will have the right to solicit potential Customers within the Protected Territory. Franchisee may not knowingly, directly or indirectly, solicit or endeavor in any way to entice or lure customers of another Beauty Bungalows franchisee except, however, the general solicitation of potential Customers through direct mail and social media advertising, when intended as a general solicitation across large, multiple geographic areas, is not a violation of this provision.

4.04 Reservation of Rights. Franchisor reserves the rights, among others:

(a) to own, franchise, or operate Beauty Bungalows businesses anywhere outside of the Protected Territory, regardless of the proximity to the Premises;

(b) to use the Marks and System to sell any goods or services, including any salon equipment and beauty supplies, similar to those which Franchisee will sell through alternative distribution channels within or outside of the Protected Territory, other than through the Franchise at the Premises. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale sale to unrelated franchises, or over the Internet, or through other forms of electronic media (including social technology, social media and social networking platforms). The Internet is a channel of distribution reserved exclusively to Franchisor, and Franchisee may not independently market on the Internet or conduct e-commerce. Franchisor has the sole right to market and sell on the Internet and use the Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media. Franchisee may not separately register any domain name or any portion of a domain name containing the Marks or participate or market on any website or other form of electronic media using the Marks unless Franchisee first obtains written approval from Franchisor. Franchisee's general conduct on the Internet or other forms of electronic media, including Franchisee's use of the Marks or any advertising, is subject to the terms and conditions of this Agreement and any other rules, requirements or policies that Franchisor may identify from time to time;

(c) to purchase or be purchased by, or merge or combine with, any businesses wherever located, including a business that competes directly with Franchisee's Franchise;

(d) to implement Multi-Area Marketing Programs which may allow Franchisor or others to solicit or sell to Customers or potential Customers anywhere, as set forth in Section 9. In such a program, Franchisee will have the option of servicing any Customer within its Protected Territory.

Franchisor also reserves the right to issue mandatory policies to coordinate such Multi-Area Marketing Programs.

5. FEES AND ROYALTIES

5.01 Payment of Fees and Royalties. All payments required under this Section are imposed by and payable to Franchisor and are non-refundable except as expressly provided below. All payments must be made by any method Franchisor reasonably specifies, including check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer, or payment in advance. Franchisee must sign an Authorization for Electronic Withdrawal, set forth as Appendix B, and Franchisor may require Franchisee to submit any payments electronically. All payments to Franchisor and dollar amounts stated in this Agreement are in U.S. dollars unless otherwise expressed. Franchisor will not require Franchisee to deposit all Franchisee's revenue into an account that Franchisor controls, or from which withdrawals may be made only with Franchisor's consent, except to secure a loan or financing arrangement by Franchisor.

5.02 Initial Franchise Fee. Upon signing this Agreement, Franchisee must pay an initial franchise fee ("Initial Franchisee Fee") in the amount set forth on Appendix A, which must be paid by Franchisee upon signing this Agreement. If this Agreement is for the first unit under a multi-unit development agreement with Franchisor, Franchisee must also pay the multi- unit development fee set forth in the multi-unit development agreement to be executed concurrently herewith. If this Agreement is for the second or subsequent unit under a multi-unit development agreement with Franchisor, no Initial Franchisee Fee will be due under this Agreement. There are no refunds of the Initial Franchise Fee or any multi-unit development fee under any circumstances.

5.03 Royalties. Franchise must pay to Franchisor a monthly royalty in the amount of five and one-half percent (5.5%) of Gross Revenue for the preceding calendar month with a minimum of $250 per week ("Royalty Fee"). The Royalty Fee is due to Franchisor, without notice from Franchisor, on the first Tuesday of each month. Royalties must be reported in a form specified by Franchisor.

5.04 Late Charges and Other Fees. Unless otherwise stated, Franchisee must pay a late fee of $100 for each day the Royalty Fee (or such other payment due under this Agreement) remains unpaid, provided, however, that the $100 per day late fee will not exceed $500 during any calendar month. Franchisee must also pay interest at the rate of one and one-half percent (1.5%) per month for any late payments due under this Agreement, or the maximum interest rate allowed by applicable law, whichever is less Franchisee must pay any damages, expenses through appeal, collection costs, and reasonable attorneys' fees Franchisor incurs in connection with Franchisee's failure to make any required payments. We may charge you $500 if your business is not in compliance with our system specifications or this Agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you $250 per week until you correct such non-compliance.

5.05 Site Selection Assistance Fee. If Franchisor provides multiple on-site visits at Franchisee's request or Franchisee otherwise requests additional site selection assistance, Franchisee will pay $500 per our employee, per day for each day that Franchisor provides on-site assistance ("Site Selection Assistance Fee"). Franchisee will also pay Franchisor's travel, meals and living expenses incurred for all on-site site selection assistance. The Site Selection Assistance Fee will be due in accordance with Franchisor's invoice prior to opening the Franchised Business.

5.06 Technology Fee. You must pay to us, or to a third party that we designate, a technology fee for various technology services that we will provide or arrange for third parties to provide, which services are subject to change over time (a "Technology Fee"). The Technology Fee currently includes fees related to your access to and usage of our intranet, any mobile applications we develop, email addresses and accounts, and the website. Currently, the Technology Fee is $150 per month and the first month will be assessed pro rata from the date on which you begin receiving the technology services. We reserve the right to increase the fee by providing you with written notice of any change at least 30 days prior to the implementation of

the new fee amount. We will not increase the Technology Fee by an amount greater than 10% of any price increases by our suppliers.

5.07 Taxes and Debts. Franchisee will promptly pay when due all taxes, fees, debts, expenses, and assessments of the franchised Business, including payroll taxes. Franchisee will not permit a tax sale, seizure, levy, execution, bankruptcy, assignment of assets for or by creditors, or similar action to occur.

6. MARKS

6.01 Marks. Franchisee must only use the Marks in the conduct of the Business as specified in this Agreement. Any unauthorized use of the Marks by Franchisee will constitute a breach of this Agreement and an infringement on Franchisor's rights in and to the Marks. As between Franchisor and Franchisee, Franchisor has a prior and superior claim to the Marks, and Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement.

6.02 Authorized Marks. Franchisee shall use no trademarks other than "Beauty Bungalows" or any other Marks that Franchisor may specify for use in the identification, marketing, promotion, or operation of the Business. Franchisee is permitted to use the term "Beauty Bungalows" on its marquee signage. If Franchisee cannot lawfully use the Marks in the Protected Territory, Franchisee must obtain Franchisor's written approval to use other marks. Franchisee must also follow the copyright guidelines as specified by Franchisor in the Manual and which approval may not be unreasonably withheld, conditioned or delayed. Franchisor will indemnify Franchisee for any claims against misuse or infringement of Marks.

6.03 Change of Marks. Franchisor may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time of receiving written notification of any change, Franchisee must comply with the change, at Franchisee's sole expense unless Franchisor does not control the Marks in which case Franchisor shall bear cost of the Franchisee changing of the Marks. Notwithstanding the generality of the foregoing, so long as Franchisee's exterior storefront signage, when installed, complies with the then-current signage specifications as set forth in the Manual, Franchisee will not be required to incur the cost to replace or modify its storefront exterior sign within the first five (5) years of the Term.

6.04 Limitations on Franchisee's Use of the Marks. Franchisee must use the Marks as the sole identification of the Business, but must also identify itself as the independent owner of the Business in the manner prescribed by Franchisor. All Marks must be displayed in the manner prescribed by the Franchisor. Franchisee may not use the Marks, or any words or symbols similar to the Marks, alone or with any prefix, suffix, modifying words, terms, designs, or symbols:

(a) as part of any entity or business name;

(b) in conjunction with any documents, contracts, licenses, permits and other official documents. Any reference to the Marks in any document must state that Franchisee's use of the Marks is limited by this Agreement;

(c) other than as set forth in Section 6.05, below, in any form on the Internet, including, but not limited to, addresses, domain names, links, metatags, locators, and search techniques;

(d) in connection with the performance or sale of any unauthorized services or products; or in any other manner not expressly authorized by Franchisor.

6.05 Marks on the Internet. Franchisor retains the sole right to use the Marks to market and sell on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, and co-branding and other arrangements, and in all other forms of electronic media. Franchisee may not establish a presence on the Internet except as Franchisor may specify and only with Franchisor's prior written consent. Franchisee may not separately register any domain name or any portion of a domain name containing the Marks or participate or market on any website or other form of electronic media (including social technology, social media and social networking platforms) using the

Marks unless Franchisee first obtains written approval from Franchisor. Franchisee's general conduct on the Internet or other forms of electronic media, including Franchisee's use of the Marks or any advertising, is subject to the terms and conditions of this Agreement and any other rules, requirements or policies that Franchisor may identify from time to time. Subject to Section 9.02 below, Franchisee may use the Marks for advertising using social media, digital platforms, and Craigslist but must first obtain Franchisor's prior written approval, which shall not be unreasonably withheld, conditioned or delayed. Franchisee must sign the Internet and intranet usage agreements when developed by Franchisor. Franchisor retains the right to approve or disapprove any linking to or other use of Franchisor's website.

6.06 Marks in Advertising. Subject to Section 9.02, Franchisee must obtain Franchisor's prior written approval for any use of any item of printed, audio, visual, Internet, electronic media, or multimedia material of any kind bearing any of the Marks, unless such material is supplied by Franchisor. As specified in the Manual, Franchisee must indicate that its business is "independently owned and operated."

6.07 Goodwill. All usage of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill that might be deemed to have arisen through Franchisee's operation of the Business or other activities will inure to the exclusive benefit of Franchisor.

6.08 Infringement. Franchisee must notify Franchisor in writing within three (3) days of obtaining actual knowledge of any possible infringement or illegal use by others of a trademark which is the same as or confusingly similar to the Marks. Franchisor may, in its sole discretion, commence or join any claim against the infringing party, and bear the reasonable costs associated with the action.

6.09 Signage. Franchisee must display signage bearing the Marks and identifying the Premises as a Franchise, and signage indicating that the Franchise is independently owned and operated as a franchised Business. All signage must remain current with the System's standards as Franchisor may modify periodically. Notwithstanding the generality of the foregoing, so long as Franchisee's exterior storefront signage, when installed, complies with the then-current signage specifications as set forth in the Manual, then Franchisee shall not be required to replace or modify its exterior storefront sign within the first five (5) years of the Term or upon renewal of this Agreement if Franchisee has replaced or modified its exterior storefront sign at Franchisor's request within five (5) years immediately preceding the expiration of initial term of this Agreement.

7. MANUAL AND CONFIDENTIAL INFORMATION

7.01 Confidential Information. The System, the Manual, and other Confidential Information are proprietary, involve Trade Secrets of Franchisor, and are disclosed to Franchisee solely on the express condition that Franchisee agrees, and Franchisee does hereby agree to: fully and strictly adhere to all security procedures prescribed in writing by Franchisor, in its sole discretion, for maintaining the Confidential Information as confidential, including without limitation, the obligation to;

(a) disclose such information to its employees only to the extent necessary to market and for the operation of the Business in accordance with this Agreement;

(b) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor; and

(c) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement, and follow Franchisor's security procedures, which include the execution of approved nondisclosure agreements, and intranet, extranet and Internet usage agreements when developed by Franchisor, by Franchisee and any employee or agent who is allowed access.

7.02 Standards and Authorized Use. Franchisee must maintain strict compliance with the Manual as presently set forth and as subsequently amended and revised.

7.03 Unauthorized Use. Franchisee must not copy or otherwise reproduce any Confidential Information and must establish procedures to prevent unauthorized use by any other person. Unauthorized use of the Manual or the System will constitute a breach of this Agreement and an infringement of our proprietary rights, including trade secrets and copyrights. Franchisee must promptly report any unauthorized use of the Manual or other Confidential Information.

7.04 Manual. Franchisor will loan to Franchisee during the term of the franchise one (1) copy of Franchisor's confidential operating Manual, which may be in print, on an access code-protected company intranet or extranet, or through other media. Franchisee agrees to keep the Manual at its own risk and maintain and keep the Manual in good condition. Franchisor reserves the right to require Franchisee to use the Manual in only an electronic format. The Manual will at all times remain the property of Franchisor, and Franchisee must immediately return the Manual to Franchisor upon expiration, termination, or Transfer of this Agreement. Franchisor may periodically update and revise the Manual. Franchisee acknowledges that its entire knowledge of the operation of the System is and shall be derived from information disclosed to Franchisee by Franchisor and that certain of such information is Confidential Information of Franchisor. Franchisee shall maintain the absolute confidentiality of all such Trade Secrets during and after the term of this Agreement, and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee is bound by the standards for maintaining the privacy of the Manual in the same manner as all other Confidential Information as provided in this Agreement.

7.05 Nondisclosure and Noncompetition Agreements. Before Franchisee or any of its owners, members, company managers, partners, shareholders, officers, directors, agents, beneficial owners, principal employees, or immediate family members perform any work at or on behalf of the Business or otherwise have access to Franchisor's Confidential Information, said Franchisee, owner, member, manager, partner, shareholder, officer, director, agent, beneficial owner, principal employee, or immediate family member who is to perform such work or have access to such Confidential Information shall execute Franchisor's standard Nondisclosure and Noncompetition Agreement. A copy of all such signed agreements shall be delivered to Franchisor within one week of their execution. Franchisee will ensure its Manager, employees who perform work at the Premises and/or Contractors do not disclose any of Franchisor's Confidential Information. Should such an employee or Contractor wish to attend a training presented by Franchisor, then Franchisor may require that such employee or Contractor first sign a nondisclosure and non-compete agreement, which shall be by and between Franchisor and such employee or Contractor.

7.06 Ownership of Business Records. Franchisee acknowledges and agrees that the Franchisor may access at any time all Business Records with respect to Customers of, and related to, the Franchise including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, tenant records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and for a period of two (2) years after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion, so long as such use by Franchisor does not cause material harm to Franchisee.

8. FRANCHISOR'S DUTIES

8.01 Services Provided by Franchisor. Franchisor will provide initial and continuing services as it deems necessary or advisable in furthering Franchisee's Business and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Provision of services by Franchisor, either initial or continuing, is independent from the payment the Initial Franchise Fee or the continuing Royalty Fees. Notwithstanding the foregoing, Franchisor will provide the services listed below on a continuing basis.

8.02 Site Selection. Franchisee must operate the Franchise only from a location that Franchisor has approved. Franchisee is solely responsible for locating a site for the Franchise and negotiating a lease for

the property. Upon request, Franchisor will provide assistance to Franchisee in analyzing a site and in reviewing a lease for your Franchise. If a representative of Franchisor travels to your market or location to aid in site selection or market due diligence, Franchisee will be responsible for the representative's travel, meals and hotel costs. Franchisee may also be responsible for the Site Selection Assistance Fee. Upon request, Franchisor will analyze a site for the Franchise by examining population density, salon density, traffic patterns, and proximity of the proposed franchise to any other Beauty Bungalows, or any other reasonable criteria, as set forth in Section 10.02. Franchisor's assistance in no way constitutes a representation or warranty with respect to the property or the lease. Franchisee must secure a Premises that we have approved by signing a lease or purchase agreement within ninety (90) days of the date of this Agreement. We may extend the deadline for acquisition of a Premises by 90 days in our sole discretion, and we may require you to pay an extension fee equal to two thousand five hundred dollars ($2,500.00), and execute a general release as a condition of us agreeing to grant such extension. Franchisor will approve or disapprove your site within thirty (30) days after receiving notice of the proposed Franchise location from Franchisee. If we have accepted a Premises for you Business and you are unable or unwilling to acquire such Premises or an alternative Premises that we accept within 90 days of the Effective Date of this Agreement, we may terminate this Agreement. Franchisee agrees that the location of the Franchise isa factor in the potential for success of the Business and Franchisor may reject any location in its sole discretion, but consent will not be unreasonably withheld.

8.03 Equipment, Inventory, Advertising and Services. Franchisor may specify or pre-approve certain furniture, fixtures and equipment, interior design firms and beauty supplies used in the Business, and Franchisee must comply with such specifications and approvals. Franchisor, in its sole discretion, may negotiate marketing programs with suppliers and obtain advertising allowances or rebates for doing so and may utilize such allowances or rebates in any manner in which Franchisor elects.

8.04 Initial Training. If this is Franchisee's first franchise agreement with Franchisor, Franchisor will provide an initial training program as Franchisor may reasonably determine to be appropriate. Within the later of sixty (60) days of signing this Agreement or sixty (60) days of the designation of a location for your Business, Franchisor will provide the initial training program virtually, or at another location designated by Franchisor, to Franchisee, one designated Manager and/or another management-level employee. Franchisee and a designated Manager must attend and satisfactorily complete the initial training program. The initial training program consists of up to three (3) days of discussion of the System, techniques, procedures, and methods of operation, ordering, accounting, support procedures and instructions on quality standards and practical experience in the operation of the Franchise. If a training, for any reason, is not held virtually, Franchisee is responsible for personal travel, accommodation, and other costs of Franchisee, its Manager, and its employees while attending training. Franchisee will be charged Franchisor's current training fee for any additional persons attending training whether in person or virtual.

8.05 Ongoing Training. Franchisor will provide ongoing training and assistance as Franchisor may reasonably determine to be appropriate. Franchisor reserves the right to hold and require Franchisee to attend an annual conference to discuss on-going changes in the industry, sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, and advertising programs. Franchisor may charge a fee for such annual conference. If a fee is charged for such mandatory conference, Franchisee will be required to pay the current conference fee, which shall not exceed $500, regardless of attendance. Franchisee must pay all personal travel and living expenses for all of its owners and employees attending the conference. Conferences will be held at Franchisor's corporate headquarters, virtually, or at an alternate location chosen by Franchisor. Franchisor reserves the right to require Franchisee and Franchisee's Manager to participate in any continuing advanced training which Franchisor chooses to offer in the future ("Continuing Advanced Training"). The Continuing Advanced Training may be provided by various methods, including by telephone, SKYPE type video, e- mail, or webinars or distance learning. From time to time, Franchisor may host additional training conferences (other than the annual conference). If Franchisee or Franchisee's employees attend these additional training conferences ("Additional Training Conferences"), Franchisee may be required to pay a fee based upon the direct costs to Franchisor of retaining speakers and other direct expenses associated with the conference. Franchisee must pay all of the

travel and living expenses for Franchisee and any other employees or personnel who attend the Additional Training Conferences.

8.06 Opening and Continuing Assistance. Franchisor may provide on-site assistance in connection with initial training during the opening of the Franchise. Franchisor will provide ongoing assistance, at Franchisor's sole option and determination, by telephone, email, or other form of communication to Franchisee during normal business hours. If Franchisee requires additional on-site assistance, Franchisee will be charged Franchisor's then-current additional assistance fee per day, plus travel and living expenses for Franchisor's representative.

8.07 Advertising and Promotional Programs. Franchisor will provide advertising and promotional programs as set forth in Section 9.

8.08 Development of Programs. Franchisor may develop new interior designs and service methods, as Franchisor deems beneficial to the System. Franchisor will offer such new interior design and service methods to Franchisee on terms and costs reasonably determined by Franchisor.

8.09 Modification of System. Franchisor will periodically continue to improve, modify, and revise the Manual and the specifications, standards, and operating procedures and rules of the System, as set forth in Sections 2.02 and 7.04.

8.10 Central Purchasing. Franchisor reserves the right to implement a centralized purchasing system for franchisees and negotiate prices and terms with suppliers and to receive rebates from such purchases by Franchisees. Franchisor may utilize such rebated funds in any manner it chooses in Franchisor's sole discretion.

8.11 Website. Franchisor will provide information regarding Franchisee's Business on its website, as set forth in Section 9.02.

9. ADVERTISING

9.01 Franchisee Local Advertising. Starting in the calendar year in which the Franchise location opens for business, Franchisee is required to spend a minimum two percent (2%) of monthly Gross Revenue on local advertising, marketing, and promotion (the "Local Area Marketing Requirement"). Expenditures that count toward the Local Area Marketing Requirement include, but are not limited to, marketing mailings and expenditures on distributor relations. The following items do not count toward your Local Area Marketing Requirement: parties, holiday gifts, fee reduction to existing Customers, referral fees, and other move-in or customer retention incentives. In addition to the Local Area Marketing Requirement, Franchisee is required to market and promote the Franchisee's Business for five months prior to opening the Business and during the first two months after opening the Business and must spend between $20,000 and $22,000 during such period. Franchisee must also conduct a grand opening event the week of its grand opening and is expected to spend a minimum of $2,000 to promote the event. We may reduce or waive the required grand opening marketing spend if you reach 75% or greater suite occupancy prior to opening your Business. All local advertising expenditures will be reported to Franchisor at such times and in such manner as Franchisor specifies, including by electronic means. If you demonstrate that 75% or more of the suites within your Business are occupied, we may reduce, or waive entirely, the Local Area Marketing Requirement.

In addition to Franchisee's Local Area Marketing Requirement set forth in this Section 9.01, Franchisee must also participate in, at Franchisee's sole cost and expense, any Multi-Area Marketing Programs required by Franchisor as set forth in Section 9.03 below and contribute to the Brand Fund as set forth in Section 9.04 below. Without Franchisor's prior written consent, Franchisee may not market independently on the Internet or acquire an independent Internet domain name or website, but Franchisor will include Franchisee's Franchise on its website. Subject to Section 9.02 below, Franchisee may advertise the

Franchise using social media, digital platforms, and Craigslist, but must first obtain Franchisor's prior written approval, which shall not be unreasonably withheld, conditioned or delayed.

9.02 Advertising and Marketing Materials. Franchisor will provide Franchisee with advertising and marketing materials, in amounts that Franchisor determines at its sole option, which materials may include, but are not limited to, video and photography, copy-ready print marketing materials, posters, mailers, banners, social media graphics and copy, and digital advertising collateral. Franchisee must purchase any additional copies of advertising and marketing materials. Franchisee may develop and produce additional advertising and marketing materials, at Franchisee's own expense, but any advertising and marketing materials must be approved in writing by Franchisor in advance of Franchisee's use of such materials. Franchisor will approve or disapprove materials submitted by Franchisee within fifteen (15) days of receipt; and if not disapproved within such 15-day period, the materials shall be deemed approved. Franchisee hereby grants Franchisor an exclusive right to utilize any advertising and marketing materials, without cost, developed by Franchisee and Franchisor will have the right to grant other franchisees the right to use such advertising and marketing materials.

9.03 Multi-Area Marketing Programs. Franchisee will participate, at Franchisee's sole cost and expense, in any Multi-Area Marketing Program(s) required by Franchisor, in Franchisor's sole determination. Multi-Area Marketing Programs may require Franchisee's cooperation and participation, including refraining from certain channels of marketing and distribution, and payment of commissions, referral fees, or other amounts to Franchisor, its affiliates, or third parties. Franchisee will report to Franchisor at such times and in such manner as Franchisor specifies, including by electronic means, any expenditures directly incurred by Franchisee at the direction of Franchisor in connection with a Multi- Area Marketing Program. Alternatively, at its sole option, Franchisor may require Franchisee to pay a fee to Franchisor, in an amount Franchisor determines at its sole option, in connection with a Multi-Area Marketing Program, which fee will be due and payable at the same time and in the same manner at the Royalty Fee. If Franchisor directly collects payments from Franchisee and other franchisees in connection with a Multi-Area Marketing Program, Franchisor will use such amounts in connection with such Multi-Area Marketing Program at Franchisor's sole determination, including to reimburse Franchisor's costs and expenses incurred in administering such Multi-Area Marketing Program. Franchisee acknowledges and agrees that a Multi-Area Marketing Program, or Franchisee's expenses or payments in connection with such Multi-Area Marketing Program, may or may not provide any benefit to Franchisee and may or may not be proportionate to expenses or payments incurred by Franchisee. Franchisor has no fiduciary duty with regard to any Multi-Area Marketing Program. Notwithstanding anything to the contrary in Section 9, Franchisee's combined total in a given calendar month of required expenses in connection with Multi-Area Marketing Programs and monthly contribution to the Brand Fund will not exceed two percent (2%) of Gross Revenue. Franchisor will not use any Multi- Area Marketing Program for advertising that is principally a solicitation for the sale of franchises, but Franchisor reserves the sole right to pursue any franchisee or business opportunity that may result from a Multi-Area Marketing Program. Franchisor reserves the right to include notations in any advertisement or marketing platform, including websites or mobile applications, that Franchises are available (or similar phrasing) along with contact forms or informational pages. Franchisee must adhere to maximum pricing to the extent permitted by law in connection with any Multi-Area Marketing Programs. All Multi-Area Marketing Programs are Trade Secrets of Franchisor.

9.04 Brand Fund. Franchisee must contribute to the Brand Fund in an amount determined by Franchisor, which contribution amount will not exceed two percent (2%) of Gross Revenue per month, at the same time and in the same manner as the Royalty Fee. Franchisor may, at its sole option, adjust the amount of the required monthly contribution to the Brand Fund upon thirty (30) days' prior written notice to Franchise; provided, notwithstanding anything to the contrary in Section 9, Franchisee's combined total in a given calendar month of required expenses in connection with Multi-Area Marketing Programs and monthly contribution to the Brand Fund will not exceed two percent (2%) of Gross Revenue. Franchisor will hold contributions to the Brand Fund in a separate bank account. Franchisor will administer contributions to the Brand Fund in Franchisor's sole determination for the creation and development of marketing, advertising, promotions, and related programs and materials, including electronic, print, and internet media, as well as the planning and purchasing of national, regional, and/or local advertising. The general purpose of the

Brand Fund is to maximize general public recognition and acceptance of the Beauty Bungalows brand, increase business, and enhance the collective success of salons operating under the System. Franchisor will direct all advertising and marketing programs funded by Brand Fund, including but not limited to research methods, branding, creative concepts and materials, sponsorships, and endorsements, selection of geographic and media markets, and media placement and allocation thereof. Franchisee acknowledges and agrees that expenditures from the Brand Fund may or may not be proportionate to contributions made by Franchisee or provide a direct or any benefit to Franchisee. Franchisor has no fiduciary duty with regard to the Brand Fund. Franchisor may accumulate these contributions, and the balance may be carried over to subsequent years and used for the purposes determined by Franchisor. If the Brand Fund operates at a deficit or requires additional funds at any time, Franchisor reserves the right to loan such funds to the Brand Fund on any terms Franchisor determines. Franchisor may also utilize the Brand Fund to reimburse itself for expenses in administering the Brand Fund or any MAM Program(s), including expenses related to third-party services, in-house services, contractors, employees and other costs related to the managing the Brand Fund and the collection of required contributions to the Brand Fund, including but not limited to: (a) the costs or preparing and conducting marketing campaigns intended to enhance the brand, including marketing, advertising, or promotions that are directed at consumers, salon professionals or general business professionals such as lenders to franchisees, landlords and beauty industry participants, (b) internet marketing, (c) social media marketing, (d) in-store and point of purchase marketing, (e) public relations activities or events, intended to enhance the brand, that are directed at consumers, salon professionals or general business professionals such as lenders to franchisees, landlords and beauty industry participants, (f) employing or engaging advertising and/or marketing personnel, contractors or agencies, (g) development, enhancement and maintenance of Franchisor-sponsored or promoted websites and mobile applications, (h) costs incurred by Franchisor for personnel and other departmental costs for marketing purposes, (i) Beauty Bungalows programs and differentiators relating to education and support, (j) technologies and other platforms used by Beauty Bungalows franchisees and Customers, and (k) other internal or administrative costs, expenses, or overhead caused by or related to the collecting, administering and managing the Brand Fund or any MAM Program(s) or creating, preparing, distributing, monitoring and managing marketing related marketing or advertising programs or campaigns, websites and mobile applications. Franchisor will not use the Brand Fund for advertising that is principally a solicitation for the sale of franchises, but Franchisor reserves the sole right to pursue any franchisee or business opportunity that results from the use of Brand Fund, including marketing, promotional, public relations, and advertisement activities. Franchisor reserves the right to include notations in any advertisement or marketing platform, including websites or mobile applications, that Franchises are available (or similar phrasing) along with contact forms or informational pages. An unaudited annual financial statement of the Brand Fund will be prepared within one hundred twenty (120) days of the close of Franchisor's fiscal year and will be available to Franchisee upon written request.

9.05 Marketing Cooperatives. Franchisor may designate a geographic area in which two or more Beauty Bungalows are located as an area in which to establish a marketing cooperative ("Marketing Cooperative"). If a Marketing Cooperative exists, or Franchisor establishes a Marketing Cooperative, in a geographic area encompassing Franchisee's Franchise, Franchisee must join such Marketing Cooperative. The Marketing Cooperative's members will include all Beauty Bungalows operating in the geographic area, including any Beauty Bungalows operated by Franchisor or Franchisee's affiliates, if applicable. Franchisor will determine how any Marketing Cooperative is organized and governed, but the Marketing Cooperative's members are responsible for its administration and determination of contribution levels (up to but not exceeding two percent (2%) of monthly Gross Revenue). Any contributions Franchisee makes to a required Marketing Cooperative will also count toward the Local Area Marketing Requirement. Each Marketing Cooperative will operate under written governing documents prepared by Franchisor or Franchisor's designee. Such documentation will be made available to members of the Marketing Cooperative upon reasonable request. All material decisions of the Marketing Cooperative, including contribution levels, will require the affirmative vote of at least 51% of all Beauty Bungalows operating within the Marketing Cooperative's area (including those that operated by Franchisor or Franchisor's affiliate, if any), with each Beauty Bungalows Salon Studio receiving one vote. Franchisor may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees directly, as Franchisor determines. Any fees that Franchisee pays to a Marketing Cooperative will count

towards Franchisee's minimum local advertising obligation under Section 9.01. The fees imposed by the Marketing Cooperative may exceed Franchisee's required minimum local advertising obligation under Section 9.01. Franchisor may form, modify, change, dissolve, or merge Marketing Cooperatives.

10. CONSTRUCTION AND MAINTENANCE OF FRANCHISE

10.01 Premises Selection. You must identify a Premises in the Site Selection Area that is reasonably suite for the conduct of the Business and is consistent with any site selection guidelines that we may provide, before entering into any lease or purchase agreement for the site, you must submit a site proposal package describing details about the proposed site and provide any other information that we reasonably require. We will review each site that we, our designated broker, or you identify and determine whether to accept it using our proprietary site selection assistance criteria. You acknowledge that we may refuse to accept a proposed site for any reason. If we accept the proposed site and you obtain it, we will insert a description of the specific location on Schedule 1 to Appendix A. **YOU ACKNOWLEDGE AND AGREE THAT OUR ACCEPTANCE OR PROPOSAL OF A PROPOSED SITE IS NOT A WARRANTY OR REPRESENTATION OF ANY KIND AS TO THE POTENTIAL SUCCESS OR PROFITABILITY OF YOUR BUSINESS. WHILE WE MAY PROVIDE ASSISTANCE AND GUIDANCE, IT IS SOLELY YOUR RESPONSIBILITY TO SELECT A SUITABLE SITE FOR THE BUSINESS**.

10.02 Definition of the Protected Territory. Once the Premises has been accepted, we will identify your Protected Territory in Schedule 1 to Appendix A based on the factors that we deem relevant, in our sole discretion, which might include demographics, the character and location of the Site, and nearby businesses and residences. Once we have defined the Protected Territory, you will have no territorial or other rights in those portions of the Site Selection Area that are outside the Protected Territory. You must return to us upon our request a signed copy of Schedule 1 to Appendix A acknowledging the Protected Territory we have designated.

10.03 Franchise Construction. Franchisee must construct or convert a building and equip the Franchise, at Franchisee's expense, in a good and workmanlike manner as specified by Franchisor. All interior designs, construction or conversion work must be completed in accordance with the standards and specifications of Franchisor, and must conform to all applicable zoning and other requirements of local authorities. All final space and fixture plans must be approved by Franchisor. Franchisor will approve or disapprove the plans within thirty (30) days of submission, and if not approved or disapproved within said thirty days, the plans shall be deemed approved. Franchisee must obtain required authorizations, licenses, certifications, and permits, complete construction or conversion of interior finish items and be open for retail business within eighteen (18) months from the date of this Agreement.

10.04 Property. Franchisee may purchase or lease the required real property and improvements from any source. Franchisee must submit proposals for the location of the Franchise within ten (10) months of the date of this Agreement. Franchisor will approve or disapprove your site within 30 days after we receive notice of the proposed location from you. Franchisee agrees that the location of the Franchise is a factor in the potential for success of the Business and Franchisor may reject any location in its sole discretion, but consent will not be unreasonably withheld. Franchisee must deliver to Franchisor any traffic, competition, and demographic and similar franchise information relating to any proposed site, that Franchisor reasonably requests, for review at least twenty (20) days before any proposed lease signing date. At least five (5) days before proposed lease signing date, Franchisee must deliver to Franchisor a copy of the proposed lease. Franchisee must also deliver to Franchisor a copy of the executed lease within five (5) days of the execution thereof.

10.05 Lease Rider. If Franchisee leases the real property in which the Franchise is located, Franchisee's lease must include the form of Lease Rider set forth in Exhibit K.

10.06 Maintenance and Upgrades. Subject to the terms of this Section, Franchisee must at all times comply with both (i) the Manual (as amended or revised from time to time) and (ii) Franchisor's standards, specifications, processes, procedures, requirements and instructions regarding the Franchise's physical

facilities, including the make, model, quality and layout of furnishings, fixtures and equipment. Franchisee must maintain the Franchise and any parking areas in good and safe condition and as may be specified in the Manual. Franchisee must remodel or upgrade the Franchise at its own cost in accordance with the Manual (as amended or revised from time to time). Any remodeling or upgrade standards or requests will be applied to all franchised locations and to all locations owned by Franchisor's affiliate on a nondiscriminatory basis.

11. RECORDS AND REPORTS

11.01 Records. Franchisee must keep and transmit complete and accurate Business Records on a current basis relating to the Business in the form, time, and manner that Franchisor prescribes. Franchisee must provide Franchisor with all hard copies, and access to electronic reports, as reasonably prescribed. Franchisee must maintain an accounting system, which accurately reflects all operational aspects of the Franchise including uniform reports as may be required by Franchisor. Franchisee must maintain its accounting using the software programs we designate (or other software as specified in the Manual) and using the account types as specified by Franchisor from time to time. Franchisee must submit to Franchisor current financial statements and other reports as Franchisor may reasonably request to evaluate or compile research data on any operational aspect of the Franchise. Franchisor reserves the right to require that Franchisee make available its sales records and files by way of an Internet connection. Business Records will specifically also include, without limitation, the following:

(a) tax returns;

(b) profit and loss statements detailing Gross Revenue and expenses for the period, to be prepared each month for the preceding month and quarterly for the prior quarter;

(c) profit and loss statements, prepared or compiled annually by an independent Certified Public Accountant annually; and

(d) balance sheets, to be prepared or compiled at least annually by an independent Certified Public Accountant.

Franchisee must keep accurate records relating to the franchised Business for a period of six (6) years after the termination or expiration of this Agreement. All reports are due in accordance with the due date prescribed by Franchisor. Franchisee will pay Franchisor a late report fee in the amount of $100 per day ("Late Report Fee") if Franchisee fails to provide such reports within the time period prescribed by Franchisor.

11.02 Records Standards. Franchisee must prepare in a form reasonably approved by Franchisor and in a timely manner, financial reports that accurately reflect all particulars relating to the Business. Franchisee must periodically deliver to Franchisor copies of accounting, tax and other documents and information, within ten (10) business days of Franchisor's requests. Franchisee must provide Franchisor with a copy of its annual financial statements including a profit and loss statement and a balance sheet containing complete notes and disclosures. Such statements must be prepared or compiled by an independent Certified Public Accountant, and be delivered to Franchisor within ninety (90) days after Franchisee's fiscal year end.

11.03 Audits. Franchisee must provide Franchisor or its agent's access to Franchisee's Business and computer systems to examine or audit Franchisee's Business, at any reasonable time on at least ten (10) days prior notice to Franchisee. Franchisor will bear the cost of the audit, unless Franchisee fails to report as required or understates Gross Revenue by two percent (2%) or more for any reported time period, in which case Franchisee will pay the audit cost plus interest on understated costs of one percent (1%) per month. Franchisee must immediately pay to Franchisor all sums owed in addition to any other remedies provided in this Agreement or by law.

11.04 Data Security and Privacy. Franchisee must comply with all applicable federal, state, and local laws, rules, and regulations regarding data security, protection, and privacy, including, without limitation and if applicable, the California Consumer Privacy Act ("CCPA"), Cal. Civ. Code § 1798.100, et seq. Franchisee must comply with any privacy policies, data protection polices, and breach response policies that Franchisor periodically may establish. Franchisee must notify Franchisor immediately regarding any actual or suspected data breach at or in connection with your Franchise or Business. Further, whenever and to the extent Franchisee operates as a "Service Provider" under the CCPA or in a similar capacity under any other applicable federal, state, or local privacy law, Franchisee represents, warrants, and covenants that:

a. Franchisee will not sell, make available or otherwise disclose any customer's "Personal Information" (as defined in the CCPA) to any third party for valuable consideration;

b. Franchisee will retain, use, or disclose Personal Information only for the specific purpose of performing the services specified in this Agreement, and not any commercial or noncommercial purpose other than providing the services specified in this Agreement;

c. Franchisee will not retain, use, or disclose Personal Information outside of the direct business relationship between Franchisee and Franchisor;

d. Franchisee will delete any Personal Information upon Franchisor's request unless Franchisee can prove that such request is subject to an exception under applicable law; and

e. Franchisee certifies that it understands and will fully comply with the restrictions of this Section 11.04. Franchisee also acknowledges and agrees that Franchisor may modify the restrictions by written notice to Franchisee, including adding other similar privacy restrictions that may be required under other federal, state, or local privacy laws.

12. FRANCHISEE'S DUTIES

12.01 Compliance with Applicable Laws. Franchisee agrees to (i) comply with all applicable laws, ordinances and regulations or rulings, or licensing requirements, of every nature whatsoever which in any way regulate or affect the operation of its Business, (ii) pay promptly all taxes and business expenses relating to the operation of the Business, and (iii) comply with all laws applicable to the Business that concern occupational hazards, accommodations for the disabled, including without limitation, the Americans with Disabilities Act, health, workers' compensation insurance and unemployment insurance. Franchisee agrees, at its expense, to modify its Franchise, if necessary, to comply with any such applicable laws or regulations. Franchisee shall not engage in any activity or practice that result in, or may reasonably be anticipated to result in, any public criticism of the System or any part thereof.

12.02 System Compliance. Franchisee must comply with the System, the Manual, and all systems, procedures and forms, as in effect from time to time and as may be amended or revised from time to time. All mandatory specifications, standards, and operating procedures prescribed by Franchisor in the Manual, or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein. Accordingly, all references in this Agreement to Franchisee's obligations under this Agreement, shall include such mandatory specifications, standards, and operating procedures contained in the Manual.

12.03 Uniformity and Image. In order to maintain uniform standards of quality, appearance, and marketing, it is essential that Franchisee conform to Franchisor's standards and specifications set forth in the Manual and the System, as these may be amended or revised from time to time.

12.04 Operations. Franchisee must maintain and operate the Business in accordance with the System and Manual, as amended by us in our discretion. Franchisee or a fully trained and qualified manager ("Manager") approved by Franchisor must participate personally and full-time in the Business.

12.05 Right of Entry and Inspection. Franchisee permits Franchisor or its authorized agent or representative to enter the Premises during normal business hours and to reasonably inspect the operations of the franchised Business. Without any liability to Franchisee, Franchisor may confiscate any materials which Franchisor, in its reasonable judgment, determines to be either illegal or in violation of this Agreement. Franchisor shall have the right to observe Franchisee and its Customers rendering services, to confer with Franchisee's employees and Customers and to generally review the Business operations for compliance with the standards and procedures set forth in the Manual. During any such entry, Franchisor will use commercially reasonable efforts not to interfere with the business or Franchisee's Customers' activities.

12.06 Restrictions on Services and Products. Franchisor and Franchisee are prohibited from requiring or mandating any exclusive products for sale or use by Franchisee's Customers within the Franchise. Franchisee is prohibited from offering to license or otherwise permit the use of other space within the Premises, chairs, booths, rooms or other items not authorized by Franchisor as being a part of the System. Franchisee will purchase furniture, fixtures and equipment, beauty supplies and use the salon design firms required for the operation of the Business from suppliers designated or approved by Franchisor. However, if Franchisee proposes to offer, conduct or utilize any services, products, materials, forms, items, supplies or services for use in connection with the Business which are not previously approved by Franchisor as meeting its specifications, Franchisee may request approval in writing from Franchisor. Franchisor may, in its sole discretion, for any reason whatsoever, elect to withhold such approval; however, in order to make such determination, Franchisor may require submission of salon design specifications, information regarding such furniture, fixtures and equipment and beauty supplies. Franchisor may charge Franchisee the actual cost incurred to inspect, investigate and test the salon equipment, beauty supplies and proposed supplier, which will include our travel and living expenses while conducting the investigation ("Supplier/Vendor Inspection Fee"). Franchisee will pay the Supplier/Vendor Inspection Fee in accordance with Franchisor's invoice. Franchisor will advise Franchisee within a reasonable time whether such furniture, fixtures and equipment and beauty supplies meet its specifications. Approved equipment descriptions and supplier contact information are prescribed in the Manual. If Franchisor has not specified or "pre-approved" a supplier for a particular item, Franchisee may seek Franchisor's approval of a supplier selected by Franchisee. Franchisor will approve Franchisee's purchase of items from such supplier so long as the proposed supplier meets all of Franchisor's specifications and standards as to quality, composition, finish, appearance and service, and adequately demonstrates its capacity and facilities to supply Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation of the Business.

12.07 Insurance. Franchisee must keep in force insurance policies as prescribed by Franchisor in the Manual by an insurance company acceptable to Franchisor at all times during the term of this Agreement and any renewals. Insurance coverage must include general liability, professional liability, combined single limit, bodily injury and property damage insurance for premises operations, products liability and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Manual and adjusted by Franchisor from time to time. Insurance policies must insure both Franchisee and Franchisor, its officers and directors, as additional named insured against any liability which may accrue against them by reason of the ownership, maintenance or operation by Franchisee of the Business. The policies must also include waiver of subrogation and stipulate that Franchisor shall receive a thirty (30) day prior written notice of cancellation. Original or duplicate copies of all insurance policies, certificates of insurance or other proof of insurance acceptable to Franchisor shall be furnished to Franchisor together with proof of payment within thirty (30) days of issuance thereof. In the event Franchisee fails to obtain the required insurance and keep the same in full force and effect, Franchisee shall pay Franchisor upon demand the premium cost thereof, which Franchisor shall then forward to the insurance carrier plus an administrative fee equal to 20% of the premium. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement pursuant to the provisions of this Agreement. Franchisee will also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation and unemployment insurance.

12.08 Appearance and Customer Service. Franchisee shall (i) maintain the Premises in a clean and attractive appearance, (ii) give prompt, courteous and efficient service to Customers and the public, and (iii) otherwise operate the Business in strict compliance with the policies, practices and procedures contained in the Manual so as to preserve, maintain and enhance the reputation and goodwill of the System. Franchisee may not alter, change, or modify the System, including the Franchise, in any way without the prior written consent and approval of Franchisor.

12.09 Signs. All signs to be used on or in connection with the Business must be approved in writing by Franchisor prior to their use by Franchisee.

12.10 Advertising. Franchisee must conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks. In particular, Franchisee shall comply with all applicable federal, state, and local telemarketing, telephone solicitation, do-not-call, text/SMS marketing, and related consumer protection laws, rules, and regulations applicable to the Franchised Business ("Telemarketing Laws"). Such Telemarking Laws include compliance with the Federal CAN-SPAM Act's general rules for commercial email, opt-out rules, and other communication messages and the Telephone Consumer Protection Act, as amended, and compliance with any registration, license, and/or permit requirements. Franchisor may at any time inspect, audit, and review Franchisee's advertising and telemarketing-related procedures, and Franchisee shall, at Franchisee's sole expense, implement any corrective actions that Franchisor's requires.

12.11 Training. If this is Franchisee's first franchise agreement with Franchisor, Franchisee or its Manager must complete Franchisor's initial training program described in Section 8.04 above. Franchisee shall train its employees and/or Contractors according to standards and procedures established by Franchisor.

12.12 Correction of Defects. Should Franchisor notify Franchisee at any time of defects, deficiencies or unsatisfactory conditions in the appearance or conduct of the Business, Franchisee shall correct any such items within the time required by Franchisor. Franchisee shall establish and maintain an image and reputation for the Business consistent with the standards set forth in this Agreement, the Manual, or as otherwise specified by Franchisor. Franchisee shall keep its Franchise clean and in good order and repair at all times.

12.13 Indemnification. Franchisor will defend and hold Franchisee harmless for any third-party claims brought against Franchisee that solely arise out of Franchisee's expressly authorized use of the Marks in connection with the Business in full compliance with the System and this Agreement. Franchisee must notify Franchisor within five (5) business days of obtaining notice or knowledge of any action, claim or demand against Franchisee relating to the Marks. Franchisee agrees to indemnify, defend and hold harmless Franchisor, its parent corporation, its subsidiaries and affiliates, and their respective shareholders, directors, officers, representatives, employees, agents, successors and assignees against all claims and liabilities directly or indirectly arising out of the operation of the Business or arising out of Franchisee's use of the Marks and System in any manner not in accordance with this Agreement. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages, and costs reasonably incurred in the defense of any claim, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Franchisee shall not however, be liable for claims to the extent such claims arose solely as a result of Franchisor's intentionally wrongful or fraudulent acts, or Franchisor's grossly negligent acts or omissions.

12.14 Computer Systems. Franchisee must acquire, maintain, and upgrade computer, information processing and communication systems, including all applicable hardware, software, and Internet and other network access providers, and website vendors, as prescribed in the Manual. Franchisee must comply with

any separate software or other license agreement that Franchisor or its designee uses in connection with providing these services. Franchisor may charge a fee for software, email communications or other custom technology for use in Franchisee's franchised Business.

12.15 Computer Problems, Viruses, and Attacks. Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor has taken reasonable steps so that these problems will not materially affect the System. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems. Franchisee shall notify Franchisor immediately of any actual or suspected data breach of Franchisee's computer systems and shall, at Franchisee's sole expense, cooperate fully with Franchisor and Franchisor's counsel to investigate the data breach and implement remedial measures. Franchisee shall defend, indemnify, and hold harmless Franchisor from any and all costs, expenses, and/or attorney's fees incurred in connection with the data breach, including but not limited to, costs associated with legal notifications, credit monitoring, and crisis management services.

12.16 Customer Data. Franchisee may capture customer data only in strict accordance with Franchisor's specifications and only using those technologies and processes that are approved by Franchisor. Franchisee shall comply with Franchisor's data privacy policies, as well as industry standards, Payment Card Industry Data Security Standard, and applicable law regarding the collection, storage, disclosure, processing, and use of customer data, including, if and when required, providing privacy notices and obtaining customer consents. Notwithstanding, Franchisee is expressly prohibited from selling, sharing, or otherwise disclosing any customer data to any third party for valuable consideration or for the purpose of performing cross-context behavioral advertising

12.17 Hazardous Materials. Franchisee must not cause or permit any toxic or hazardous waste, substances, or materials, as defined under applicable government laws and regulations to be used, generated, stored or disposed of near, on, under, about or transported to or from the Premises or any of Franchisee's vehicles except as necessary for Franchisee's operation of the franchised Business and in accordance with the Manual, and, in such event, will obtain all necessary permits to do so. Franchisee shall conduct such permissible hazardous materials activities in strict compliance, and at Franchisee's expense, with all applicable federal, state, and local laws, rules and regulations now or hereafter in effect and using all necessary and appropriate precautions. Franchisor will not be liable for any of these activities. Franchisee must provide Franchisor with a copy of all hazardous materials inventory statements and updates filed by any governmental agency or regulation and must immediately notify Franchisor both by telephone and in writing of any spill or unauthorized discharge of hazardous materials or of any conditions constituting an imminent hazard.

13. DEFAULT AND TERMINATION

13.01 Termination by Franchisee. Franchisee may terminate this Agreement if Franchisor violates a material provision of this Agreement and fails to remedy or to make substantial progress toward curing the violation within ninety (90) days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective ten (10) days after Franchisor receives written notice of termination. If Franchisee terminates this Agreement under this provision, Franchisee must follow the termination procedures as set forth in Section 13.03.

13.02 Termination by Franchisor. Subject to applicable law to the contrary, Franchisor may, at its option, terminate this Agreement before its expiration as set forth below:

(a) With Notice of 30 Days. This Agreement will terminate thirty (30) days after Franchisor gives written notice to Franchisee and Franchisee fails to cure or, in the reasonable determination of Franchisor, fails to make substantial progress toward curing the defect within the 30-day period, in the event that:

(i) Franchisee fails to secure a Premises within the time period set forth in Section 8.02, or Franchisee fails to open and begin operating the Franchise within the time period set forth in Section 10.03;

(ii) Franchisee fails or refuses to maintain and operate the Business in compliance with this Agreement, the System, or the Manual;

(iii) Franchisee fails to pay Franchisor any amounts due under this Agreement or fails to pay any supplier, service provider, or landlord any amount due under any agreement with such supplier, service provider, or landlord;

(iv) Franchisee understates or otherwise fails to accurately report Gross Revenue;

(v) Franchisee fails to pay when due any income, service, sales, or other taxes due on the Franchise's operations, unless Franchisee is in good faith contesting its liability for such taxes and has effectively stayed the enforcement of liability for such taxes;

(vi) Franchisee fails to comply with any material federal, state, or local law or regulation applicable to the operation of the Business;

(vii) Franchisee or its Manager fails to complete the required initial training or has failed to designate an acceptable location of the Franchise pursuant to Section 10;

(viii) Franchisee loses possession or the right of possession of all or a significant part of the Franchise through condemnation, casualty, lease termination or mortgage default/foreclosure and the Franchise is not relocated or reopened;

(ix) Franchisee makes an unauthorized Transfer;

(x) Franchisee is a business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate the entity without Franchisor's prior written consent;

(xi) Franchisee is in breach of any other term, condition, or provision of this Agreement; or

(xii) Franchisee is in material breach, or threatens to materially breach, any term, condition, or provision of its lease related to its Franchise.

(b) Without Opportunity to Cure. This Agreement and license will immediately terminate upon notice to Franchisee, without an opportunity to cure, in the event that:

(i) Franchisee misrepresented or omitted material facts which induced Franchisor to enter into this Agreement;

(ii) A permanent or temporary receiver or trustee for the Franchise or all or substantially all of Franchisee's property is appointed by any court, or any such appointment is consented to or not opposed through legal action by Franchisee, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made on the license, or an attachment or lien remains on the Franchise for thirty (30) days unless the attachment or lien is being duly contested in good faith by Franchisee and Franchisor is advised in writing;

(iii) Franchisee contests the validity of, or Franchisor's ownership of, any of the Marks in any court or proceeding;

(iv) Franchisee, its affiliates, and any owner of greater than twenty percent (20%) of the Franchisee entity or operator makes any unauthorized use of the Marks, makes any unauthorized use or disclosure of any Confidential Information, or uses, duplicates or discloses any portion of the Manual in violation of this Agreement;

(v) Franchisee voluntarily abandons or ceases operation of the Business for more than five (5) consecutive days;

(vi) Franchisee or any owner of greater than twenty percent (20%) of the Franchisee entity or operator is convicted of a crime involving fraud, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the reasonable opinion of the Franchisor, to materially and unfavorably affect the System, the Marks, Franchisor's or the System's goodwill or Franchisor's or the System's reputation;

(vii) Franchisee or any owner of greater than twenty percent (20%) of the Franchisee entity or operator engage in activity or conduct that is reasonably likely, in the reasonable opinion of the Franchisor, to materially and unfavorably affect the System, the Marks, Franchisor's or the System's goodwill or Franchisor's or the System's reputation;

(viii) Franchisee fails to renew its lease or exercise any renewal option under its lease for the Franchise; or

(ix) Franchisee receives notices of three or more defaults (whether different defaults noticed together, three separate instances of the same or similar default, or otherwise) under Section 13.02(a) within any 12-month period and then commits another default within the same 12-month period, regardless of whether the previous defaults were cured.

13.03 Effect of Termination. Upon any termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, and indemnity, will remain in effect, and Franchisee must immediately:

(a) promptly pay all amounts owed to Franchisor based on the operation of the Franchise through the effective date of termination;

(b) return to Franchisor all copies of the Manual, tenant lists, records, files, instructions, brochures, advertising materials, agreements, Confidential Information and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items;

(c) cancel or assign within five (5) days all registrations relating to its use of any of the Marks, in Franchisor's sole and absolute discretion. Franchisee must notify the telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of the Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and must authorize their transfer to the Franchisor or any new franchisee as may be directed by the Franchisor. The Franchisee acknowledges as between the Franchisor and the Franchisee, the Franchisor has the sole rights to, and interest in, all numbers, addresses, domain names, locators, directories and listings used by Franchisee to promote the System. The Franchisee hereby irrevocably appoints the Franchisor, with full power of substitution, as its true and lawful attorney- in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Such appointment is evidenced by Appendix C;

(d) cease doing business under any of the Marks, cancel any assumed name registration that includes any of the Marks, assign all domain names and Internet directory listings that contain the Marks to Franchisor, and refrain from identifying itself as a Beauty Bungalows franchisee;

(e) allow Franchisor or representatives access to the Business and the computer systems to verify and secure Franchisee's compliance with the obligations under this Agreement;

(f) allow Franchisor to make a final inspection and audit of your computer system, books, records and accounts;

(g) allow Franchisor the option, exercisable by Franchisor by written notice to Franchisee within thirty (30) days after expiration or earlier termination of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, materials and other assets related to the operation of the Business, at fair market value. Franchisor shall purchase assets only and shall assume no liabilities, unless otherwise agreed in writing by the parties. If the parties cannot agree on the fair market value of the assets within thirty (30) days of Franchisor's notice of exercise of its purchase option, fair market value shall be determined by three (3) appraisers. Each party shall select one (1) appraiser, and those two (2) appraisers shall select a third appraiser. The average of the determinationsof the three (3) appraisers shall be binding. In the event of an appraisal, each party shall bear its own legaland other costs and shall divide the appraisal fees equally. The purchase price shall be paid in cash; provided, that Franchisor shall have the right to set off from the purchase price (i) all fees due from Franchisee for any appraisal conducted hereunder, and (ii) all amounts due from Franchisee to Franchisor.

(h) abide by the terms of the required noncompetition covenant; and

(i) remove all displays of the Marks and trade fixtures from the Franchise which are identified or associated with the System.

13.04 Failure to Cease or Remove Identification. If, within thirty (30) days after termination of this Agreement, Franchisee fails to remove all displays of the Marks from the Franchise which are identified or associated with the System, Franchisor may enter the Franchise to effect removal. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials. If, within thirty (30) days after termination Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any fictitious name or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, for the purpose of amending or terminating all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

13.05 Payment of Liquidated Damages. In the event this Agreement is terminated due to Franchisee's default, Franchisee must pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to (a) the average monthly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of default (or such shorter time period if the Franchised Business has been open less than twelve (12) months), multiplied by the lesser of (i) twenty-four (24) or (ii) the number of months then remaining in the then-current term of this Agreement OR (b) One Hundred Thousand Dollars ($100,000), whichever is greater. Franchisee acknowledges that a precise calculation of the full extent of the lost Royalties and Brand Fund Contributions Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 13.05 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

13.06 Other Claims. Termination of this Agreement will not affect, modify or discharge any claims, rights, causes of action or remedies, which either party may have against the other party, whether such claims or rights arise before or after termination.

13.07 Principal's Default. Franchisee and each Principal acknowledge and agree that a default event described in this Article 13 that is committed by any Principal is deemed a default by the Franchisee entity and all Principals, such that Franchisor may exercise its rights pursuant to this Article 13, whether or not the Franchisee entity or any other Principal had or has involvement or knowledge of the default event.

14. TRANSFER

14.01 Prohibited Acts. Any unauthorized Transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, by Franchisee or its owners shall be deemed void, a breach of this Agreement, and grounds for termination of this Agreement by Franchisor.

14.02 Transfer by Franchisor. Franchisor's obligations under this Agreement are not personal, and Franchisor can unconditionally assign and transfer, in its sole and absolute discretion, this Agreement to another person or business entity at any time. Franchisor does not need permission of Franchisee for the transfer, and may transfer free of any responsibility or liability whatsoever to the Franchisee, provided the transferee assumes the Franchisor's material obligations. Franchisor may also, without permission from or notice to Franchisee:

(a) sell or issue its stock, other ownership interests, or assets, whether privately or publicly;

(b) merge with, acquire, or be acquired by another entity, including an entity that competes directly with Franchisee; or

(c) undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring.

14.03 Transfer by Franchisee. Franchisee's obligations under this Agreement are personal and may not be voluntarily or involuntarily sold, pledged, assigned, transferred, shared, subdivided, sub franchised, encumbered or Transferred in any way without the prior express written approval of Franchisor. If Franchisee is an entity, no owner of the Franchisee may Transfer without the prior express written approval of Franchisor. Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor's consent under Section 14.03 of the Franchise Agreement.

14.04 Conditions for Transfer or Assignment. No Transfer of this Agreement will be approved by Franchisor or be effective unless and until:

(a) The Franchise is open for business to the general public at the Premises;

(b) Franchisee is under no default in the performance or observance of any of its obligations under this Agreement or any other agreement with Franchisor at the time Franchisee requests permission to assign this Agreement or at the time of the assignment; provided, Franchisor may consent to the Transfer if the proposed transferee agrees in writing to cure said default in accordance with the terms and conditions imposed by Franchisor, in its sole determination;

(c) Franchisee has settled all outstanding accounts with Franchisor and Franchisor's approved third-party vendors and suppliers, and Franchisee, and every principal of Franchisee's entity, have executed a general release of Franchisor and all principals of Franchisor from all claims that may be brought by you or any principal;

(d) The Transfer is of all rights between Franchisee (or Franchisee's affiliate) and Franchisor (or Franchisor's affiliate) related to this Agreement;

(e) Franchisee pays Franchisor a fee to transfer the Business (the "Transfer Fee") in the amount of $5,000, provided no Transfer Fee will be required if the transferee is:

(i) a corporation of which Franchisee is the majority stockholder, or a child, parent, sibling or spouse of Franchisee (or the individual owners of Franchisee if Franchisee is an entity);

(ii) an entity created by Franchisee (or the individual owners of Franchisee if Franchisee is an entity) for estate planning purposes of which Franchisee (or the owners of Franchisee if Franchisee is an entity) is the managing member or general partner; or

(iii) one of the then-current members, shareholders or limited partners of Franchisee;

(f) Franchisee pays any third-party broker or agency fees that are incurred by Franchisor, Franchisee or the transferee as a result of the transfer;

(g) If the transferee is a person or entity who was a "Lead" of Franchisor's (defined below) before Franchisee became aware of or was introduced to the Lead, then Franchisee must pay Franchisor ten percent (10%) of the sales price between Franchisee and the transferee for the interest transferred, not to exceed Fifty Thousand Dollars ($50,000) ("Lead Fee"). The Lead Fee (including the portion of the sales price) compensates Franchisor for its lost opportunity of potentially granting a new franchise to the Lead as each year Franchisor spends significant resources to attract and identify Leads. The Lead Fee does not apply if Franchisor directly shares a Lead with Franchisee before Franchisor, in its sole discretion, has had significant contact with the Lead in connection with the possibility of purchasing a Beauty Bungalows franchise. For purposes of this Section, "Lead" means (a) a person or entity who contacts, or has been contacted by, Franchisor (including our authorized representative or affiliate) in connection with the possibility of purchasing a Beauty Bungalows franchise for a new market area or territory and/or (b) a lead located in our contact management system ("CMS") (in both (a) and (b), a "Lead" does not include someone who is an existing franchisee in the Beauty Bungalows system). Franchisee acknowledges that "contact" may be in person, in writing, by email, by telephone, or by CMS. Notwithstanding the foregoing, the Lead Fee will not apply if the transferee is an existing franchisee of Franchisor;

(h) in the case of a sale to a qualified third-party pursuant to a bona fide written offer, the provision of Sections 14.07 and 14.09 have been satisfied and Franchisee provides Franchisor with a copy of the signed purchase agreement and related documents as reasonably requested by Franchisor and proof of payment of purchase price in a format specified by Franchisor;

(i) the proposed transferee executes a separate franchise agreement with Franchisor, using the then-current form of franchise agreement;

(j) the proposed transferee pays for, attends, and satisfactorily completes the training program for new franchisees unless:

(i) the transferee is a current franchisee in good standing in the System, or

(ii) the transferee is and has been a Manager for a period of one year or more of a Franchise in good standing;

(k) the individual proposed transferee, or the stockholders, partners, members, or trustees and beneficiaries of a proposed entity transferee, each execute a personal guarantee, jointly and severally guaranteeing the performance of the proposed transferee's obligations; and

(l) Franchisee demonstrates to Franchisor's satisfaction, in its sole discretion, that the proposed transferee, in all respects, meets Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote his or her full time and best efforts to the operation of the franchised Business, and any other conditions as Franchisor may reasonably apply in evaluating new franchisees. Franchisee must provide to Franchisor all information about the proposed transferee as Franchisor may reasonably require. Franchisor may, in its sole discretion, require that the proposed transferee meet Franchisor's authorized personnel at Franchisor's headquarters. Because of the confidential information available to a franchisee, no assignment to a competitor of the System will be permitted.

14.05 Transfer to an Entity. Notwithstanding the preceding section, Franchisee may Transfer its rights and obligations under this Agreement without Franchisor's consent, to an entity in which Franchisee (or the owners of Franchisee if Franchisee is an entity) owns at least 33 percent (33%) of all ownership interests, provided:

(a) The entity is Controlled by Franchisee or the individual owners of Franchisee as either the (i) general partner(s) of a limited partnership, (ii) the managing member(s) of a limited liability company or (iii) the majority shareholder(s) and chairman of the board of directors of a corporation;

(b) Franchisee (or the individual owners of Franchisee if Franchisee is an entity), or Franchisee's operational partner or Manager approved by Franchisor, continues to devote full time and best efforts to manage the daily operations of the Business;

(c) the entity's activities are confined exclusively to operating the franchised Business; and

(d) Franchisee remains on the Agreement as a party and the entity is added as a co- party and the entity assumes joint and several liability with Franchisee.

14.06 Transfer of a Non-Controlling Interest in Franchisee. Notwithstanding anything contained in this Agreement to the contrary, if Franchisee is an entity and a Transfer or series of prior, contemporaneous, or proposed Transfers of ownership interests in Franchisee would have the effect of transferring less than Control of Franchisee, an owner holding a non-Controlling Interest in Franchisee may transfer some or all of its interest, without Franchisor's consent, so long as (a) the ownership interest at issue is non-Controlling and less than 50 percent (50%) of all ownership interests in Franchisee; (b) at least fifteen (15) days prior to the proposed Transfer, Franchisee provides Franchisor written notice of the proposed Transfer and any information relative thereto as Franchisor may reasonably request prior to the Transfer; (c) the proposed transferee (i) is not an owner, shareholder, member, partner, officer, or director in any Competitive Business, and (ii) has not been convicted of a felony, or a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, or the goodwill associated therewith; (d) if required under Section 2.03, the transferee executes the Guaranty and Assumption of Franchisee's Obligations attached hereto as Appendix E prior to the Transfer; (e) upon Franchisor's request, the transferee executes Franchisor's then-current form of Nondisclosure and Noncompetition Agreement prior to the Transfer; and (f) Franchisee provides an updated Statement of Ownership (Appendix D) to Franchisor within three (3) days of the Transfer.

14.07 Transfer Between Owners. Notwithstanding anything contained in this Agreement to the contrary, if Franchisee is an entity, the owners of Franchisee listed in the then-current Statement of Ownership (Appendix D) may Transfer some or all of their ownership interests in Franchisee between each other without Franchisor's consent, so long as (a) the Transfer does not result in a change of Control of Franchisee, (b) at least five (5) days prior to the proposed Transfer, Franchisee provides Franchisor written notice of the proposed Transfer, (c) if required under Section 2.03, all of the owners at issue execute the Guaranty and Assumption of Franchisee's Obligations attached hereto as Appendix E prior to the Transfer; (d) upon Franchisor's request, the owners at issue execute Franchisor's then-current form of Nondisclosure and Noncompetition Agreement prior to the Transfer; and (e) Franchisee provides an updated Statement of Ownership (Appendix D) to Franchisor within three (3) days of the Transfer.

14.08 Death of Franchisee. Upon the death of an individual Franchisee, the rights granted by this Agreement may pass (without payment of any Transfer Fee) to the next of kin or legatees, provided that Franchisee's legal representatives will within one hundred twenty (120) calendar days of Franchisee's death apply in writing to Franchisor for the right to transfer to the next of kin or legatee Franchisee's rights under this Agreement. Franchisor will not unreasonably withhold permission so long as the proposed transferees meet each of the then-current requirements of franchisees.

14.09 Right of First Refusal. Franchisee grants Franchisor the right to purchase the Business on the same terms and conditions specified in a bona fide written offer from a qualified third party. Within seven (7) days after receipt of the bona fide offer acceptable to Franchisee to transfer all or part of the Business, Franchisee must forward a signed copy of the written offer to Franchisor. Franchisor will then have access to all Franchisee's Business Records in order to evaluate the offer, and may purchase the Business upon notification to Franchisee within thirty (30) days and sixty (60) additional days to close the transaction.

14.10 Election of Right / Set Offs. If Franchisor elects to exercise its option to purchase under this Agreement, Franchisor will have the right to set off against any payment all amounts due from Franchisee under this Agreement, if any.

14.11 Rights After Refusal. If Franchisor does not exercise its right to purchase within the required timeframe, Franchisee may transfer the Business to the third party, but not at a lower price or on more favorable terms than disclosed to Franchisor in writing. Such transfer remains subject to Franchisor's prior written approval and other conditions specified in this Agreement. If Franchisor does not transfer the franchised Business to the transferee on the same terms offered to Franchisor, then Franchisee must again extend the right of first refusal to Franchisor in the manner described above, before another desired transfer.

15. GENERAL PROVISIONS

15.01 Covenants Not to Compete. During the term of this Agreement and for two (2) years after expiration, earlier termination, or approved Transfer of this Agreement for any reason (and during the term of this Agreement and for two (2) years from the date a person ceases to be an owner, shareholder, member, officer, or director of Franchisee), neither Franchisee nor any of Franchisee's owners, shareholders, members, partners, officers, or directors may participate directly or indirectly or serve in any capacity in any Competitive Business. This covenant not to compete applies: (i) during the term of the Agreement, within any state in which Franchisor or franchisees do business; and after termination of the Agreement within a twenty (20) mile radius from the boundary of Franchisee's Protected Territory, and within a twenty (20) mile radius from any franchised, Franchisor-owned, or affiliated company-owned Beauty Bungalows Studio; (ii) on the Internet; and (iii) on any other Multi-Area Marketing channels used by Franchisor.

This covenant not to compete is given in part in consideration for training and access to Franchisor's Trade Secrets, and which, if used in a Competitive Business without paying royalties and other payments, would give Franchisee an unfair advantage over Franchisor and Franchisor's franchisees. The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement.

15.02 Stock Ownership. Nothing in this Section will prevent any active officer of Franchisee or member of Franchisee's family either individually or collectively, from owning not more than a total of five percent (5%) of the stock of any company, which is subject to the reporting requirements of Sections 11 or Subsection 14(d) of the Securities and Exchange Act of 1934.

15.03 Force Majeure. Neither Franchisor nor Franchisee will be deemed to be in breach of this Agreement or liable for the other party's losses or damages, if their failure to perform obligations results from a Force Majeure Event. Notwithstanding the foregoing, a Force Majeure Event may not be raised or used as a defense by Franchisee for Franchisee's non-performance of any obligations with regard to, and will not excuse or delay in any way Franchisee's obligations with regard to, (a) the payment of any Royalty Fees or any other fees under this Agreement, or (b) any construction, lease, development, or opening deadline under

this Agreement or any applicable multi-unit development agreement. Any delay resulting from any Force Majeure Event will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable in the judgment of the party to whom performance is owed. Franchisee or Franchisor will, within five (5) days of the occurrence of the Force Majeure Event, give a written Notice to the other party stating the nature of the Force Majeure Event, its anticipated duration, and any action being taken to avoid or minimize its effect on the Franchise. Failure to give timely Notices waives any rights under this Section 15.03. Any suspension of performance at the Franchise will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for thirty-five (35) days from the date of the occurrence of the Force Majeure Event and such failure to perform would constitute a default under this Agreement in the absence of such Force Majeure Event, the parties will meet and discuss in good faith any amendments to this Agreement to permit Franchisor to exercise its rights under this Agreement. If the parties are not able to agree on such amendments within ten (10) days and if suspension of performance continues, Franchisor may terminate this Agreement immediately by giving written notice to Franchisee.

16. DISPUTE RESOLUTION

16.01 Negotiation. The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Franchisor will provide a procedure for internal dispute resolution as set forth in the Manual, and this procedure may be revised periodically in Franchisor's discretion.

16.02 Right to Relief. To protect from violations that would cause immediate loss and damages, Franchisor and Franchisee each have the right to seek from a court of competent jurisdiction:

(a) injunctive relief and any related incidental damages;

(b) an action for disputes or claims related to or based on the Marks; and

(c) enforcement of a covenant not to compete.

16.03 Arbitration. Except as specifically provided under this Agreement, any dispute or claim relating to or arising out of this Agreement must be resolved exclusively by mandatory arbitration by and in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") or another arbitration service agreed to by the parties. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration involving Franchisor will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. A single arbitrator shall be selected in accordance with standard AAA procedure, and the proceedings will be conducted in the major metropolitan area located nearest to Franchisor's then-current principal place of business.. Each party shall bear all of its own costs and attorneys' fees and one-half of the arbitrator's expenses. The decision of the arbitrator shall be final and binding. Franchisee agrees not to join or attempt to join other franchisees or other third-parties in any arbitration proceeding and to refrain from participating in any "class action" litigation or arbitration proposed or asserted by one or more other franchisees.

16.04 Applicability. This dispute resolution section applies to claims by and against all parties and their successors, owners, managers, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, except as stated above. This dispute resolution clause shall survive the termination or expiration of this Agreement.

16.05 Governing Arbitration Law. Notwithstanding any choice of law provision of this Agreement, all issues relating to arbitration or the enforcement of the agreement to arbitrate contained in this Agreement are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. This federal act preempts any state rules on arbitration, including those relating to the site of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.

16.06 Governing Law/Consent to Venue and Jurisdiction. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the state of Wyoming and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Wyoming, which laws shall prevail in the event of any conflict of law. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee, its officers, directors, managers or partners (collectively, "Franchisee Affiliates") and Franchisor, its parent, subsidiaries or affiliates and their respective officers, directors and sales employees (collectively, "Franchisor Affiliates") the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Wyoming and each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Wyoming. Franchisor, Franchisor Affiliates, Franchisee and Franchisee Affiliates each waive their rights to a trial by jury. The parties waive, to the extent permitted by law, any claim against the other for punitive or exemplary damages; except for such punitive or exemplary damages for violation of the Lanham Act, trademark infringement or dilution, unauthorized dissemination of the Confidential Information or Trade Secrets or arising under the indemnification set out in Section 12.13.

16.07 Limitations on Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

17. RELATIONSHIP OF THE PARTIES

17.01 Independent Contractor. Franchisee is an independent contractor and is not an agent, partner, joint venturer, or beneficiary of Franchisor, nor is Franchisor a fiduciary of Franchisee. Neither party will be bound or obligated by the other, except as set forth in this Agreement. Franchisee may not act as an agent in the Franchisor's name or on behalf of the Franchisor for any purpose whatsoever.

17.02 Operations and Identification. Franchisee must conspicuously identify itself in all dealings with the public as "independently owned and operated" separate from Franchisor. Franchisee's employees are employees of the Franchisee alone and are not, for any purpose, considered employees under the control of Franchisor. Franchisor and Franchisee must file separate tax, regulatory, and payroll reports for each party's own operations, and must indemnify the other for any liability arising from the other's reports.

18. MISCELLANEOUS

18.01 Entire Agreement. This Agreement, together with all written related agreements, exhibits and attachments, constitutes the entire understanding of the parties and supersedes all prior negotiations, commitments, and representations. Nothing in this agreement or in any related agreement is intended to disclaim any of the representations made in the disclosure document.

18.02 Modification. No modifications of the terms of this Agreement shall be valid unless made in writing and executed by both Franchisor and Franchisee. However, the Manual may be periodically modified by Franchisor and shall be fully enforceable against Franchisee.

18.03 Waiver. Franchisor's waiver of any particular right by Franchisee will not affect or impair Franchisor's rights as to any subsequent exercise of that right of the same or a different kind; nor will any delay, forbearance or omission by Franchisor to execute any rights affect or impair Franchisor's rights as to any future exercise of those rights.

18.04 Severability. If any part of this Agreement, for any reason, is declared invalid by an arbitrator or court, the declaration will not affect the validity of any remaining portion. The remaining portion will

remain in force and effect as if this Agreement were executed with the invalid portion eliminated or curtailed. All partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

18.05 Conflict with Local Law. If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. The parties may execute an Addendum setting forth certain of these amendments applicable in certain jurisdictions, which will apply only so long as and to the extent that then applicable laws referred to in the addendum remain validly in effect.

18.06 Section Headings. Titles of articles and sections are used for convenience of reference only and are not part of the text, nor are they to be construed as limiting or affecting the construction of the provisions.

18.07 Legal Costs. If either party institutes a legal proceeding, including court proceeding and arbitration, and prevails in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs, and all of the prevailing party's expenses in connection with any such legal proceeding.

18.08 Obligations. Franchisor has no liability for Franchisee's obligations to any third party whatsoever.

18.09 Continuation of Agreement. The provisions of this Agreement, which by their terms or by reasonable implication require performance by Franchisee after assignment, expiration or termination, remain enforceable notwithstanding the assignment, expiration or termination of this Agreement, including those pertaining to non-competition, intellectual property protection, confidentiality and indemnity. This Agreement inures to the benefit of and is binding on the respective heirs, legal representatives, successors, and permitted assigns of the parties.

18.10 Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment in making its decision or exercising its rights. Franchisor's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if its decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

18.11 Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

18.12 Delivery. All notices and other communications required by this Agreement must be in writing and must be delivered in person, sent by Federal Express or U.S. Mail Express delivery, or by certified mail, return receipt requested, or in any other manner Franchisor may designate. Communications sent to Franchisor must be sent to the attention of the Chief Executive Officer and General Counsel at Franchisor's address set forth on page 1 of this Agreement or at any other address Franchisor designates in writing. Communications to Franchisee will be sent to Franchisee at Franchisee's address set forth on page 1 of this Agreement, or at any other address Franchisee designates in writing or that Franchisee's member or owner provides to Franchisor from time to time via updates to the Franchisee's user profile/information in the Franchisor's systems and databases.

18.13 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.14 Set Off. Franchisee may not set off any amounts owed to Franchisor under this Agreement nor may Franchisee withhold any amounts owed to Franchisor due to any alleged non- performance by Franchisor under this Agreement. Franchisee waives any right to set off.

18.15 Completion of Agreement. The parties agree to acknowledge, execute, and deliver all further documents, instruments or assurances and to perform all further acts or deeds as may be reasonably required to carry out this Agreement.

18.16 Electronic Signatures. The parties agree that electronic signatures, facsimile signatures, or signatures transmitted by electronic mail in so-called "pdf" format shall be legal and binding and shall have the same full force and effect as if an original of this Agreement had been signed and delivered by hand. Franchisor and Franchisee both (i) intend to be bound by the signatures (whether original, faxed, or electronic) on any document sent by electronic means, (ii) are aware that the other party will rely on such signatures, and (iii) hereby waive any defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the parties hereto have executed, sealed, and delivered this Agreement in two (2) or more counterparts on the day and year first above written.

FRANCHISOR:
BEAUTY BUNGALOWS FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:
[FRANCHISEE]

By:

Name:

Title:

Date:

APPENDIX A TO FRANCHISE AGREEMENT

Franchisee Specific Terms

1. **Effective Date:** _____

2. **Franchisee's Name**: _____

3. **Franchisee's State of Organization**: _____

4. **Franchisees Principal Business Address & Telephone Number**:

   Principal Address: [ENTER ADDRESS]
   Telephone Number: [ENTER NUMBER]

5. **Initial Franchise Fee.** The Franchisee shall pay $49,900 as an Initial Franchise Fee pursuant to Section 5.02 of the Agreement.

6. **Site Selection Area**:

   [Insert list of zip codes, counties, or insert map]

7. **Designated Manager**: _____

FRANCHISOR:
BEAUTY BUNGALOWS FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:
[FRANCHISEE]

By:

Name:

Title:

Date:

Schedule 1 to Appendix A of the Franchise Agreement
Franchisee Specific Terms
(to be completed after Premises Selection and acceptance)

1. Premises. Franchisee's Business will be located at:

2. Protected Territory. Franchisor will not own, operate, or franchise a fixed franchise for the operation of another Franchise within the area described as:

[ ] 2-mile radius around location;
[ ] 1-mile radius around location; or
[ ] 0.5-mile radius around location

Fully executed this date: _____

BEAUTY BUNGALOWS FRANCHISING, LLC

By:

Name:

Title:

Date:

APPENDIX B TO FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT
FOR PREAUTHORIZED PAYMENT SERVICE

I (or We if there are joint owners of the account referenced later in this agreement) authorize and request Beauty Bungalows Franchising, LLC (the "Company") to obtain payment for all royalty amounts I (we) owe to the Company pursuant to the Franchise Agreement between the Company and me (us), as these amounts become due by initiating a payment entry to my (our) account. The account number, name of financial institution, payment amount, and date on or immediately after which payment should be deducted from the account are identified below. In addition, I (we) authorize and request the financial institution, now referred to as the Bank, to accept the payment entries presented to the Bank and to deduct them from my (our) account without responsibility for the correctness of these payments.

Franchisee Information:

Franchisee Name: _____

Payment Frequency: Monthly

Your Bank Account Information:

Please attach a voided check and we will complete this information for you.

Transit Routing Number: _____

Checking Account Number: _____

Bank Name:_____

Bank Address: _____

Your Printed Name: _____

Signature: _____

Date Signed: _____

APPENDIX C TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, ADDRESSES, AND LISTINGS

THIS ASSIGNMENT is entered into this date_____, in accordance with theterms of that certain Beauty Bungalows Franchising, LLC Franchise Agreement (the "**Franchise Agreement**") between _____("**Franchisee**") and Beauty Bungalows Franchising, LLC, a Wyoming limited liability company ("**Franchisor**"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a Beauty Bungalows Franchise located at_____(the "**Franchise Business**").

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor those certain telephone numbers, addresses, domain names, locators, directories, and listings (collectively, the "Numbers, Addresses, and Listings") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the Franchise Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone, Internet, email, electronic network, directory, and listing entities with which Franchisee has dealt (all such entities are collectively referred to herein as "Provider Companies") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor shall have the right and is hereby empowered to effectuate the Assignment of the Numbers, Addresses, and Listings and, in such event, Franchisee shall have no further right, title or interest in the Numbers, Addresses, and Listings, and shall remain liable to the Provider Companies for all past due fees owing to the Provider Companies on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Numbers, Addresses, and Listings, and Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Provider Companies to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Provider Companies to assign the Numbers, Addresses, and Listings to Franchisor. If Franchisee fails to promptly direct the Provider Companies to assign the Numbers, Addresses and Listings to Franchisor, Franchisor shall direct the Provider Companies to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Provider Companies may accept Franchisor's written direction, the Franchise Agreement, or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Numbers, Addresses, and Listings upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Provider Companies' receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Provider Companies require that the parties execute the Provider Companies' assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

[SIGNATURE PAGE FOLLOWS]

FRANCHISOR:
BEAUTY BUNGALOWS FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:
[FRANCHISEE]

By:

Name:

Title:

Date:

APPENDIX D TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee:

_____

Trade Name (if different from above):

_____

Form of Ownership(Check One)

____ Individual _____ Partnership _____ Corporation _____ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed and a copy of the Certificate of Partnership (or other similar organizing document) by the Secretary of State for the State in which the Partnership was formed.

If a Limited Liability Company, provide name and address of each member and each manager showing percentage owned and indicate the state in which the Limited Liability Company was formed and a copy of the Articles of Organization (or other similar organizing document) certified by the Secretary of State for the State in which the LLC was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each and a copy of the Articles of Incorporation certified by the Secretary of State for the State in which the corporation was formed.

_____

_____

_____

_____

Franchisee acknowledges that this Statement of Ownership applies to the Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

_____ _____

Date Name

_____

Print Name

APPENDIX E TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTIONOF OBLIGATIONS

This **Guaranty and Assumption of Obligation** is given on _____, by _____.

In consideration of, and as inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Beauty Bungalows Franchising, LLC (the "Franchisor"), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the franchisee named in the franchise agreement to which this guaranty is attached (the "Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Notwithstanding clauses (a) and (b) above, a spouse who is also a guarantor hereunder and who becomes widowed and who does not have (and will not obtain) an ownership interest in the Franchisee, the Agreement, or any Franchise Agreement granted thereunder as an owner, co-owner, investor, member, partner, shareholder or like capacity shall not thereafter be held responsible for any monetary obligations thereafter arising out of the terms and conditions of this Guaranty and Assumption of Obligations unless any such ownership interest is acquired in any manner by the widowed spouse, or the widowed spouse's or deceased spouse's children. Notwithstanding any change in ownership resulting from the death of a spouse, all monetary obligations and liabilities existing at the time of death shall continue to be an obligation of the surviving spouse until such obligations or liabilities shall be paid in full by the estate or by the guarantor spouse. Notwithstanding the limitations set forth above, any and all other non-monetary obligations of the Agreement shall remain an obligation of the surviving spouse.

Each of the undersigned waives: (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (iii) protest and non-performance of any obligations hereby guaranteed; (iv) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (v) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (i) his/her direct and immediate liability under this guaranty shall be joint and several; (ii) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time-to-time grant to Franchisee or to any other person, including without limitation 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 guaranty, which shall be continuing and irrevocable during the term of the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned has hereunto written his/her signature on the same day and year as the Agreement was executed.

GUARANTORS:
(add more lines as necessary)

By:

Name:

Ownership Percentage:

Date:

APPENDIX F TO FRANCHISE AGREEMENT

(To be used at time of Transfer of Franchise and for other Designated Purposes)(Should not be signed at time of award of Initial Franchise)

FULL AND FINAL RELEASE

FOR AND IN CONSIDERATION of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties agree and covenant as follows:

1. The undersigned franchisee (the "Franchisee") and its shareholders, members, officers, guarantors, employees, heirs, agents, representatives, successors, assigns, and directors ("Releasing Parties") do hereby release and forever discharge Beauty Bungalows Franchising, LLC ("the Franchisor"), and its parent companies, subsidiaries, affiliates, successors, agents, assigns, officers, directors, shareholders, employees, representatives, and any and all other persons, firms and corporations whatsoever ("Released Parties"), from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, breach of contract, defamation, and any claims whatsoever. This Full and Final Release (the "Release") shall apply to all agreements or contracts existing or entered into by and between Franchisee and Franchisor.

2. It is understood and agreed that the settlement evidenced by this Release is a compromise of all claims the Releasing Parties have against the Released Parties herein specified, whether past, present or future, that such claims are doubtful and disputed, and that execution of this Release is not to be construed as an admission of liability on the part of any Released Party. Rather, liability is expressly denied.

3. The consideration expressly mentioned herein is the only consideration paid or to be paid by said Released Parties. No representations as to damages or liability have been made. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are relied upon as a consideration for this Release, or otherwise, but any and all of the Releasing Parties' claims against the Released Parties, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the Releasing Parties never to sue any of the Released Parties hereby released on any alleged promise, representation or warranty for this Release not herein expressly set forth.

4. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all prior negotiations or proposed agreements on this subject matter, whether written or oral. The terms contained herein may not be modified or amended except in writing signed by the parties. The terms of this Release are contractual and not a mere recital. Since the purpose of this Release is to end this matter forever, should it develop that there are any errors, mistakes or any omissions in this instrument, whether legal or factual and whether mutual or unilateral, which would cause the Release of the Released Parties herein to be defective or less than complete, then the Releasing Parties will sign any and all documents and do any and all things necessary to effectuate a full, final and absolute release of said Released Party.

5. The undersigned further state that they have carefully read the foregoing instrument; that they know the contents thereof; that they understand and agree to each and every term and condition contained herein; that they signed the same as their own free act and deed; and that they have not assigned any rights released hereunder to any person or organization, private or governmental.

6. The terms of this Release arose from negotiations and discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

7. This Release shall be governed by and construed pursuant to the laws of the State of California.

8. This Release may be executed in two copies, each of which shall be deemed an original.

WITNESS OUR SIGNATURES, this_____.

By:

_____
Beauty Bungalows Franchising, LLC

(By our Signature above, we attest to this Agreement for stockholders, corporate and individually)

By:

Print Name:

(By our Signature above, we attest to this Agreement for stockholders, corporate and individually)

APPENDIX G TO FRANCHISE AGREEMENT

LEASE RIDER

THIS LEASE RIDER is entered into between the undersigned parties.

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated _____, (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a Beauty Bungalows franchise business ("Business") at a location that Franchisee selects and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the "Lease"), pursuant to which Franchisee will occupy premises located at the address listed on the signature page below (the "Premises") for the purpose of constructing and operating the Business in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Business and for no other purpose.

2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the Beauty Bungalows system as Company may from time to time prescribe for the Business.

3. Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Company by the method(s) as stated in the lease to:

Beauty Bungalows Franchising, LLC
257 Wake Forest Road
Costa Mesa, CA 92626
Franchise@BeautyBungalows.com

4. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the Beauty Bungalows system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the Beauty Bungalows trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.

5. Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar change, or to increase or accelerate rent under the Lease, in connection with such an assignment.

6. If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

7. Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

9. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

10. Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

IN WITNESS WHEREOF, the parties have executed this Lease Rider on the date signed below:

COMPANY: Beauty Bungalows Franchising, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Name: _____

Title: _____

LANDLORD: _____

By: _____

Name: _____

Title: _____

Effective Date of this Lease Rider: _____

Premises Address: _____

FRANCHISEE ACKNOWLEGMENT/COMPLIANCE CERTIFICATION

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES:
CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE).

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE SHOULD NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, you and we are entering into a Franchise Agreement for the operation of a Beauty Bungalows franchise. The purpose of this Compliance Certification is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

19. Acknowledgments and Representations*.

1. Did you receive a copy of our Disclosure Document at least 14 calendar days before signing the Franchise Agreement?

Check one: □ Yes. □ No.

2. Have you studied and reviewed carefully our Disclosure Document, Franchise Agreement and, if you are entering into an Area Development Agreement ("ADA"), the ADA?

Check one: □ Yes. □ No.

3. Is the name, address and phone number of any broker and each of our employees or representatives who was involved in offering you this franchise listed on the Disclosure Document receipt you signed (or on any updated receipt we provided to you)?

Check one: □ Yes. □ No.

4. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise, meaning that any prior oral or written statements not included in the Franchise Agreement or our Disclosure Document will not be binding?

Check one: □ Yes. □ No.

5. Do you understand that the success or failure of your business will depend in large part on your skills and experience, your business acumen, your location, the local market for products, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors?

Check one: □ Yes. □ No.

6. Do you understand that that the franchise granted is for the right to operate the Franchised Business in the Territory set forth in your Franchise Agreement or Area Development Agreement (if applicable), and that we and our affiliates have the right to, among other rights, issue franchises or operate competing businesses for or at locations, as we determine, outside of your Territory using any trademarks and inside

your Territory using any trademarks other than the Beauty Bungalows Trademark?

Check one: □ Yes. □ No.

7. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in your Franchise Agreement and that an injunction is an appropriate remedy to protect the interests of the Beauty Bungalows system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement?

Check one: □ Yes. □ No.

If you answered "No" to Questions 1-7, please explain (attached additional sheets if necessary):

_____
_____
_____
_____
_____
_____

8. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document?

Check one: □ Yes. □ No.

9. Except as stated in Item 19 of our Disclosure Document, was any oral, written or visual claim or representation made to you which stated, suggested, predicated or projected your sales, income or profit levels?

Check one: □ Yes. □ No.

10. Except as stated in Item 19 of our Disclosure Document, was any oral, written or visual claim or representation made to you which stated, suggested, predicated or projected the sales, income or profit levels for any Beauty Bungalows business?

Check one: □ Yes. □ No.

11. Except as stated in Item 19 of our Disclosure Document, did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to or different from the information in the Disclosure Document?

Check one: □ Yes. □ No.

If you answered "'Yes" to questions 8-11, please explain in details the claim, representation or statement (attached additional sheets if necessary):

_____
_____
_____
_____

YOUR ANSWERS ARE IMPORTANT TO US AND WE WILL RELY ON THEM. BY SIGNING THIS CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

20. <u>NOTE:</u> IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, AN OFFICER AND EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed:

Print Name:

Date:

Signed:

Print Name:

Date:

EXHIBIT C

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE REGULATORY ADMINISTRATORS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

LIST OF STATE ADMINISTRATORS	
CALIFORNIA	**CONNECTICUT**
Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free (866) 275-2677	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230
HAWAII	**ILLINOIS**
Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	**MARYLAND**
Indiana Secretary of State Franchise Section 302 Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	**MINNESOTA**
Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEW YORK	**NORTH DAKOTA**
New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222	North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	**RHODE ISLAND**
Department of Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street, NE Room 410 Salem, Oregon 97310 (503) 378-4387	Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
SOUTH DAKOTA	**VIRGINIA**
Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
WASHINGTON	**WISCONSIN**

Department of Financial Institutions Securities Division, P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

LIST OF AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

LIST OF STATE AGENT FOR SERVICE OF PROCESS	
CALIFORNIA	**CONNECTICUT**
Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free (866) 275-2677	Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230
HAWAII	**ILLINOIS**
Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Illinois Attorney General Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	**MARYLAND**
Indiana Secretary of State Franchise Section 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	**MINNESOTA**
Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117	Minnesota Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEW YORK	**NORTH DAKOTA**
Secretary of State 99 Washington Avenue Albany, NY 12231 (518) 472-2492	North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712
OREGON	**RHODE ISLAND**
Secretary of State Corporation Division - Process Service 255 Capitol Street NE, Suite 151 Salem, OR 97310-1327 (503) 986-2200	Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
SOUTH DAKOTA	**VIRGINIA**

Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	**WISCONSIN**
Director, Department of Financial Institutions Securities Division, 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760	Administrator, Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT D

CURRENT AND FORMER FRANCHISEES

Franchisees Who Have Opened Beauty Bungalows Franchises (as of December 31, 2025):

Territory	Name	Address	Phone	Area Developer
Carlsbad, CA	Sheri Sharman	3915 Park Dr Carlsbad, CA 92008	760-420-3737	3 locations
Tallahassee, FL	Daniel and Ashley Cook	3015 Brandemere Dr, Tallahassee, FL 32312	504-373-3133	No

Franchisees Who Have Signed Agreements But Not Yet Opened (as of December 31, 2025):

Territory	Name	Address	Phone	Area Developer
Dallas, TX and Los Angelos, CA	Paragon Group	522 Moondance St Thousand Oaks, CA 91360	310-806-1750	5 locations
Orange, CA	Greg and Sandie Kim	10 Maverick, Irvine, CA 92602	949-331-8664	No
Orange County, CA	Gerald W. Green, III	9140 Lindante Drive, Whittier, CA 90603	714-747-1912	No
Tustin, CA, Mission Viejo, CA, and Lake Forest, CA	Sam Ghoubrial and Isaac Beshay	Sam - 29 Kelsey, Irvine, CA 92618 / Isaac - 1064 N Redgeline Rd Orange CA 92869	Sam - 949-232-0192 / Isaac - 714-290-6269	3 locations
North Huntington Beach, CA, Villa Park, CA and Long Beach, CA,	Andre Hanna	660 S Londerry Ln, Anaheim Hills, CA 92807	714-723-4748	3 locations
Roseville, CA, Folsom, CA	Sandy Hirschel	5630 Lions Cross Cir, Granite Bay CA 95746	650-520-3020	2 locations
Tampa, FL	Roman and Megan Cowan	3619 S Gardenia Ave, Tampa FL 33629	813-408-0387	No
New Jersey	Keay Corporation	20 Valley Dr, Randolph, NJ 07869	551-206-1307	No

Hurst, TX	Ahmed Ebrahim	211 Cimarron Trail, Unit 7, Irving, TX 75063	817-914-1185	No

*The listed addresses are the personal addresses for the Franchisees.

Former Franchisees Who Were Terminated, Canceled, Not Renewed, or Otherwise Voluntarily or Involuntarily Ceased to Do Business Under the Franchise Agreement During our Prior Fiscal Year (or have not communicated with us within 10 weeks of the issuance date of this disclosure document):

None.

EXHIBIT E

STATE ADDENDA AND AGREEMENT RIDERS ADDENDUM TO FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR BEAUTY BUNGALOWS FRANCHISING, LLC

The following modifications are made to the Beauty Bungalows Franchising, LLC ("Franchisor," "us," we," or "our") Franchise Disclosure Document ("FDD") given to franchisee ("Franchisee," "you," or "your") and may supersede certain portions of the Franchise Agreement between you and us dated as of the Effective Date set forth in your franchise Agreement ("Franchise Agreement"). When the term "Franchisor's Choice of Law State" is used, it means the laws of the state of California, subject to any modifications as set forth in the addenda below. When the term "Supplemental Agreements" is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State Specific Addendum ("State Addendum") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement and the Supplemental Agreements contain provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor's Choice of Law State. 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 the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement contains a mediation provision. As such, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement and the Supplemental Agreements contain a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

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). 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).

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.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

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 and 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

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

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 and 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.

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place: No competing business for two years within the Territory.
The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise, Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 232-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

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 and 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.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____(enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Beauty Bungalows Franchising, LLC at 257 Wake Forest Road, Costa Mesa, CA 92626 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:_____

Signed:_____

Name: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENT

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Item 17 of the FDD and the Franchise Agreement are amended to state: "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."

Item 17 of the FDD and sections of the Franchise Agreement and Area Development Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.).

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 and 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.

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD 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 Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 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 for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. Item 6 of the FDD and Section 4.9 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

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 and 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

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 C OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005, 212-416-8236. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to 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 ten-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 injunction 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 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 Section 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 upon the Franchisee by Section 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements - No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Beauty Bungalows Franchising, LLC at 257 Wake Forest Road, Costa Mesa, CA 92626 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Date:

Franchisee:

By: _____ Print Name: _____ _____ Its: __

VIRGINIA

Item 17(h). The following is added to Item 17(h):

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Beauty Bungalows Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving and 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.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, THE DEVELOPMENT AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. 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.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

1. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

2. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

3. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

4. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

5. Noncompetition Covenants. 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

6. Non solicitation Agreements. 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.

7. Questionnaires and Acknowledgments. 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.

8. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

9. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this day of _____ 20 _____.

Signature of Franchisor Representative

Signature of Franchisee Representative

Title of Franchisor Representative

Title of Franchisee Representative

EXHIBIT F

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SAMPLE CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
(for trained employees, officers, directors, general partners, members, Operating Principal(s), Key Manager(s), and any other management personnel of Franchisee)

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of [FRANCHISEE ENTITY] (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Beauty Bungalows Franchising, LLC (the "Company") to: (i) establish and operate a Beauty Bungalows franchised business (the "Franchised Business"); and (ii) use in the operation of the Franchised Business the Company's trade names, trademarks and service marks (collectively, the "Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of a Franchised Business (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: [LOCATION ADDRESS] (the "Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: Company's proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the "Manual"); Franchisor's proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other _____ businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, methods and know-how related to the operation of the Franchised Business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the "Confidential Information").

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information, in whole or in part, for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. I will surrender any material containing some or all of the Confidential Information to the Company, upon request, or upon conclusion of the use for which the information or material may have been furnished.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which: develops, operates, constructs, manages, provides, rents or leases studios, suites, offices or rooms to individuals, businesses or groups that provide spa services, barbering, beauty services, cosmetology services, wellness services, personal care services, massage services, nail care services, skin care services, teeth-whitening services, skin tanning services, hair loss treatments services and hair treatment services and other similar personal services (collectively, a "Competing Business"). I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7.1 *Post-Term Restrictive Covenant for Controlling Person of Franchised Business or Manager/Officers/Directors of Franchisee*. In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a personal guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two years after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 20-mile radius of the Premises; or (ii) within a 20-mile radius of any other Beauty Bungalows business that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location or undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this one-year period following the termination or expiration of my employment with the Franchisee.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees, and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

12. Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.

13. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by me.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE Of FRANCHISOR'S THEN-CURRENT PRINCIPAL PLACE OF BUSINESS AND I HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE STATE COURT CLOSEST TO FRANCHISOR'S THEN-CURRENT HEADQUARTERS OR, IF APPROPRIATE, THE UNITED STATES DISTRICT COURT FOR THE DISTRICT COURT WHERE FRANCHISOR'S HEADQQUARTERS IS LOCATED. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY [FRANCHISOR STATE] OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective party at the following address unless and until a different address has been designated by written notice.

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday, and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor, and assigns.

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.

UNDERSIGNED

By:

Name:

Address:

Title:

ACKNOWLEDGED BY FRANCHISEE

[FRANCHISEE NAME]

By:

Title:

EXHIBIT H

AREA DEVELOPMENT AGREEMENT & APPENDICES

AREA DEVELOPMENT AGREEMENT

between

BEAUTY BUNGALOWS FRANCHISING, LLC

and

_____

FRANCHISEE

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APPENDICES

Appendix A – Franchisee-Specific Terms
Appendix B – Payment and Performance Guarantee

BEAUTY BUNGALOWS FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT (this "Agreement") is made and entered into as of the date set forth on Appendix A to this Agreement (the "Effective Date") (Appendix A and all appendices and/or schedules attached to this Agreement are hereby incorporated by this reference) between Beauty Bungalows Franchising, LLC, a Wyoming limited liability company doing business as Beauty Bungalows ("Franchisor," "we," "us," or "our") and the person or entity identified in Appendix A as the franchisee ("Franchisee" or "you") with its principal place of business as set forth in Appendix A.

RECITALS

A. We and you have entered into a certain Franchise Agreement dated the same date as this Agreement (the "Initial Franchise Agreement"), in which we have granted you the right to establish and operate one Beauty Bungalows franchised business within the Protected Territory set forth in the Initial Franchise Agreement (a "Franchised Business").

B. We desire to grant to you the exclusive right to establish and operate a specified number of Businesses within a specified geographical area in accordance with a development schedule.

C. If you are a corporation, limited liability company, partnership, or other entity (collectively, an "Entity"), all owners of a legal and/or beneficial interest in the Entity (the "Owners") are listed in Appendix A to this Agreement.

D. You desire to establish and operate additional Franchised Businesses upon the terms and conditions contained in our then-current standard franchise agreements (a "Franchise Agreement").

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of Development Rights and Development Area

Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish and operate in the area designated in Appendix A to this Agreement (the "Development Area") the number of Franchised Businesses specified in the development schedule in Appendix A (the "Development Schedule"). This Agreement does not grant you any right to use the Marks (as defined in your Initial Franchise Agreement) or the System (as defined in your Initial Franchise Agreement). Rights to use the Marks and the System are granted only by the Franchise Agreements.

2. Fees

Upon execution of this Agreement, you must pay us a development fee in the amount specified in Appendix A (the "Development Fee"), which is based on the initial franchise fee you must pay for each Franchised Business that you develop (the "Franchise Fee", which is also specified in Appendix A). The Development Fee will be credited towards 100% of the Franchise Fee due under the Franchise Agreement for each Franchised Business that you develop pursuant to this Agreement, including the Initial Franchise

Agreement. The Development Fee is fully earned by us when we and you sign this Agreement and is non-refundable, even if you do not comply with the Development Schedule.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens

3. **Development Schedule and Deadlines**

3.1. **Development Schedule.**

You must enter into Franchise Agreements, and open and operate Franchised Businesses in accordance with the deadlines set forth in the Development Schedule. By each "Opening Deadline" specified in the Development Schedule, you must have the specified number of Businesses open and operating. Prior to opening additional Franchised Businesses in your Development Area, you must: (i) possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Franchised Business in our reasonable judgment; (ii) be in full compliance with all brand requirements at any existing Franchised Businesses you operate; and (iii) be in compliance with any Franchise Agreement or any other agreement entered into with us.

3.2. **Damaged Operating Assets.**

If the property, equipment, and/or vehicles ("Operating Assets") used in the operation of any Franchised Business in your Development Schedule are destroyed or damaged by any cause beyond your control such that they may no longer continue to be utilized for the operation of a particular Franchised Business, you must immediately give us notice of such destruction or damage ("Destruction Event"). You must diligently work to repair and replace the Operating Assets of your Franchised Business as soon as possible to resume operation of your Franchised Business. If a Franchised Business is closed due to a Destruction Event, the Franchised Business will continue to be deemed "in operation" for the purpose of this Agreement for up to 90 days after the Destruction Event occurs. If a Franchised Business (i) is closed in a manner other than those described in this Section 3.2 or as otherwise agreed by us in writing or (ii) fails to reopen within 90 days after a Destruction Event, then we may exercise our rights under Section 6.2 (Our Remedies). In the event the Operating Assets are completely destroyed or otherwise incapable of being repaired following a Destruction Event, we will not exercise the remedies set forth under Section 6.2 *provided, that* (a) within the 30 days after the Destruction Event you have made arrangements with us or our designated supplier to obtain new Operating Assets for use in your Franchised Business; and (b) you are open and operating your Franchised Business in the protected territory within ninety (90) days of the Destruction Event.

4. **Development Area**

4.1. **Development Area.**

Except as provided in this Section 4.1, while this Agreement is in effect, provided that you open and operate the Businesses in accordance with the Development Schedule and the minimum number of Businesses that you have open and operating in the Development Area at any given time is not less than the minimum required pursuant to the Development Schedule, we will not operate, or license any person other than you to operate, a Franchised Business under the Marks (as defined in your Initial Franchise Agreement) and the System (as defined in your Initial Franchise Agreement) within the Development Area. Each Franchised Business you open will be granted a protected territory as set forth in the individual Franchise Agreement for that Business. This Agreement does not give you the right open or operate in any portions of the Development Area until you have signed a new

Franchise Agreement which includes that portion of the Development Area as your protected territory.

4.2. **No Other Restriction On Us.**

Except as expressly provided in Section 4.1 or any other agreement between the parties, we and our affiliates retain the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Franchised Business. For example, we and our affiliates have the right to:

i. Establish or license franchises and/or company-owned outlets or other facilities or businesses offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area regardless of proximity to the Development Area or any Franchised Business or (ii) under names, symbols, or marks *other than* the Marks anywhere, including inside and outside of the Development Area;

ii. Sell or offer, or license others to sell or offer, any products or services using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area;

iii. solicit customers for you as well as advertise and promote sales of Franchised Businesses anywhere, including within the Development Area and advertise, or authorize others to advertise anywhere, using the Marks;

iv. Acquire, be acquired by, or merge with other companies with existing similar businesses, and/or Beauty Bungalows Franchised Businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the Beauty Bungalows name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Businesses to such other name; and

v. Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement.

5. **Term**

This Agreement expires at midnight on the last Opening Deadline date listed on the Development Schedule unless this Agreement is terminated sooner as provided in other sections of this Agreement.

6. **Termination**

6.1. **Events of Default**.

Any one or more of the following constitutes an "Event of Default" under this Agreement:

i. You fail to have open and operating the minimum number of Franchised Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule;

ii. An Event of Default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement; or

iii. You breach or otherwise fail to comply fully with any other provision contained in this Agreement.

6.2. **Our Remedies**.

If any Event of Default occurs under Section 6.1, we may, at our sole election: (i) declare this Agreement and any and all other rights granted to you under this Agreement to be immediately terminated and of no further force or effect; (ii) terminate any exclusive or territorial rights that you may have within the Development Area or otherwise under this Agreement; and/or (iii) exercise any other remedy we may have in law or equity as a result of an Event of Default hereunder. Upon termination of this Agreement for any other reason whatsoever, we will retain the Development Fee, and you will not be relieved of any of your obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination. All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. The rights and remedies of the parties hereto shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. Notwithstanding anything to the contrary herein, a termination of this Agreement resulting from your failure to open and thereafter operate Franchised Businesses in accordance with the Development Schedule will not, in itself, constitute cause for us to terminate any previously executed Franchise Agreement in effect at the time of such termination.

7. Assignment; Our Right of First Refusal

7.1. **Rights Personal to You**.

This Agreement and the rights granted to you under this Agreement are personal to you and neither this Agreement, nor any of the rights granted to you hereunder nor any controlling equity interest in you may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by you without our prior written approval, which we may grant or withhold for any or no reason.

7.2. **Our Right of First Refusal.**

i. If you receive, and desire to accept, from a third party a bona fide offer to transfer any of your rights in this Agreement, you shall promptly notify us in writing and send us an executed copy of the contract of transfer. We shall have the right and option, exercisable within thirty (30) days after actual receipt of such notification or of the executed contract of transfer which shall describe the terms of the offer, to send written notice to you that we intend to purchase your interest on the same terms and conditions offered by the third party. We may charge a fee to transfer your rights under this Agreement (the "Transfer Fee") equal to $5,000 multiplied by the number of Franchised Businesses you intend to transfer, *plus* any third-party broker or agency fees that are incurred by us as a result of the transfer.

ii. Closing on the purchase must occur within sixty (60) days from the date of notice by us to you of our election to purchase. If we elect not to accept the offer within the thirty (30) day period, you shall have a period not to exceed sixty (60) days to complete the transfer subject to our approval of the third-party transferee of your rights, which may be withheld in our sole discretion. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

iii. Our failure or refusal to exercise the option afforded by this Section 7 shall not constitute a waiver of any other provision of this Agreement.

iv. If the offer from a third-party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by us, and such appraiser's determination shall be binding.

7.3. **Our Rights to Assign Unrestricted**.

We may assign this Agreement or any ownership interests in us without restriction.

8. **Incorporation of Other Terms**

Sections 6 (Marks), 7 (Manual and Confidential Information), 12 (Franchisee's Duties), 15 (General Provisions), 16 (Dispute Resolution), and 18 (Miscellaneous) of the Initial Franchise Agreement are incorporated by reference into this Agreement as if fully set forth herein.

9. **Miscellaneous**

Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Initial Franchise Agreement. This Agreement, together with the Initial Franchise Agreement, supersedes all prior agreements and understandings, whether oral and written, among the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document that we delivered to you or your representatives. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

[SIGNATURE PAGE FOLLOWS]

Signature Page to Area Development Agreement

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:
BEAUTY BUNGALOWS FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:
[FRANCHISEE]

By:

Name:

Title:

Date:

Appendix A to the Area Development Agreement

FRANCHISEE SPECIFIC TERMS

1. Effective Date (First Paragraph): _____

2. Franchisee's Name: _____

3. Franchisee's State of Organization *(if applicable):* _____

4. Ownership of Franchisee (Recital C): If the franchisee is an Entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

Name	Percentage Ownership
_____	_____%
_____	_____%
_____	_____%
_____	_____%

5. Development Area (Section 1): *[provide list of counties or zip codes which make up the Development Area] [attach map if necessary]*

6. Total Development Fee (Section 2): $_____

7. Development Schedule (Section 3): You agree to establish and operate a total of _____ Franchised Businesses within the Development Area during the term of this Agreement. The Franchised Businesses must be open and operating in accordance with the following Development Schedule:

MINIMUM NUMBER OF FRANCHISED BUSINESSES The minimum number of Franchised Businesses open and operating by each Opening Deadline	**OPENING DEADLINE** Deadline for having the minimum number of Franchised Businesses open and operating (Month Date, Year)
1	
2	
3	
4	
5	
	_____ (the Expiration Date of the Agreement)

8. Other Terms:

Signature Page to Appendix A – Franchisee Specific Terms

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:
BEAUTY BUNGALOWS FRANCHISING, LLC

By:

Name:

Title:

Date:

FRANCHISEE:
[FRANCHISEE]

By:

Name:

Title:

Date:

Appendix B to the Area Development Agreement

PERSONAL GUARANTY OF OWNER/SHAREHOLDER

This Personal Guaranty and Assumption of Obligations (this "Guaranty") is as of the Effective Date set forth on the Area Development Agreement to which this Guaranty is attached.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith ("Agreement") by Beauty Bungalows Franchising, LLC ("Franchisor"), a Wyoming limited liability company, and the franchisee(s) named in the Area Development Agreement to which this guaranty is attached ("Franchisee"), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Agreement and, including any renewal thereof, as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Agreement (collectively, the "Franchise Documents"); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

1. acceptance and notice of acceptance by Franchisor of the foregoing undertakings;

2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guarantied;

3. protest and notice of default to any party with respect to the indebtedness of non- performance of any obligations hereby guarantied;

4. any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability;

5. any and all other notices and legal or equitable defenses to which the undersigned may be entitled;

The undersigned consents and agrees that:

1. the undersigned's direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee's obligations;

2. the undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

3. this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;

4. such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

5. such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guaranty, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be

amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Area Development Agreement or Franchise Agreement.

This Guaranty shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

GUARANTOR(S)
(add more blocks as needed)

By:

Name:

Date:

EXHIBIT I

SAMPLE GENERAL RELEASE

[If only the Franchisee is signing the Release, the language in bold and brackets referring to the Owner(s) should be deleted. If both Franchisee and its Owner(s) are signing the Release, the above referenced language should be left in the release but should be taken out of the brackets and the bold type should be replaced by normal type.]

GENERAL RELEASE

This GENERAL RELEASE ("Release") is made this _____ day of_____, ____, by **[Name of franchisee]** ("Franchisee"), **[and _____ [Name of owner(s)**, **("Owner(s)"]**, with reference to the following facts:

The undersigned Franchisee is a signatory to that certain Franchise Agreement dated _____ , ("Franchise Agreement") by and between Beauty Bungalows Franchising, LLC ("Franchisor") and Franchisee granting Franchisee the right to use the Franchisor's System and trademarks to operate the Franchised Business at a specific location.

[**The undersigned Owner is an owner of the Franchisee.**]

Franchisee **[and Owner each]** agrees that all capitalized terms in this Release shall have the meaning that is ascribed to them in the Franchise Agreement. This Release is being executed by the Franchisee **[and the Owner]** pursuant to the requirements of the Franchise Agreement. Franchisee **[and Owner each]** understands and agrees that execution of this Release is a condition of Franchisee's rights under the Franchise Agreement **[to renew the Franchise Agreement] [to transfer the Franchise Agreement]** and that Franchisee's **[or Owner's]** failure or refusal to execute this Release would result in Franchisee's breach of the Franchise Agreement. In consideration of the rights granted by the Franchise Agreement, Franchisee **[and Owner each]** executes this Release for the benefit of Franchisor.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, FRANCHISEE **[AND OWNER EACH]** AGREES AS FOLLOWS:

1. General Release. Franchisee **[and Owner each]** hereby releases and forever discharges Franchisor and its members, managers, officers, directors, owners, principals, managers, employees, affiliates, successors and assigns (collectively the "Released Parties"), from any and all claims, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, at law or in equity, of every nature, character or description whatsoever, whether known or unknown, suspected or unsuspected or anticipated or unanticipated, which Franchisee **[or Owner]** ever had, now has, or may, shall or can hereafter have or acquire (collectively referred to as "Claims"). This Release includes, but is not limited to, all Claims arising out of, concerning, pertaining to or connected with the Franchise Agreement, any other agreement, tort, statutory violation, representation, nondisclosure, act, omission to act, fact, matter or thing whatsoever, occurring as of or prior to the date of this Release, so that after the date of this Release, **[neither]** Franchisee **[nor Owner]** shall have any Claim of any kind or nature whatsoever against the Released Parties, directly or indirectly, or by reason of any matter, cause, action, transaction or thing whatsoever done, said or omitted to have been done or said at any time prior to the date of this Release.

This does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

2. Waiver of Rights. This Release is intended by Franchisee [and Owner] to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee [or Owner] against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee [and Owner each], for itself, himself or herself, hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee [or Owner, as the case may be] would be entitled, now or at any time hereafter under the statutory or common law of the state where the Franchised Business is located, whether now or hereinafter existing under the laws of the state where the Franchised Business is located, or any other applicable federal and state law with jurisdiction over the parties relationship.

[ALTERNATE PROVISION FOR CALIFORNIA FRANCHISEES ONLY]

3. Waiver of Civil Code Section 1542. This Release is intended by Franchisee **[and Owner]** to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee **[and Owner]** against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee **[and Owner each]** hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee **[or Owner, as the case may be]** would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to Section 1542, whether now or hereinafter existing under the laws of California, or any other applicable federal and state law with jurisdiction over the parties' relationship. Franchisee **[and Owner each]** acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially effected his settlement with the debtor."

In making this voluntary express waiver, Franchisee **[and Owner each]** acknowledges that Claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the intention of Franchisee **[and Owner, respectively]** to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered Claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. Franchisee **[and Owner each]** acknowledges and agrees that the foregoing waiver of Section 1542 is an essential, integral and material term of this Release.

4. Release Not Admission. Franchisee **[and Owner each]** understands and agrees that the giving or acceptance of this Release and the agreements contained herein shall not constitute or be construed as an admission of any liability by Franchisor or an admission of the validity of any Claims made by or against Franchisor.

5. Authority of Parties. Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

6. No Prior Assignments. Franchisee **[and Owner each]** represents and warrants that Franchisee **[and Owner]** has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all of such Claims being released.

7. Incorporation by Reference. The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

8. Controlling Law. This Release shall be governed, construed and interpreted in accordance with the substantive laws of the state where Franchisor's principal place of business is located.

9. WASHINGTON FRANCHISEES. This General Release shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, Franchisee **[and Owner each]** has executed this Release on the date first shown above.

FRANCHISEE:
[FRANCHISEE]

By:

Name:

Title:

Date:

OWNER:

By:

Name:

Date:

EXHIBIT J

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

Bank Name:

ABA Number:

Account Number:

Account Name:

Effective as of the date of the signature below,_____ (the "Franchisee") hereby authorizes Beauty Bungalows Franchising, LLC (the "Franchisor") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated_____(the "Franchise Agreement") for the business operating at the location identified on Attachment A of the Franchise Agreement (the "Franchised Business"): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. **PLEASE ATTACH A VOIDED BLANK CHECK, FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.**

AGREED ON :

FRANCHISEE:
[FRANCHISEE]

By:

Name:

Title:

FRANCHISOR:
BEAUTY BUNGALOWS FRANCHISING, LLC

By:

Name:

Title:

EXHIBIT K

LEASE RIDER

THIS LEASE RIDER is entered into between the undersigned parties.

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated _____ (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a Beauty Bungalows ("Business") at a location that Franchisee selects, and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the "Lease"), pursuant to which Franchisee will occupy premises located at the address listed on the signature page below (the "Premises") for the purpose of constructing and operating the Business in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Business and for no other purpose.

2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the Beauty Bungalows system as Company may from time to time prescribe for the Business.

3. Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Company by the method(s) as stated in the lease to:

Beauty Bungalows Franchising, LLC
Attn: Franchise Department
257 Wake Forest Rd.
Costa Mesa, CA 92626
franchise@beautybungalows.com

4. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the Beauty Bungalows system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the Beauty Bungalows trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.

5. Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose

any assignment fee or similar change, or to increase or accelerate rent under the Lease, in connection with such an assignment.

6. If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

7. Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

9. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

10. Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

IN WITNESS WHEREOF, the parties have executed this Lease Rider on the date signed below:

COMPANY:
BEAUTY BUNGALOWS FRANCHISING, LLC

By:

Name:

Title:

FRANCHISEE:
[FRANCHISEE]

By:

Name:

Title:

LANDLORD:
[LANDLORD]

By:

Name:

Title:

Effective Date of this Lease Rider:

Premises Address:

EXHIBIT L

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, 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 Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

In all other states that do not require registration, the effective date of this Disclosure Document is the issuance date of March 6, 2026.

RECEIPT (YOUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Beauty Bungalows Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. Illinois and New York require that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Beauty Bungalows Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and any applicable state agency (which are listed in Exhibit C).

This franchise is being offered by the following seller(s) at the principal business address and phone number listed below (check all that have been involved in the sales process):

□ Traci Hawkins □ Jade Blevens

257 Wake Forest Road, Costa Mesa, CA 92626 | 209-996-8722 | Franchise@BeautyBungalows.com

Franchise Brokers, Consultants, or Franchise Development Company Representatives (if any)

□ (Name) _____(Address)_____(Phone) _____

Issuance Date: March 6, 2026

I received a disclosure document that included the following Exhibits:

A. Financial Statements
B. Franchise Agreement & Attachments
C. State Administrators and Agents for Service of Process
D. List of Franchisees
E. State Specific Addenda
F. Manual Table of Contents
G. Nondisclosure and Noncompetition Agreement
H. Area Development Agreement & Appendices
I. Form of General Release
J. Electronic Funds Transfer
K. Lease Rider
L. State Effective Dates
Receipts

Date Received: _____

Signature:_____

Print Name:

Please sign and keep this copy for your records.

RECEIPT (OUR COPY)

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Date Received: _____

Signature:_____

Print Name:

Return This Copy To Us: **Beauty Bungalows Franchising, LLC**
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