

FRANCHISE DISCLOSURE DOCUMENT

the L A S H
L O U N G E®

THE LASH FRANCHISE HOLDINGS, LLC
a Delaware limited liability company
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Ann Arbor, MI 48108
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www.thelashlounge.com
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You will operate an upscale salon featuring the application of semi-permanent and temporary eyelash and other eye-enhancing services, as well as facial threading services, combined with a retail offering of private label cosmetic and skin care lines under the trade name and trademark THE LASH LOUNGE® (“Salon”).

The total investment necessary to begin operation of a THE LASH LOUNGE® Salon ranges from \$260,121 - \$609,524. This includes the \$55,500 that must be paid to the franchisor or affiliate. The total investment necessary to purchase the right to open two Salons and to begin operation of the first THE LASH LOUNGE® Salon ranges from \$290,121 - \$639,524. The total investment necessary to purchase the right to open three Salons and to begin operation of the first THE LASH LOUNGE® Salon ranges from \$310,121 - \$659,524. If you are acquiring the right to open two or three locations under our development agreement, instead of paying us the \$49,500 initial franchise fee you will pay to us either \$79,500 for the development of two Salons or \$99,500 for the development of three Salons under the terms of our development agreement.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payments 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 Meg Roberts at 4370 Varsity Dr. Suite G, Ann Arbor, MI 48108 or (734) 619-0919.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 18, 2022

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 G.
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 F 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 Lash Lounge salon 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 Lash Lounge franchisee?	Item 20 or Exhibit G 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 H.

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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Michigan. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Michigan than in your own state.
2. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.

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.

MICHIGAN NOTICE

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition against you joining an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits the franchisor to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits the franchisor to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration, of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This provision applies only if:
 - (i) The term of the franchise is less than five years; and
 - (ii) You are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Franchise Agreement or other agreement.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of the arbitration, to conduct arbitration at a location outside of Michigan.
- (g) A provision that permits the franchisor to refuse to permit a transfer of ownership of the franchise, except for good cause. This provision does not prevent the franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonably qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- (h) A provision that requires you to resell to the franchisor items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants the franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a *bona fide* third party willing and able to purchase those assets, nor does it prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful

provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in (c), above.

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

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, (517) 373-7117.

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE DISCLOSURE DOCUMENT**

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

To simplify the language in this disclosure document, “we”, “us” or “our” means The Lash Franchise Holdings, LLC, the franchisor. “You” means the business entity, person or persons who sign the Franchise Agreement, the franchisee. If the franchisee is a corporation, limited liability company, or other entity, the term “you” does not include the entity’s principals unless otherwise stated.

The Franchisor, and Any Parents, Predecessors and Affiliates

We are a Delaware limited liability company formed on October 26, 2018, and only do business under our corporate name. Our principal business address is 4370 Varsity Dr. Suite G, Ann Arbor, MI 48108. Our agents for service of process are listed in Exhibit H of this Disclosure Document. We have been offering franchises of the type described in this Disclosure Document since April 2020, when we acquired the assets of our predecessor, The Lash Lounge Franchise, LLC, who has offered franchises for this business since March 2020, and have never offered franchises or licenses in any other line of business. We do not engage in any other business activities.

Our predecessor and subsidiary, The Lash Lounge Franchise, LLC (“TLLF”), is a Texas limited liability company formed on September 2, 2009. TLLF shares our principal business address and does not offer franchises in any line of business.

An affiliate of one of our members, Liberty Distribution, LLC, a Michigan limited liability company formed on September 22, 2017 (“Liberty”), provides an exclusive line of cosmetics and skin care products to Salons under the trademark “THE LASH LOUNGE” as well as back bar supplies including lashes, glue, and certain tools. You will be required to maintain a minimum level of inventory from Liberty. Liberty has never offered franchises in any line of business.

An affiliate of one of our members, The Lash Lounge Products, LLC, a Texas limited liability company formed on February 19, 2010 was the predecessor to Liberty as the exclusive provider of cosmetic, skin care, and back bar supplies to Franchisees.

Our third-party provider of certain franchisee administration and support services, Franworth, LLC (“Franworth”), is an affiliate of one of our members. Franworth is a Michigan limited liability company with a business address at 106 E. Liberty, Ann Arbor, MI 48104. While Franworth provides franchise development and other consulting services to other franchise brands, they have not directly offered or sold franchises in any line of business.

The Franchise Offered

We grant franchises for the operation of upscale salons (“Salon”) featuring the application of semi-permanent and temporary eyelash and other eye-enhancing services, as well as facial threading services, combined with a retail offering of private label cosmetic and skin care lines under the trade name and trademark THE LASH LOUNGE® and other trademarks, service marks, logos and catch phrases (“Marks”).

Our proprietary business format and system (“System”) includes distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings, our proprietary products, operations, and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a THE LASH LOUNGE® Salon, all of which we may change, improve, and further develop (collectively, our “Standards”).

A typical Salon is located in or adjacent to a major shopping mall, outlet mall, retail strip mall or shopping center, or, in the alternative, in an urban storefront, and ranges between 1,000 to 1,715 square feet. You will operate the Salon according to our standard franchise agreement (see Exhibit B) and our Standards,

specifications, policies and procedures which will be communicated to you via our confidential operations manuals and other written directives (collectively, our “Manuals”).

When you enter into your Franchise Agreement, we will assign to you a geographical area in which you will locate a site for your Salon and which we accept (a “Site Selection Area”). Once we accept the location of your Salon (the “Premises”), we will designate a geographical area around the Premises where we will agree not to own or operate, or license a third party the right to own or operate, a Salon that utilizes the Proprietary Marks and System (your “Protected Area”). The Protected Area around the premises is defined by a population of 40,000, to be represented by a shape, typically a circle, with a radius not to exceed three miles.

Multi-Unit Offering

We also offer qualified individuals and entities the right to open and operate multiple Salons within a designated Site Selection Area under our current form of development agreement attached to this Disclosure Document as Exhibit C (the “Development Agreement”). In the Development Agreement, we outline a schedule that sets forth the periods of time by which you must open and begin operating each Salon (the “Development Schedule”). Development Agreements are most often offered in markets which fall within the top 50 most populated metropolitan statistical areas (“MSA”) as established and defined by the U.S. Office of Management and Budget and measured by population according to the U.S. Census Bureau (referred to in this Disclosure Document as the “Top 50 MSAs”).

You will have the right to find and secure locations from which to operate your Salon from within the Site Selection Area, but—similar to the Site Selection Area assigned in connection with a single-unit Franchise Agreement—you will not receive any territorial exclusivity or real-estate selection priority within this area.

At our option, you will be required to sign a Franchise Agreement for your initial Salon at the same time you sign your Development Agreement, but we also have the option of waiting until you have found an accepted premises for your initial Salon before you are required to sign the corresponding Franchise Agreement. Regardless, you will need to sign our then-current form of franchise agreement for each Salon in accordance with a development schedule.

Under the Development Agreement, you will pay to us a one-time development fee that will be calculated based on the number of Salons we grant you the right to open (the “Development Fee”). You will not be required to pay any other initial franchise fee at the time you execute the franchise agreements for each Salon to be developed pursuant to your Development Agreement.

Market and Competition

You will sell products and provide services that are part of THE LASH LOUNGE® standard portfolio and which appeal to beauty conscious women of all ages, but primarily within the 30 to 50 age range.

The semi-permanent and temporary eyelash market is an emerging industry. You will compete with various established national and local semi-permanent and temporary eyelash businesses as well as businesses offering skin care and general day spa services. THE LASH LOUNGE® Salon sales may be partially seasonal with higher sales during the holiday months and the traditional spring and summer wedding seasons.

Special Industry Regulation

A number of states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Salon, including those which (1) establish licensing and certification requirements for businesses in general, (2) establish general standards, specifications and requirements for the construction, design and maintenance of the Salon location; (3) establish licensing and certification requirements for technicians (such as requirements that technicians be a certified health professional, licensed as either an esthetician, cosmetologist, or nurse), (4) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for salons; (5) set

standards pertaining to employee health and safety; (6) set standards and requirements for fire safety and general emergency preparedness, and (7) regulate the proper use, storage and disposal of waste and other hazardous materials. We recommend you consult with legal counsel or other professional advisors to help you investigate and understand these laws before you purchase a franchise.

It is important to note that most states require technicians who provide certain services be a certified health professional, licensed as either an esthetician, cosmetologist, or nurse. In addition, some states impose a similar minimum certification or license requirement on technicians who apply eyelash and eyebrow extensions. It is your responsibility to thoroughly investigate which regulations and/or licensing requirements your state imposes.

ITEM 2 BUSINESS EXPERIENCE

Founder and Chief Innovations Officer: Anna Phillips

Ms. Phillips founded THE LASH LOUNGE® concept in August 2006. She has served as our Chief Innovations Officer since April 2020, before which she served in those capacities for TLLF since March 2018. Previously, from September 2009 until March 2018, Ms. Phillips served as TLLF’s Chief Executive Officer and President. Ms. Phillips has also served as the Chief Executive Officer and President of The Lash Lounge Products, LLC since its inception in 2010. She has served as President of AP Dreamworks, LLC since its inception in 2006. Ms. Phillips served and currently serves in each capacity in Southlake, Texas.

Chief Executive Officer and President: Meg Roberts

Ms. Roberts has served as our Chief Executive Officer and President since April 2020, before which she served in those capacities for TLLF since July 2019. Prior to that, from September 2018 until July 2019, Ms. Roberts served as TLLF’s President. She serves from our offices in Ann Arbor, Michigan. Previously, from September 2012 to August 2018, Ms. Roberts served as President of Molly Maid, Inc. in Ann Arbor, Michigan.

Vice President: Kristin Kidd

Ms. Kidd has served as the Vice President of Operations since December, 2021. Prior to being promoted to Vice President, Ms. Kidd served as the Director of Operations from 2018 to 2021. Previously, from July 2009 to March 2019, Ms. Kidd served as the Vice President of Sales and Operations, overseeing 27 School of Rock franchise locations.

The following individuals work with Franworth, a company that we have engaged to provide franchise development and franchisee administration and support services (and may have managerial responsibility with regards to certain aspects of our franchise system), and who is also an affiliate of one of our members:

President: Dave Keil

Mr. Keil has served as Franworth’s President and Chief Operating Officer since July 2019. He serves in this capacity in Ann Arbor, Michigan. Previously, from March 2018 through July 2019 and also in Ann Arbor, Michigan, Mr. Keil served as TLLF’s Chief Executive Officer.

ITEM 3 LITIGATION

SKB Ventures, Inc., et al. v. The Lash Lounge Franchise, LLC, Case No. 01-19-0001-8624. On June 14, 2019, SKB Ventures, Inc., a system franchisee, and its owners, Scott Barserian, and Kathleen Barserian filed a Statement of Claim with the American Arbitration Association (“AAA”) against franchisor The Lash Lounge Franchise, LLC (“TLLF”), alleging that TLLF misrepresented salon construction and pre-opening training estimated costs, claiming fraudulent and negligent misrepresentation, violations of the Texas

Deceptive Trade Practices Act, and Texas Business Opportunity Act, and violations of the California Franchise Investment Law and California Business & Professions Code, and seeking rescission of the underlying franchise agreements as well as actual and compensatory damages. Rather than continuing with the expense of litigation, without either party admitting liability the parties settled matter on February 4, 2020, and exchanged releases. Under the terms of the settlement SKB Ventures, Inc would remain a franchisee and continue operating two units. Franchisor agreed pay SKB Ventures, Inc the sum of \$50,000 and release SKB Ventures, Inc from the obligations of developing any additional units. The Franchisee was also granted temporary royalty relief.

Cilios Corporation, et al. v. The Lash Lounge Franchise, LLC, Case No. 01-19-0001-8628. On June 14, 2019, Cilios Corporation, a system franchisee, and its owners Carlos Bennazar, and Dana Bennazar, franchisee's guarantors and multi-unit developers, filed a Statement of Claim with the AAA against franchisor, TLLF, alleging that TLLF misrepresented salon construction and pre-opening training estimated costs, claiming fraudulent and negligent misrepresentation, violations of the Texas Deceptive Trade Practices Act and Texas Business Opportunity Act, and violations of the Florida Deceptive and Unfair Trade Practices Act and Florida Franchise Act, and seeking rescission of the underlying franchise agreement as well as actual and compensatory damages. On August 9, 2019, The Lash Lounge Franchise, LLC filed its answer to the Statement of Claim and filed a counterclaim against Carlos Bennazar and Dana Bennazar alleging breach of the Development Agreement and seeking damages in excess of \$400,000. Without either party admitting liability the parties settled matter on February 10, 2020, and exchanged releases. Under the terms of the settlement Cilios Corporation would be required cease operations as a franchisee, deidentify, and exit the system. Franchisor agreed to pay Cilios Corporation \$31,000 upon deidentification so long as they complied with the terms. Cilios Corporation agreed to sell remaining development rights back to the Franchisor for the sum of \$81,000. The Franchisee was also granted temporary royalty relief.

Walter and Susan Mickens and MaxWorth 1, LLC v. The Lash Lounge Franchise, LLC, Franworth TLL Holdings, LLC, and Franworth, LLC, Case No. 01-19-0003-0770. On September 27, 2019, MaxWorth 1, LLC, a system franchisee and multi-unit developer, and its owners, Walter and Susan Mickens, filed a Statement of Claim with the AAA against franchisor The Lash Lounge Franchise, LLC, as well as its member affiliate, Franworth TLL Holdings, LLC and its service provider and member affiliate Franworth, LLC (together "Defendants"), alleging that the Defendants misrepresented salon construction and pre-opening training estimated costs, claiming fraud in the inducement, unjust enrichment, conversion, rescission, violations of the California Franchise Investment Law, the California Unfair Competition Law, the Michigan Franchise Investment Law, and the Texas Deceptive Trade Practices Act, and seeking rescission, and an unspecified amount of actual, compensatory, special, treble, and restitution damages, as well as pre- and post-judgment interest, arbitration and attorneys' fees and costs. Without either party admitting liability the parties settled matter on March 16, 2020, and exchanged releases. As part of the settlement, the development rights of MaxWorth 1, LLC were terminated. Franchisor paid \$59,500 to MaxWorth 1, LLC.

Bobala Sparks Enterprises, LLC, The Main Spark, LLC, and Lash Concepts, LLC v. The Lash Lounge Franchise, LLC, Case No. 01-21-0002-4171. On March 23, 2021, Claimants (one current franchisee and two franchisees who had received notices of termination) filed a Demand for Arbitration with the AAA against The Lash Lounge Franchise, LLC ("TLLF"), alleging fraudulent misrepresentation and violations of state and federal law in connection with the sale of the franchises to Claimants. Claimants sought rescission, actual and compensatory damages, and attorneys fees. TLLF asserted that two of the Claimants had wrongfully abandoned their franchises and sought lost future royalties from Claimants. Without either side admitting liability, the parties settled the matter on May 11, 2021. Under the terms of the settlement, TLLF agreed to repurchase two undeveloped units from the Claimants for \$50,000, to allow Claimants a 3-month opportunity to sell one of their terminated franchises, to pay Claimants \$35,000, and to grant

Claimants temporary royalty relief and complimentary training to assist in their ongoing franchised salon. The settlement also included a mutual release.

Other than the above four matters, no litigation 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

When you purchase the right to develop a single Salon, at the time you sign the Franchise Agreement, you will pay to us an Initial Franchise Fee of \$49,500. If you qualify for the VetFran program sponsored by the International Franchise Association (“IFA”), the Initial Franchise Fee you pay for a single Salon will be reduced by \$2,500. The Initial Franchise Fee is deemed fully earned on your execution of the Franchise Agreement and is not refundable under any circumstances. The Initial Franchise Fee is uniform for all franchisees purchasing a single franchise.

Development Agreement

The right to develop multiple Salons are offered in markets which are located within the Top 50 MSAs. If we grant you the right to develop multiple Salons, at the time you execute the Development Agreement, you will pay to us a one-time Development Fee. If you are acquiring the right to open two or three locations under our development agreement, instead of paying us the \$49,500 initial franchise fee you will pay to us a Development Fee of either \$79,500 for the development of two Salons or \$99,500 for the development of three Salons. If you qualify for the VetFran program sponsored by the IFA, your total Development Fee will be reduced by \$2,500.

You will be required to enter into our then-current form of Franchise Agreement for each Salon you wish to open under your Development Agreement, but you will not be required to pay any additional Initial Franchise Fee at the time you execute each of these Franchise Agreements. If you enter into a Development Agreement, you must typically execute our current form of Franchise Agreement for the first Salon we grant you the right to develop within your Site Selection Area concurrently with the Development Agreement (unless we agree otherwise in writing). For each subsequent salon you open, you will sign the current Franchise Agreement, which may differ from the Franchise Agreement associated with your first salon.

Your Development Fee will be deemed fully earned upon payment and is not refundable under any circumstances. The Development Fee described above is calculated and applied uniformly to all of our franchisees.

Initial Training Fees

Prior to opening, you will pay to us a \$6,000 initial training fee for our two-stage initial training program. The initial training fee is due in a lump sum prior to initial training and is not refundable under any circumstances. The initial training fee is uniformly imposed for first salons or salons that transfer ownership and includes a 5-day Business Training, currently hosted in Ann Arbor and on-site Salon Training with a Salon Opener and Corporate Stylist Trainer. This Initial Training Fee is due only in connection with your first Salon. Currently, Initial Training for subsequent salons, will be offered at the rates provided in Item 6 and typically includes the fees associated with the return of a Salon Opener and Corporate Stylist training if requested or required by the franchisor. Initial training fees does not apply to the 2-Pack or 3-Pack.

**ITEM 6
OTHER FEES**

Franchise Agreement

Type of Fee ¹	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenue per month. After your second year of operations, a minimum Royalty Fee of \$250 per week will be applied.	Monthly, currently the 8 th business day of the month	The first month may be either a full or partial calendar month, depending on what day the Salon opens for business. See Note 2 for the definition of Gross Revenue.
Marketing Fee	2% of Gross Revenue	Monthly, currently the 9 th business day of the month	See Item 11. See Note 2 for the definition of “Gross Revenue.”
Local Advertising	At least \$2,000 per month during first 12 full months of operation; Afterwards, at least \$1,500 per month	Monthly local advertising requirement must be spent before the end of each month	You must spend the required minimum expenditure amount per month in your local market to promote the Salon. See Item 11.
Cooperative Advertising	At least \$1,000 per month, when established	Monthly, currently the 5 th of the month	If we require you to participate in an established cooperative advertising campaign for your market area, your \$1,000 minimum monthly cooperative contribution will satisfy your local advertising requirement once the Salon is open at least 12 full months.

Type of Fee ¹	Amount	Due Date	Remarks
Additional Training, including but not limited to advanced training, opening training, transfer/resale training, Ongoing Assistance, Continuing Education, Manager Training and train the trainer	\$300 per day for each individual (which may be an attendee or trainer), plus reimbursement of our travel, lodging and dining costs (if applicable).	Before assistance	This fee applies to all training onsite or offsite. The \$300 per day, per attendee fee is payable to us before we provide the applicable training. We may, at our option, send our personnel to your Salon to provide mandatory training if you have failed two consecutive quality inspections and you will be responsible for all training fees and associated travel costs.
Continuing Education Requirements	Varies with circumstances	Upon demand	See Note 3.
Convention Enrollment Fee	Currently, \$600 per attendee	Before Convention	At least one representative is required to attend, no more than once per year, any designated convention or annual training meeting. For any annual convention you do not attend, you will be charged \$1,000 non-attendance penalty. You are responsible for all costs of attending convention, including travel, lodging, meals and wages.
Technology Fee	Currently, \$500 for the first month, then \$175 per month per Salon	Monthly, currently the 8th business day of the month	Technology Fees are for use of our online systems, intra-net, data sharing, business intelligence and more. We reserve the right to increase this fee. To be paid in the same manner and time frame as the Royalty Fee. See Item 11.
Supplier Approval Fee	Cost of inspection	Upon demand	You may recommend suppliers to us at any time; however, you must pay our reasonable costs and expenses if you request us to inspect and evaluate a proposed supplier.
Transfer Fee ⁴	\$5,000, plus our related attorneys' fees	Before transfer	We do not charge a fee if the transfer of the Salon is from an individual to a business entity for convenience of operation,

Type of Fee ¹	Amount	Due Date	Remarks
			however, you must reimburse us for our related costs and expenditures. See Note 4 for other circumstances where we charge a reduced Transfer Fee. See Item 17 for more information about restrictions and conditions of transfers.
Extended Term Fee	\$1,000 per year added to remaining term assumed by transferee (not to exceed an initial term of 10 years)	When transferee signs their franchise agreement	Upon transfer, transferee must assume the remaining term on your franchise agreement and may, at their option, purchase additional years for the Extended Term Fee, not to exceed an initial term of 10 years. See Item 17 for more information regarding transfers.
Renewal Fee	\$3,000	When you sign the new franchise agreement	See Item 17 for more information regarding renewal
Audit	Amount disclosed in the audit, plus our costs to conduct the audit	Upon demand	If an audit discloses an underpayment of the Royalty Fee due to us of 2% more, you must pay us 1.5 times the amount in error plus our costs and expenses for the audit.
Late Charges	18% per year or the highest amount allowed by law, whichever is less, calculated weekly.	Upon demand	Payable only if any sums due us are not paid promptly when due.
Point of Sale (POS) and Text Messaging Systems	Currently, \$355 per month	As incurred	This fee is imposed by us but payable to a third party and is subject to change. This subscription includes technical support provided by the POS supplier.
QuickBooks Online	\$28 per month	As incurred	This fee is imposed by us but payable to third party and subject to change.
VOIP Phone system, Email, Microsoft Office 365, and Antivirus	Currently, \$17 per month per telephone and \$4 per month per telephone line, \$17.50 per month for	As incurred	You must use our designated supplier for your voice over internet protocol phone system. This fee is imposed by us but

Type of Fee ¹	Amount	Due Date	Remarks
Software	Email and Office 365, \$4 per month for antivirus software		payable to a third party and is subject to change.
Sound Track Your Brand	\$25 per month	Monthly	This fee is payable to a third party provider and subject to change. This fee covers monthly music licensing.
Charge for Nonpayment Due to “Insufficient Funds”	\$50 (which we can increase annually by an amount not to exceed 10% of our previously published fee) plus reimbursement of our costs and expenses from your non-payment.	Upon demand	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise.
Administrative Default Fee	\$100 per occurrence, \$100 per week until cured	Upon demand	We may charge this fee if you breach any of the terms, conditions, or policies outlined in the Franchise Agreement or the operations manual, otherwise fail to comply with our standards and specifications, or use unauthorized products, equipment, or vendors. We will address such matters through compliance reports prepared for non-compliant franchisees with a reasonable cure period.
Private or Public Offer of Securities	Our costs and expenses associated with reviewing the proposed offer	Before the offering	No offering shall imply in any manner whatsoever that we are participating in an underwriting, issuance, or offering of your securities.
Costs and Attorneys’ Fees	Actual fees incurred	Payable as incurred	You must reimburse us for our expenses in enforcing or terminating the Agreements.
Indemnification	Amount of loss suffered	Upon demand	You must reimburse and pay our attorneys’ fees and related costs if we are held liable for claims from your operation of the Salon.

Notes:

Note 1. All fees are payable to us and are uniformly imposed and non-refundable. Unless otherwise noted, all fees are payable to us.

Note 2. “Gross Revenue” means the aggregate of: (1) all revenue from the sale of products and services, whether made for cash, on credit, or otherwise, without reserve or deduction for inability or failure to collect, that you, in the normal course of your operations would credit or attribute to the operation of a THE LASH LOUNGE® Salon; (2) all monies, trade value or other things of value that you receive from Salon operations at, in, or from the Salon premises that are not expressly excluded from Gross Revenue; and (3) business interruption insurance proceeds. Gross Revenue does not include: (a) the exchange of merchandise between THE LASH LOUNGE® Salons (if you operate multiple Salons) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Salon premises; (b) returns to shippers, vendors, or manufacturers; (c) sales of fixtures or furniture after being used in the conduct of the Salon business; (d) cash or credit refunds for transactions included within Gross Revenue (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (e) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (i) added to the selling price or absorbed therein and (ii) paid to the taxing authority by you. Customer refunds may be deducted from Gross Revenue if the charge was previously included in Gross Revenue.

Note 3. Each of your technicians must comply with our mandated continuing education requirements. For certain technicians, the state in which they are licensed or certified may also mandate certain continuing education requirements. Completion of those state mandated requirements are not a substitute for our own requirement. In addition to our fee for continuing education training; you will be responsible for all related travel, lodging, and dining costs for your attendees and/or our staff who may travel to your salon.

Note 4. If you or your Owners are transferring part, but not all, of their respective interest in the franchisee, the Transfer Fee equals \$2,500. If such transfer, however, results in additional required training, you will be responsible for paying our then-current tuition for the training as well as travel, lodging, and dining expenses. A Transfer Fee of \$5,000, plus our related attorneys’ fees, applies if you transfer all of your interest in the Franchise Agreement and all or substantially all of the assets of the Salon.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Single-Unit Franchise

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee ¹	\$49,500	Lump sum	When Franchise Agreement is signed	Us
Lease Payment (first 3 months) ²	\$8,837 - \$13,841	As arranged	As incurred	Landlord
Security Deposits ³	\$2,945 - \$9,395	As arranged	As incurred	Landlord
Leasehold Improvements ⁴	\$69,000 - \$319,450	As arranged	As required	Contractors and third party suppliers
Furniture, Fixtures, Décor, and Equipment ⁵	\$58,522 – \$91,911	As arranged	As required	Approved Suppliers
Salon Layout, Architect, Engineer, Drawings, and Permits ⁶	\$8,300 - \$21,600	As arranged	As required	Approved suppliers, your architect and engineer
Construction Management ⁷	\$0 - \$10,000	Lump sum	As incurred	Approved suppliers or

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
				third party suppliers
Initial Supplies ⁸	\$5,624 - \$7,035	As arranged	As incurred	Approved suppliers
Outdoor Signage ⁹	\$6,043 - \$11,892	As arranged	As incurred	Approved suppliers
Point of Sale (“POS”) Register, Hardware, Software ¹⁰	\$4,400 - \$7,600	As arranged	As incurred	Approved suppliers
Initial Cosmetic Inventory Package ¹¹	\$2,000 - \$2,500	As arranged	As incurred	Designated Suppliers
Pre-opening training expenses (per person) ¹²	\$6,000 - \$8,000	As arranged	Before opening	Us and third party suppliers of transportation, food and lodging for you and your employees
Telephone and Utility Deposits and Expenses	\$250 - \$500	As arranged	As incurred	Third party suppliers
Grand Opening Event	\$1,000 - \$5,000	As arranged	As incurred	Approved suppliers
Business Licenses, Permits, etc. (first year)	\$200 - \$1,300	As agencies require	As agencies require	Applicable agencies
Insurance Deposits and Premiums (first three months)	\$1,500 - \$2,000	As agent requires	Before opening	Insurance carriers
Professional Fees (first year)	\$1,000 - \$3,000	As arranged	As incurred	Your accountant, attorney, and other professionals
Additional Funds - (first three months) ¹³	\$35,000 - \$45,000	As arranged	As incurred	Various
Grand Total ¹⁴	\$260,121 - \$609,524			

Multi-Unit Development (2-Pack or 3-Pack)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee	\$79,500 (2-Pack) \$99,500 (3-Pack)	Lump sum	Upon execution of Development Agreement	Us
Initial Investment to Open Initial/Single Salon	\$210,621 - \$560,024	Totals from Chart A of this Item 7 less the Initial Franchise Fee.		
Grand Total ¹⁴	\$290,121 - \$639,524 (2 Salons) \$310,121 - \$659,524 (3 Salons)	This is the total estimated initial investment to enter into a Development Agreement for the right to own a total of two to three, as well as the estimated initial costs to open and begin operating your initial Salon for the first three months (as described more fully in the “Single Unit Franchise” chart above).		

Notes:

Note 1. This figure represents the Initial Franchise Fee of \$49,500 if you enter into a Franchise Agreement for a single unit. The Development Fee is credited toward the full Initial Franchise Fee for each of the Franchise Agreements you will enter into for a multi-unit development deal for the right to develop multiple Salons.

Note 2. We reserve the right to approve the location of your Salon, and you must construct, remodel, alter and improve the location to our specifications. These figures assume that your location will be a leased, unimproved, unfinished retail store-type unit. A typical Salon will be located inside of or adjacent to a retail strip mall or shopping center, or, in the alternative, in urban storefronts. The size of a typical salon location will range from 1,200 to 1,715 square feet and the cost of leasehold improvements will vary depending upon factors such as size, condition of premises, and location. Monthly lease payments usually range from \$2,945 to \$4,613, however many variables contribute to final lease terms. You may be asked to pay your first months' rent in advance.

Note 3. Based on our historical data, security deposits are generally required by utility providers, the landlord (one month's rent), and equipment lessors.

Note 4. Construction and remodeling costs vary widely, depending upon geography, real-estate demand, labor costs, the salon location, design, configuration and condition of the premises, the condition and configuration of existing services, and facilities such as air conditioning, electrical and plumbing, and the terms of your lease. Construction costs will be higher if the size of your salon is larger. The high of \$319,450 represents a location opened in New Jersey, within the last calendar year, where the Franchisee did not receive tenant improvement allowances and was additionally required to use unionized labor. The second most expensive location has leasehold improvement expenses in the amount of \$225,320. The figures in the chart include a general contractor's fee (generally equal to 10% to 15% of total construction costs), contractor's insurance, materials and supplies, tools, labor and subcontractor fees, and other costs to construct leasehold improvements conforming to our standards. Both the low and high range assumes you will receive a tenant improvement allowance. Based on our and our franchisees' experience such tenant improvement allowance can range between \$0 per square foot to \$100 per square foot. Build-out costs per square foot have ranged from \$50 to \$176, net of tenant improvement allowances, but can vary based on space requirements.

Note 5. Furniture, fixtures and equipment also include all interior design elements, and interior signage. Liberty collects between \$12,691 to \$23,416 for these items. If any special or additional equipment or fixtures is needed to provide salon services you must acquire that equipment or fixture, the cost of which may be significant. Typically, salons will range from six to eight stations. Shipping costs and sales tax are included in this range but will vary depending on your location.

Note 6. This range includes our supplier's fee for your salon layout design.

Note 7. These services are not required, however, if you elect to appoint a supplier to provide you with construction management services, we have approved vendors for such services. The low range in the chart assumes you elect not to use such services where the high range assumes you do. Future approved vendors may charge more or less than the amount indicated in the chart above.

Note 8. The initial supplies accounted for in this range include all start-up supplies including office, backbar, merchandising, and business supplies (such as stationery, business cards, brochures, and other print materials) and other general supplies.

Note 9. The above represents the most expensive single sign location since the beginning of our last calendar year. We do not require two outdoor signs. However, one location since the beginning of our last calendar year had expenses in the amount of \$18,038 for two door signs.

Note 10. The above range includes the cost of all system set-up and installation, including all required computer system software and hardware, including firewall requirements, point of sale terminals, cash drawer, Salon Software Enterprise licenses, server license, and point of sale management software. This range also includes payments to our designated supplier for QuickBooks Online and other accounting software and installation, our customized chart of accounts, a customized manual, and initial remote training.

Note 11. If for any reason your Salon does not open (other than in the event the parties mutually agree to extend the originally established Control Date), our approved vendor may refund the purchase amount for the Initial Cosmetic Inventory Package upon its receipt of the unopened, undamaged, complete inventory; otherwise, the inventory fee is not refundable. The figures included in the chart do not include additional inventory you may choose to purchase at your option.

Note 12. You must make arrangements for, and pay the expenses, including travel accommodations of, each individual who attends our initial business training program. Such expenses will include transportation, lodging, meals, and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodation you choose and the type and location of the training you receive. The figures in the chart represent the estimated cost for one individual to attend our initial training program currently hosted in Ann Arbor, Michigan. Any fees related to additional training needed or requested beyond those which are initial are represented in the Franchise Agreement.

Note 13. These amounts are the minimum recommended levels to cover operating expenses including your employees' salaries and stylist wages, and local marketing for three months. However, we cannot guarantee that those amounts will be sufficient. These estimates do not include managerial salaries or any payment to you. These estimates also do not take into account finance payments, charges, interest, and related costs you may incur if any portion of the initial investment is financed by a third party. We do not offer direct or indirect financing. These amounts are the minimum recommended levels to cover operating expenses, including your employees' salaries for three months. However, we cannot guarantee that those amounts will be sufficient. The amounts listed for this category are based on historical data from our franchisees.

Note 14. This range represents the total estimated initial investment required to open the initial Salon you agreed to open and operate under the Development Agreement and does not include any of the costs you will incur in opening any additional Salons you agree to develop under your Development Agreement. These figures are estimates of your initial expenses covering the first three months of your operation. We cannot guarantee you will not have additional expenses starting the business. All amounts are non-refundable unless otherwise noted.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved or Designated Suppliers

Salon Supplies

The integrity of our brand is directly related to our products and services. You must purchase from our designated suppliers, all products and supplies needed to provide Salon services including eyelash extensions, glue, eye pads, eyelash coloring and design products, and, if applicable, any other products that relate to our current or developing services. Currently, the supplier of such products and supplies is Liberty.

Salon Retail Products Inventory

You must also purchase from us or from designated suppliers all private label cosmetics and skin care lines. Additional purchases you must make from us or from designated suppliers include any products or materials developed by or for us and/or which bear our trademarks ("Proprietary Products"). Included among our Proprietary Product is our private label cosmetics and skin care line ("Private Label Products") which you must also purchase from Liberty. You must purchase and maintain such minimum level of inventory of

our Proprietary Products as needed to meet the Salon's reasonably anticipated consumer demand. You must purchase all products and materials which bear any of our trademarks solely and exclusively from us, our affiliates, or from a producer, manufacturer, distributor or supplier we designate or approve.

If you purchase any items from us or our affiliates, we may derive profits from these purchases. John Rotche, the Chief Executive Officer of Franworth, owns an interest in Liberty, which is currently an approved supplier. Except for Mr. Rotche's interest in Liberty, none of our officers owns an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers of THE LASH LOUNGE® franchise system. Occasionally, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

Salon Layout Design and Fixtures, Furniture, and Additional Materials, Supplies, and Products

You will engage our designated supplier for the layout design and construction management of your Salon. This same supplier will also serve as your supplier for much of the Salon's furniture and fixtures. In general, we may designate suppliers from whom you will be required to purchase certain non-proprietary fixtures, furnishings, equipment, uniforms, supplies, marketing materials, forms, computer hardware, software, modems and peripheral equipment and other products, supplies, services and equipment, other than Proprietary Products, which you may or must use or sell at or through the Salon. You may use, offer or sell only those non-proprietary products that we expressly authorize, and you may purchase them from (i) us or our affiliates, (ii) suppliers we designate, or (iii) suppliers you select that we approve in advance in writing.

Computer System, Software, and Music License

You must purchase the POS computer hardware and software system from our approved suppliers. You will also be required to subscribe to certain services including accounting services, POS-related subscriptions, operating system and office software licenses, and music licenses. See Item 11 for more information about computer hardware and software requirements.

Supplier Approval

We will provide you with our Manual and various supplemental bulletins and notices that will contain the specifications, System standards, and restrictions on your purchase of products and services. Upon request, we will furnish to you an approved list of suppliers which we may update periodically.

If you desire to purchase products from a supplier other than our approved suppliers, you must submit a written request to us for approval of the proposed supplier, together with any evidence of conformity with our standards and specifications as we may reasonably require, or will request the supplier itself to do so. We may inspect and evaluate the supplier's facilities and products before we approve or disapprove your proposed supplier, and you must pay all of our reasonable costs and expenses incurred in doing so. You may not use a supplier before you receive our written approval. A supplier must demonstrate to our reasonable satisfaction that it can supply an item meeting our standards and specifications for the item, that it is in good financial standing in the business community and that its products and services are reliable. We will provide you with our specifications and standards and our criteria for approval of suppliers and will approve or disapprove a proposed supplier in 60 to 90 days. We will notify you if and when we no longer approve a previously approved supplier. A supplier must continually adhere to our standards and specifications to maintain its approval.

Except as stated in this disclosure document, you are not obligated to purchase from a particular approved supplier, but must use specific brands of equipment, and in some situations certain comparable brands of equipment may be acceptable, subject to our prior written approval.

Franchised Location and Lease

You are required to use our designated supplier for site selection assistance. There is no upfront fee for this service. The designated supplier's fees are paid for by the landlord of the premises you select. Additional services are offered by our site selection designated supplier, but are not required.

You must acquire a site for your Salon that meets our site selection criteria and that we approve. If you occupy the Salon according to a commercial lease, the lease must contain terms that we specify. (See Lease Addendum attached as Attachment F to the Franchise Agreement).

You must construct, equip, and improve the Salon in compliance with our current design standards and trade dress. You must purchase and install, at your expense, all millwork and customized fixtures, furnishings, equipment (including a point-of-sale cash register system), décor, and signs from our approved third party suppliers.

If we grant you the right to open and operate multiple Salons under a Development Agreement, you may not enter into your Franchise Agreement for each subsequent Salon opened under your Development Schedule until you have found a Premises for that subsequent Salon that we accept.

Insurance

You must obtain and maintain insurance policies protecting you, and us as additional insured, on a primary non-contributory basis. The additional insured should be listed on the certificate as follows: The Lash Franchise Holdings, LLC, and its officers, managers, members, partners, shareholders, regional directors, subsidiaries and affiliates, agents and employees; and it must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to us), as well as third party coverage endorsement, and joint employer coverage endorsement. The policy must contain a waiver of all subrogation rights against us, our affiliates, and their successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellations, or expirations. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Salon is located and must have an A.M. Best rating of "A" or higher.

These policies must include the coverage that we require, which currently includes: (a) "all risk" or "special" property insurance covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance on an actual loss sustained basis, (b) comprehensive general liability insurance, including products and completed operations in an amount of not less than the following combined single limits: \$1,000,000 per occurrence, \$1,000,000 personal and advertising injury, \$1,000,000 completed operations/products aggregate, \$2,000,000 aggregate per location; (c) automobile liability coverage, including coverage of owned, non-owned, rented or hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit, (d) employment practices liability coverage with a limit of \$500,000 per occurrence and in the aggregate, (e) professional liability insurance for all state-licensed beauty or health professionals with minimum coverage of \$1,000,000 per occurrence, (f) workers' compensation insurance for statutory limits, (g) employer's liability insurance in an amount not less than \$1,000,000, and (h) any insurance as is necessary to comply with all legal requirements concerning insurance coverage for you and your personnel attending our training programs.

At least 10 days before you are required to carry insurance, and after that at least 30 days before the expiration of any policy, you must deliver to us certificates of insurance evidencing the proper types and minimum amounts of required coverage, and evidence of the additional insured and waiver requirements. If you fail to maintain the required insurance, we or our designee may obtain the insurance for you and charge and demand reimbursement of the premium costs and costs of acquiring the insurance. Each year we may unilaterally modify the insurance minimum coverage requirements which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market conditions warrant.

We may periodically increase the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Revenue Derived from Franchisee Purchases and Leases

We will derive revenue from franchisee purchases and leases to the extent that franchisees purchase products or services from us, or our affiliates. During our fiscal year ending December 31, 2021, we received \$0 revenues as a result of franchisee purchases or lease. During its fiscal year ending December 31, 2021, The Lash Lounge Products, LLC derived \$168,200 in revenue from franchisee purchases. During its fiscal year ending December 31, 2021, Liberty Distribution, LLC derived \$2,492,308 in revenue from franchisee purchases.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that substantially all of your expenditures for leases and purchases in establishing your Salon and approximately 30% to 35% of your total annual operating expenses on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees. If we negotiate a purchase agreement for the region where your Salon is located, you must participate in the purchasing program. Presently there are no purchasing or distribution cooperatives in existence for the franchise system.

We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

These tables list your principal obligations under the franchise, development, and other agreements. They will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section(s) in Franchise Agreement and Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement: Sections 3.1. and 3.3. and Section 1 Development Agreement: Attachment A	Items 8 and 11
b. Pre-opening purchases/leases	Franchise Agreement: Sections 3.4., 6.5., 6.6., and 10.1.	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Franchise Agreement: Sections 3.2., 3.4., and 5.1. Development Agreement: Section 1 and Attachment A	Items 7, 8 and 11
d. Initial and ongoing training	Franchise Agreement: Sections 5.1., 5.3., 5.5., 5.6., 5.7., and 5.8.	Items 6 and 11
e. Opening	Franchise Agreement: Sections 3.5. and 5.2. and Section 5 Development Agreement: Attachment A	Item 11
f. Fees	Franchise Agreement: Sections 4.1., 4.2., 4.3., 4.4, 4.5., 4.10., 4.11, 9.2., 9.3., 9.4., 12.3., and 12.4. Development Agreement: Article 2	Items 5, 6, 8 and 11

Obligation	Section(s) in Franchise Agreement and Development Agreement	Disclosure Document Item
g. Compliance with standards and policies/ Operating Manual	Franchise Agreement: Article 8	Item 8, 11, 14 and 16
h. Trademarks and proprietary information	Franchise Agreement: Article 7	Items 11, 13 and 14
i. Restrictions on products/services offered	Franchise Agreement: Sections 6.4., 6.5., 6.6., 6.7., and 6.8.	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Franchise Agreement: Not applicable Development Agreement: Article 1 and Attachment A	Item 12
l. Ongoing product/service purchases	Franchise Agreement: Sections 6.5., 6.6. and 8.2.	Item 8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement: Sections 6.7. and 6.10.	Items 7, 8 and 11
n. Insurance	Franchise Agreement: Section 11.2.	Item 7 and 8
o. Advertising	Franchise Agreement: Article 9	Items 6 and 11
p. Indemnification	Franchise Agreement: Section 11.3.	Items 6 and 12
q. Owner's participation/ management/staffing	Franchise Agreement: Sections 6.2., and 6.3.	Item 15
r. Records and reports	Franchise Agreement: Sections 10.4, 10.5, and 10.6.	Item 6
s. Inspections and audits	Franchise Agreement: Section 10.7.	Items 6 and 11
t. Transfer	Franchise Agreement: Article 12 Development Agreement: Article 8	Items 6 and 17
u. Renewal	Franchise Agreement: Section 2.2.	Items 6 and 17
v. Post-termination obligations	Franchise Agreement: Article 14 Development Agreement: Articles 12 and 13	Items 6 and 17
w. Non-competition covenants	Franchise Agreement: Article 15	Item 17
x. Dispute resolution	Franchise Agreement: Article 19 Development Agreement: Articles 12, 13, and 15	Item 17
y. Guaranty	Franchise Agreement: Section 18.6.	Item 15

**ITEM 10
FINANCING**

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

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

Except as listed below, The Lash Franchise Holdings, LLC, is not required to provide you with any assistance.

Pre-opening Obligations.

Before you open the Salon for business:

1. We will approve the Site Selection Area in which you may locate your Salon before you sign the Franchise Agreement, and we will approve or refuse to approve the specific Salon site within 30 days of receiving all requested information. (Franchise Agreement, Section 3.2.). If you have entered into a Development Agreement for the right to open multiple Salons, we will designate your Site Selection Area where you will have the right to locate and secure a Premises for each of your Salons (each of which we must accept). (Development Agreement, Section 1)
2. We will admit two individuals to our business-related initial training program, as described below. You will pay a fee for any additional attendees. (Franchise Agreement, Section 5.1.1)
3. We will also provide technical service training to you and, if you so elect, to your stylists. This training may be provided on-site at your salon, at our designated training facility or such other location we determine at our discretion. (Franchise Agreement, Section 5.1.2)
4. We will make available, on loan to you, one copy of our Manuals. (Franchise Agreement, Section 8.1.) The Table of Contents of our Confidential Operations Manual is attached to this disclosure document as Exhibit E. Our Manual contains 267 pages.
5. We will provide such pre-opening consultation and advice as we deem appropriate, which may include advice with regard to the development and operation of the Salon, building layout, furnishings, fixtures, and equipment, plans and specifications, employee recruiting, selection, and training, purchasing and inventory control, marketing, and such other matters as we deem appropriate. We do not directly contribute to the hiring of employees. However, we provide assistance in the initial training for opening the Salon. (Franchise Agreement, Section 5.4.)
6. We will assist you in creating an initial Local Marketing and promotional strategy to promote the opening of the Salon, including Grand-Opening and other strategies. (Franchise Agreement, Section 9.2.)

Continuing Obligations.

During the operation of the Salon:

1. We will provide such ongoing consultation and advice as we deem appropriate, which may include information about new services and product developments, instruction concerning the operation and management of the Salon, advertising and marketing advice, and financial and accounting advice. (Franchise Agreement, Section 5.5.)
2. We will communicate to you information about our approved and designated suppliers. (Franchise Agreement, Section 6.6.)

Advertising

Our recommended local advertising program for the products and services offered by THE LASH LOUNGE® Salons currently consists of digital and community-based advertising in certain targeted

markets. Our advertising and marketing materials are currently developed both in-house and with the help of outside advertising agencies and consultants. You will have access to all of our marketing and advertising templates through our Intranet website. You are required to use, feature and display only marketing materials, including brochure-ware, digital and all social assets, that are created by us.

We must approve all of your promotional and marketing materials before you use them. To obtain approval, you must submit to us samples of the proposed materials and notify us of the intended media. We will use good faith efforts to approve or disapprove your materials within 15 days from the date we receive them. You may not use the materials until they are expressly approved by us, and we have the right to disapprove materials that we have previously approved. We must also approve all of your promotional and marketing programs, events, and all other related activities before their implementation. To obtain approval, you must submit a detailed outline of all proposed promotional and marketing activities, as well as all other information we may reasonably request. Once we have received the requested information, we will use good faith efforts to approve or disapprove your proposed promotional activities within 15 days.

Grand Opening Event

You must invest between \$1,000 - \$5,000 on a grand opening event to promote your Salon's grand opening "open-house." We will assist you in creating a marketing and promotional strategy for the Grand Opening event, including suggestions around scheduling relative to the soft-opening of your salon. This grand opening expenditure amount is in addition to the local advertising requirement for your first year, which begins in your first month of operation.

Marketing Fee

We do not require that you contribute to an advertising fund. As described in Item 6, however, we impose and collect 2% of Gross Revenue as a Marketing Fee which compensates us for certain marketing and promotional activities such as the management of online entities and the creation and production of promotional materials. While we have no contractual obligation to do so, it is our intent to spend Marketing Fee monies, or an equivalent amount, on national brand development, promotions, websites, and other brand awareness activities. We do not guarantee that you will benefit from the Marketing Fee in proportion to your Marketing Fee payments.

Marketing Fee monies will not be held in a trust or escrow account, nor do we have any contractual obligation to account for Marketing Fee monies separately, and we will not have any fiduciary obligations to you with respect to the Marketing Fee. We will determine the use of the Marketing Fee monies. A franchisee may request an annual report of general category spending of collected Marketing Fees. This report may be requested in writing and will be provided in the manner we determine no more than one time per year and only after March 1 for the prior year. If Marketing Fee monies are not spent in the fiscal year in which they accrue then, as these amounts are general operating funds, we may spend such monies as we deem appropriate. We will not be required to spend any particular amount on marketing, advertising, or promotion in your Salon's market area, nor any pro rata amount based upon your Marketing Fee payment. We do not primarily use Marketing Fees received for the solicitation of new franchise sales. During our most recently completed fiscal year, Marketing Fees were spent in the following approximate percentages: 8% media; 27% administrative expenses; 16% website; 11% creative; 30% professional fees; and 8% other uses. Franchisor-owned outlets are not obligated to pay Marketing Fees.

Local Advertising

During the term of the Franchise Agreement, you must spend a minimum of \$2,000 per month during the first 12 full months of the Salon's operation on approved marketing and promotional activities in your market area. This amount is in addition to the Grand Opening Event marketing expenditure. After the first 12 full months of operation, you must spend a minimum of \$1,500 per month to promote the Salon in your

market area. You must report, in the format we require, as often as quarterly but no less than annually, your itemized local advertising expenditures to confirm the required expenditures have been met.

If you fail to meet the minimum spending requirement, we may, upon your receipt of our written notice (and on a going forward basis) deduct the required local advertising expenditure amount each month from your account which we will spend on your behalf to promote the Salon in your market area. We will continue this process until such time as we may determine, in our sole discretion, that you can reassume this obligation on your own behalf.

Advertising Cooperative or Advertising Council

We may, in our sole discretion, elect to form an advertising cooperative and/or advertising council for the benefit of the franchise system. If advertising cooperatives or councils are formed, we will retain the right to change, dissolve or merge any such cooperative or council, in our sole discretion. As of the date of this disclosure document we have not established any advertising cooperative or council, however, when applicable, the terms of the Franchise Agreement require you to participate in any such advertising cooperative or council as directed by us.

Computer Systems

You must purchase, install and maintain the electronic point of sale computer systems that we designate to record sales and transaction data (such as appointment time, item or service ordered, price, and date of sale) as well as data related to Salon operations (the "Computer System"). You will use the Computer System as a cash register system, a customer data system, an inventory system, an employee payroll and time maintenance system, a daily sales reporting system, and an accounting system.

You must connect the Computer System to a communications channel capable of accessing high speed internet via a third party network. We also require that you purchase our required firewall/router to create a network for your Salon's computers and to grant us, and other designated third parties such as our designated computer support supplier, remote access your Computer System. Updates or replacement of the Computer System, both hardware and/or software, may be required. There is no contractual limitation on the frequency or cost of these obligations. We will have the right to independently access all information and financial data recorded by the system for daily polling, audit and sales verification. There are no contractual limitations to our right to access the information and data recorded by your system.

The approximate cost to purchase the Computer System, computer software, and hardware is \$3,493 to \$10,213. This amount includes the cost of installation and the POS initial set up fee described below. You must purchase both the required hardware and software from our designated and approved suppliers. Your Salon will utilize one iPad, a desktop PC, and the option to add a laptop PC, as part of the approved computer system.

You will purchase a subscription to our POS provider. The current ongoing subscription fee of \$355 per month for the generic product, not including additional services. This subscription includes technical support. This fee is subject to change.

No later than 90 days after you begin our on-boarding process, you must subscribe to the designated accounting software package as provided by our designated supplier, currently Intuit QuickBooks Online. You must utilize our customized chart of accounts. There is currently an ongoing \$28 per month service fee for your use of the accounting software required.

You must also use a voice over internet protocol phone system through our designated supplier. The current monthly fee for this service is \$17 per month per telephone and \$4 per month per telephone line. You will also pay the current Microsoft Office 365 and email services cost of \$17.50 per month and \$4 per month for antivirus software.

We have also established a Technology Fee, currently \$500 for the first month, the \$175 per month, which we will apply toward such software and technology related costs, intranet development, support,

maintenance, and related costs; software or application development, customization, and implementation; online or Internet-related support; hardware and/or software support; business intelligence development and other such technologically-related activities.

At our request, you must, install and maintain interactive multi-media equipment, devices, and facilities that we require, including approved music systems, wi-fi and other wireless Internet and communications systems, and interactive displays, including plasma or LCD screens.

Except as described above, neither we, our affiliates, nor any third parties must provide ongoing maintenance, repairs, upgrades, or updates to your computer system or other computer equipment. Except as described above, there are currently no optional or required maintenance/upgrade contracts for the Computer System or other computer equipment.

You must install any other hardware and/or software for the operation of the Salon that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. There is no contractual limitation on the frequency or cost of these obligations. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by THE LASH LOUNGE® Salons.

Initial Training Program

The Initial Training Program consists of three components in two segments for a fee of \$6,000: The first segment, single component being Business Training, and the second segment, two component being Salon Opener Training and Initial Stylist Training conducted in your salon. You are eligible to attend Business Training only after you have a signed Lease. Typically, franchisees attend Business Training within 90 to 100 days of their anticipated Soft-Opening. The completion of Ann Arbor-based business-related classroom training is mandatory. We reserve the right to delay this training if all of the pre-training requirements, as set forth in the Manual and onboarding processes, are not met. If you are hiring a General Manager to run the salon operations, we strongly recommend you have them attend this training as well. Our business-related initial training program will be held at a classroom facility that we designate in the Ann Arbor, Michigan area, although we reserve the right to designate another training facility or host virtually. We will provide the training, the instructor(s), a training manual, and other materials for up to two trainees. You must pay us a fee (currently \$300 per day) for each additional attendee you send to the initial training program. We reserve the right to implement online training in addition to, or that cover certain, business-related subject matters currently included in classroom training sessions. You are responsible for all travel and lodging expenses related to attending Ann Arbor Business Training. Our training instructor, Jill Biggs has 22 years experience in training and 6 years experience in training in the health and beauty industry.

The second segment of the initial training program includes two components, Salon Opening and Initial Stylist Training. You may choose one of following two Initial stylist training options: (1) we provide one individual (Corporate Stylist trainer) to provide you with on-site stylist training services at your Salon for a period of up to 4 days, typically in conjunction with a second individual (Salon Opener for 3 days) to provide opening support, software and sales training. This option is subject our availability and our discretion; or (2), you send to us, at a training facility we determine, up to 10 stylists to be trained to provide services prior to opening (which may be provided in as many as two training sessions for up to five stylists each, where each session lasts approximately four days). For this option, any travel, lodging, meals, and related costs, whether for you or your employees will be borne by you. The Initial Training Fee of \$6,000 currently includes the travel for the Corporate Stylist and Salon Opener for the initial training at your first salon only. Any/all additional training, including training for—if applicable—your second and subsequent salons, is currently provided at \$300/day plus travel.

The initial training program is held on an as needed basis and is directed by our Vice President, Kristin Kidd. Each component of the initial training program must be completed to our satisfaction. You must attend and participate in all sessions of the initial training program. If we determine that you have not

completed or are unable to complete our initial training program satisfactorily, we may offer another chance to re-take the initial training program at your expense. Your failure to complete initial training to our satisfaction will give us the right to terminate your Franchise Agreement.

TRAINING PROGRAM

Subjects	Hours of Classroom Training	Hours of On the Job Training	Location
Initial Business Training (HR & Team Planning, Unit Economics Planning, KPI Metrics, Selling Skills and Opportunities, NSO Marketing Planning, General Operations	16 - 36	0	Ann Arbor, Michigan or such other designated training center
Retail Sales, Product Knowledge, Purchasing and Inventory	5	0 - 5	Ann Arbor, Michigan or such other designated training center
Marketing, Grand Opening and Ongoing Marketing	5	0 - 5	Ann Arbor, Michigan or such other designated training center
Stylist Service Training (if applicable)	20	0 - 20	Dallas/Ft. Worth or such other designated training center.
Stylist Service Training (Onsite Option – If applicable)	0 - 20	0 - 40	On the job training: your Salon location
Salon Operations and Front Desk Management Training	8	0 - 8	On the job training: your Salon location
TOTAL	46 - 82	0 - 78	

If we determine, however, that you have not met the minimum requirements for the establishment of the Salon by the timelines set forth in the Manual, we may elect to provide you with additional on-site assistance as we deem appropriate and you agree to pay our per diem fee for this additional assistance as well as our related travel, lodging, and dining costs.

We may make available additional courses, seminars, and other training programs as we consider appropriate. You must cause your General Manager and other employees whom we designate to attend these mandatory programs. In addition to our fee related to such additional training programs, you must pay all attendance related travel, lodging, and dining costs for your Managing Owner, General Manager and designated employees.

Site Selection and Opening

When you sign the Franchise Agreement, we will agree on a “Site Selection Area” within which you must locate the Salon. If we grant you the right to open multiple franchises under our form of Development Agreement, you will be granted a similar Site Selection Area wherein you will be required to open a certain number of Salons as set forth in your Development Schedule. Once you have identified an accepted location, we will define and provide your “Protected Development Area.” This “Protected Development Area” will consist of an area, typically a circle, surrounding your premises containing a population of up to 40,000 individuals, and will not exceed a maximum diameter of six miles (or a three-mile radius). You must acquire an acceptable site and open your Salon by no later than the Control Date identified in the Franchise Agreement, which is one year from the effective date of the Franchise Agreement. If you fail to acquire an acceptable site by Control Date, we will grant you a 90-day extension so long as you have

engaged our designated supplier for site selection services and are actively pursuing an acceptable Salon location. If you are not actively pursuing a salon location, we may terminate the Franchise Agreement. For each proposed site that you identify, you must deliver to us a franchise site application in a form that we prescribe, including information about the site as we may reasonably request to perform our evaluation. We will approve or refuse to approve your proposed site within 30 days of receiving all requested information about the site. The criteria that we use to evaluate the site include general location, neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. Factors the Franchisor considers in approving sites are demographics of the area, rent and square footage. Franchisor does not generally own the premises, nor leases it to the franchisee.

A Salon usually opens for business within twelve months after the Franchise Agreement is signed. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to locate a location which we will accept; to obtain any financing you need; to obtain required licenses, permits, and governmental agency approvals; to fulfill local ordinance requirements; to complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs; and to complete our initial training program and to complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors.

If you fail to open the Salon by the Control Date, we can terminate the Franchise Agreement. If you have entered into a Development Agreement to open multiple Salons, your Development Agreement will include a Development Schedule containing a deadline by which each Salon must be open and operating. If you fail to develop each Salon by its corresponding deadline, we may terminate the Development Agreement.

ITEM 12 TERRITORY

Franchise Agreement

You will operate the Salon at a location that we have accepted, and may relocate the Salon only with our prior written consent. We will consent to relocation if your lease expires or terminates through no fault of yours, or if the Salon premises is destroyed or materially damaged by fire, flood, or other natural catastrophe, and you are not in default of the Franchise Agreement or any other agreement with us or our affiliates.

You will select a Salon location, which we accept, from within your designated "Site Selection Area," identified in Attachment B. When the Salon location is identified, we will apply a "Protected Area," which will also be identified in Attachment B to the Franchise Agreement. Except as described below, the Protected Area will consist of an area, typically a circle, surrounding your premises containing a population of up to 40,000 individuals, and will not exceed a maximum diameter of six miles (or a three-mile radius).

During the franchise term, we will not own or operate, or grant anyone else the right to operate, a Salon under the trademark THE LASH LOUNGE® within the Protected Area. Excepted out from the Protected Area will be venues within the Protected Area that we consider "Closed Markets." These include any facility serving a captive market, including hotels, resorts, airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which eyelash extension and other related services rights are, or may reasonably be anticipated to be, contracted to a third party or parties. As long as you meet the eligibility requirements for the Closed Market location and are not in default under any agreements with us, we agree to offer you a 30-day right of first refusal for any Closed Market locations that are located within your Protected Area prior to developing the location ourselves or offering them to a third party. Your Franchise Agreement grants you the right to sell products and services only at your Salon location. Therefore, so long as your customers come to your Salon location for the purchase of products and services, you will not be restricted from soliciting sales or

accepting orders within or outside of the Territory, and neither we nor other franchisees must pay any compensation to you for soliciting or accepting orders within your Territory. The Franchise Agreement does not grant you any right to distribute THE LASH LOUNGE® brand products through wholesale channels, such as mail order, catalog sales, or Internet sales whether within or outside of your Territory. Unless granted to you under our Development Agreement, you do not have any options, rights of first refusal or other rights to acquire additional franchises. Neither we nor our affiliates have any current plans to operate a franchised business under a different trademark that will sell goods or services that are the same as or similar to those offered by Salons.

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.

Development Agreement

If you enter into a Development Agreement, we will define a Site Selection Area within which you will have the right to locate and secure the accepted Premises for each Salon you must open under your Development Schedule. The size of the Site Selection Area will likely vary among new prospects and developers, with the size of your Site Selection Area typically depending on the demographics of the area in and around the region you wish to develop.

We typically identify your Site Selection Area early during the franchise due diligence and offer process, based on where you tell us you wish to operate, and the agreed-to geographic description is inserted into your Development Agreement before you sign it. The Site Selection Area may not be modified at any time during the term of the Development Agreement unless the parties mutually agree to the modification in a separate signed writing. Typically, your Site Selection Area will be all or part of an MSA.

If you are in full compliance with your Development Agreement and any existing Franchise Agreement you have entered into with us, then we will grant you the right to open the number of THE LASH LOUNGE® franchises you agreed to open as part of your Development Schedule within your Site Selection Area. We do require that you locate, review, and secure these locations using our approved supplier for site selection services. Your rights within the Site Selection Area are non-exclusive but are representative of the inventory of licenses we award within a given Site Selection Area. Site Selection is not prioritized by franchisee tenure, size or sales but is subject to our system standards. We reserve the right to alter inventory at any time in response to market conditions. You do not receive an exclusive territory under your Development Agreement. You may face competition from other franchisees, from outlets that we control, or from other channels of distribution or competitive brands that we control.

Once you have secured a Premises for a given Salon to be developed per your Development Agreement, we will grant you a Protected Area around that Salon as described above.

Development Schedule

Your Development Schedule will depend on the number of units you acquire the rights to develop in your Development Agreement. If you enter into an agreement granting you the rights to develop three units, your Development Schedule will be as follows:

Expiration of Development Period (each, a “Development Period”)	No. of New Salons Opened Within Development Period	Cumulative No. of Salons that Must Be Open and Operating
12 Months from Effective Date	1	1
Months 13 through 36 of the Development Agreement	1	2
Months 37 through 48 of the Development Agreement	1	3

Other Disclosures

We reserve to ourselves all other rights, including the right: (a) own and operate and to grant others the right to own and operate Salons outside the Protected Development Area, regardless of their proximity to the Protected Development Area, but will make reasonable efforts to responsibly approve sites based on experience and data; (b) to own and operate and grant others the right to own and operate THE LASH LOUNGE® Salons, and license the use of the Marks and System, in "Closed Markets" within and outside the Protected Area; and (c) the right to distribute products and services, whether identified by the Proprietary Marks, such as Private Label Products, or under different trademarks, within and outside of your Protected Area through alternative channels of distribution including mail order, catalog sales, department stores, retail stores, supermarkets, and/or Internet sales. We are not required to compensate you if we exercise any of the rights specified above inside your Protected Area.

Except for the Protected Area granted in your Franchise Agreement, we do not grant any rights of first refusal to obtain additional franchise rights or specific sites. If you wish to develop additional Salons you must enter into a new Franchise Agreement and meet all our current requirements for franchisees. There are no circumstances that permit us to modify your Protected Area, nor do we require that you meet a minimum sales quota.

Neither the Franchise Agreement nor the Development Agreement provides you with any right or option to open and operate additional Salons, other than as specifically provided for in your Development Agreement if you are granted multi-unit development rights. Regardless, each Salon you are granted the right to open and operate must be governed by its own specific executed Franchise Agreement.

Other than the rights granted under our Development Agreement or Franchise Agreement, we do not grant you any other option or rights of first refusal to acquire additional development areas.

ITEM 13 TRADEMARKS

We own the following Marks which have been registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date	International Class
THE LASH LOUNGE (standard characters)	3,866,558	October 26, 2010	44
THE LASH LOUNGE (stylized design) 	3,959,255	May 10, 2011	44, 3
WELCOME TO YOUR NEW ADDICTION (standard characters)	3,899,136	January 4, 2011	44
THE LASH LOUNGE (stylized design) 	4,267,915	January 1, 2013	3

Mark	Registration Number	Registration Date	International Class
CIRCLE WITH “L” (stylized design) 	4,267,914	January 1, 2013	3
THE LASH LOUNGE (stylized design) 	5,883,686	October 15, 2019	44
THE LASH LOUNGE (stylized design) 	6,066,783	June 2, 2020	44
THE LASH LOUNGE (stylized design) 	6,011,504	March 17, 2020	44, 3
THE LASH LOUNGE (stylized design) 	6,111,482	July 28, 2020	44, 3
THE LASH LOUNGE (stylized design) 	6,111,483	July 28, 2020	44, 3

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There are no pending infringement, opposition or cancellation proceedings, and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above. On June 27, 2019, however, Anthony Vince Nail Spa, Inc filed a Petition for Cancellation with the Trademark Trial and Appeal Board against then TLLF’s Registration No: 3,866,558 (Proceeding No: 92071630). On August 13, 2019, TLLF (our predecessor and prior trademark owner) filed its Answer and independently filed a trademark infringement action against Anthony Vince Nail Spa, Inc. After successfully settling our trademark infringement action, Anthony Vince Nail Spa, Inc was required to and did in fact dismiss its Petition with the Trademark Trial and Appeal Board. We have filed all required affidavits and renewals.

Although we have not conducted an exhaustive search of users of names which may be the same or similar to our marks, we are aware of certain businesses, as listed below, which use marks that are similar to ours. In North Haven, Connecticut; Lake Oswego, Oregon; Tucson, Arizona; San Clemente, California; and Palm Desert, California, there are unaffiliated salons that each operate under the name “The Lash Lounge.” There are additional eyelash extension salons throughout the United States that use a mark that is similar, though not identical, to ours. We are aware of multiple sites utilizing marks similar to ours. There may be

confusingly similar uses of our Proprietary Marks in your market area that could materially affect your use of the Proprietary Marks. We cannot represent with certainty that we have exclusive or superior rights to the name THE LASH LOUNGE® in all geographic areas. There may be similar uses to our Proprietary Marks of which we are unaware, which could arise from prior users. We are currently in negotiations with several companies we believe to have a name that is confusingly similar to ours in order to ensure that they change their names and acknowledge our senior trademark rights.

You may use only the Proprietary Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, “®”, “™”, or “SM”, as appropriate. You may use the Proprietary Marks only in connection with the operation and promotion of the Salon, and only in the manner we prescribe. You may not contest ownership or validity of the Proprietary Marks or any registration of the Proprietary Marks, or our right to use or to sublicense the use of the Proprietary Marks. You must sign all documents that we require in order to protect the Proprietary Marks and to maintain their validity and enforceability.

You may not use the Proprietary Marks or any part of the Proprietary Marks in your corporate name, and may not use them to incur any obligation or indebtedness on our behalf.

You may not use the Proprietary Marks or any part or derivative of the Proprietary Marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the Proprietary Marks or any derivative of the Proprietary Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaming website or social networking website or as part of any unauthorized email address.

You must promptly notify us of any suspected unauthorized use of, or any challenge to the validity of the Proprietary Marks or Copyrighted Works, or any challenge to our ownership of, or license to use and to license others to use, or your right to use, the Proprietary Marks or Copyrighted Works. We have the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Proprietary Marks or Copyrighted Works, including any settlement of the proceeding. We or our affiliate has the right, but is not obligated, to take action against third parties for infringement of our Proprietary Marks or Copyrighted Works. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks or Copyrighted Works. If we determine that you have used the Proprietary Marks and Copyrighted Works according to the terms of the Franchise Agreement, we will pay the cost of the defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks or Copyrighted Works according to the terms of the Franchise Agreement, you must pay the cost of the defense, including the cost of any judgment or settlement. In the event a lawsuit relating to your use of the Proprietary Marks or Copyrighted Works, you must sign all documents that we require and do all things that we consider necessary to carry out the defense or prosecution, which may include becoming a nominal party to the action. Unless the action is the result of your use of the Proprietary Marks or Copyright Works in a manner inconsistent with the terms of the Franchise Agreement, we may reimburse you for your associated costs.

We have the right to create new, modified or replacement Proprietary Marks, and to require you to use them in addition to or in lieu of any previously designated Proprietary Marks.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights material to the franchise. However, we claim copyright protection in the Manual, the design elements of our marks, our product packaging, advertising and promotional materials, and the content and design of our website (the “Copyrighted Works”).

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We have no obligation to protect any rights you have to use the copyrights. We have

no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our Copyrighted Works on the Internet without our written permission. This includes display of the Copyrighted Works on commercial websites, gaming websites, and social networking websites.

You and your employees must maintain the confidentiality of all information contained in the Manual and other information that we consider confidential, proprietary, or trade secret information. Confidential Information means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; and standards and specifications for services and products offered; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Salon which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, any training we provide, and all other information that we designate (collectively, “Confidential Information”). You must implement any reasonable procedures we may adopt to protect our Confidential Information including restrictions on disclosures to your employees and requiring employees who will have access to our Confidential Information to sign employment agreements containing non-disclosure and non-competition provisions.

You may not contest our exclusive ownership of the copyrights, trade secrets, processes, methods, procedures, formulae, techniques and other proprietary information to which we claim exclusive rights.

If you or your employees or owners develop any new concept, process or improvement in the operation or promotion of your Salon, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes, or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

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

If the franchisee is a business entity, at least one Owner must oversee the general operations and business activities of the Salon. You must also designate a General Manager, who may, but is not required to be, an Owner, who oversees the day-to-day operations of the Salon and devotes his or her full time energy and best efforts towards the management, operation, promotion, and growth of the business. The designated Owner and General Manager may be the same individual. At least one of your Owners and the General Manager (if the General Manager is not an Owner) must successfully complete our initial training program.

The General Manager may not engage in any other business or activity that requires substantial management responsibility or time commitment. If your General Manager ceases to serve in, or no longer qualifies for the position, you must designate a new General Manager within 30 days. Each replacement General Manager must successfully complete our initial training or Manager Training program before assuming responsibility.

If the franchisee is a business entity, each Owner identified in Attachment C to the Franchise Agreement must sign a Personal Guaranty and Undertaking substantially in the form attached as Attachment D-1 to the Franchise Agreement. The spouse of an Owner, unless also an Owner themselves, is not required to sign the Personal Guaranty and Undertaking. Any individual who attends our initial training program, including your General Manager, must sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to the Franchise Agreement.

The term “Owner” means each individual or entity holding a direct or indirect beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Except as described below, you must offer and sell all only products and services that we require, and only the products and services that we have approved. We may add, eliminate and change products and service items periodically, and you must comply with all directives (which may require purchasing and installing additional equipment). There are no limits on our right to make changes. We may, on occasion, require you to test market products and/or services at your Salon. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations that we establish.

All sales must be for retail consumption only and you may not engage in wholesale sales of any kind through any channels of distribution without our prior consent. You may not sell Proprietary Products through any means of distribution other than from the Salon at the Franchised Location unless we expressly authorize in writing. We have the right to establish maximum, minimum or other retail pricing requirements to the extent permitted by law.

You may not operate any co-branding marketing system without our prior written consent, which may be withheld in our sole discretion. No vending, gaming machines, payphones, automatic teller machines, Internet kiosks or other mechanical or electrical devices are permitted in your Salon.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement, Development Agreement and related agreements. You should read these provisions in the Franchise Agreement attached to this disclosure document.

Franchise Agreement

Provision	Section in Franchise or Other Agreements	Summary
a. Length of the franchise term	Sections 2.1.	The earlier of 10 years following the date you open the Salon for business, or 11 years following the Effective Date of the Franchise Agreement.
b. Renewal or extension of the term	Section 2.2.	If you are in good standing, you can renew for two additional consecutive 5-year terms.

Provision	Section in Franchise or Other Agreements	Summary
c. Requirements for franchisee to renew or extend	Sections 2.2.	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renew, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document, and pay the renewal fee. Other requirements are: you must, no less than 180 days prior to the expiration date of the Franchise Agreement, provide us with your notice of intent to renew; not be in default under the Franchise Agreement; have complied with your material obligations during the Term; you have satisfied all monetary obligations owed to us, our affiliates, and third party suppliers; you must, at our request, renovate or modernize your Salon to comply with our then-current standards; demonstrate that you have the right to remain in possession of the Salon premises; comply with the then-current qualifications and training requirements; sign our then-current form of franchise agreement which may contain materially different terms from your previous franchise agreement, including different Royalty Fee and Marketing Fee rates; you and your owners sign a general release; and you pay to us the required renewal fee.
d. Termination by franchisee	Not applicable	Franchisees may terminate the agreements under any grounds permitted by state law.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Sections 13.1., 13.2., 13.3., 13.4., and 13.5.	We can terminate if you materially default under your Franchise Agreement, or any other agreement between you and us, or our affiliates. In the event of the death or permanent incapacity of an owner, we may terminate if you fail to adhere to the applicable transfer of ownership requirements. We may also terminate you if you become insolvent or file for bankruptcy.
g. "Cause" defined – curable defaults	Sections 13.3., 13.4. and 13.5	You have 10 days to cure non-payment of fees, 30 days to cure non-compliance with laws, failure of quality assurance inspection, and defaults not listed in Section 13.2. You have six months to transfer the interest of an owner in the event of death or permanent incapacity.
h. "Cause" defined – non-curable defaults	Sections 13.1. and 13.2.	Non curable defaults include: bankruptcy, foreclosure, insolvency, conviction of a felony, abandonment, unapproved transfers, repeated defaults (even if cured), misrepresentations in acquiring your license, health or safety violations, knowingly understating your Gross Revenues, knowingly maintaining false

Provision	Section in Franchise or Other Agreements	Summary
		books or records, trademark misuse, failure to successfully complete training, failure to open a site by the Control Date, abandonment of the Salon, failure to maintain the right to operate the Salon, violation of confidentiality and/or non-competition covenants, offering unauthorized products or services, purchases from unapproved suppliers, fail to pass two or more quality assurance/health inspections and or participate in any advertising or marketing program within any rolling 12-month period.
i. Franchisee’s obligations on termination/nonrenewal	Article 14	You must cease use of our trademarks, de-identify, pay all amounts due to us, and return the Manuals to us. We may, at our option, assume all telephone numbers, telephone listings, and telephone directory advertisements for the Salon. We may, at our option, assume your lease and purchase certain Salon assets. You must, at our option, cancel or assign to us your rights to any Internet websites or web pages or e-mail addresses which contain our Proprietary Marks. (See also “r” below.)
j. Assignment of contract by franchisor	Section 12.1.	There are no restrictions on our right to assign.
k. “Transfer” by franchisee – definition	Sections 12.2., 12.3., and 12.4.	Includes transfer of the franchise or change in ownership of the entity which owns it.
l. Franchisor’s approval of transfer by franchisee	Section 12.4.	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for franchisor’s approval of transfer	Section 12.4.	You must notify the Franchisor of your Intent to Sell and complete the Intent to Sell paperwork reflecting financial obligations related to a transfer or sale. You must be in compliance with the Franchise Agreement and all other agreements with us or our affiliates; sign a general release; pay the transfer fee; and all of your monetary obligations to us, our affiliates, and your suppliers must be satisfied on or before the date of transfer. The new franchise owner must: meet our current qualifications; complete training; assume your obligations under the Franchise Agreement or, at our option, sign a new franchise Agreement in our then-current form (provided, that the term of the new Franchise Agreement will be the remaining term of the existing Franchise Agreement, unless additional terms are purchased by transferee, not to exceed a total transferred initial term of 10 years); at our election, refurbish the Salon; sign a guaranty and a general release; pay transfer fee; and, if applicable, the Extended Term Fee. Additional requirements apply to business entities. (See also “r” below.)
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 12.8.	We can match any offer for your business.
o. Franchisor’s option to purchase franchisee’s business	Section 14.4.	Upon expiration or termination of your Franchise Agreement, we have the option to purchase some or all of your equipment, furnishings and fixtures at their then-current fair market value

Provision	Section in Franchise or Other Agreements	Summary
		which will be determined by a qualified independent third party of our choosing.
p. Death or disability of franchisee	Section 12.9.	Same requirements as for transfer in “m” above, except there is no transfer fee and we do not have a right of first refusal. If your interest is not transferred within six months following your (or a major member, partner or shareholder’s) death or legal incapacity, your Franchise Agreement may be terminated.
q. Non-competition covenants during the term of the franchise	Section 15.1.	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any eyelash extension business at any location within the U.S., its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks; no diversion of any present or prospective customer of ours to a competitor; no solicitation of ours or any of our Affiliate’s management employees. Non-competition provisions are subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2.	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in any eyelash extension business at your former Salon location, or within a 20-mile radius of your former Salon, or within a 20-mile radius of any other THE LASH LOUNGE® Salon location for a period of two years following expiration, termination or transfer. Non-competition provisions are subject to state law.
s. Modification of the agreement	Sections 18.1. and 18.2.	Must be in writing and signed by all parties
t. Integration/merger clause	Sections 18.1. and 18.2.	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the franchise disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any other related written agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Sections 19.2. and 19.31	Claims, controversies, or disputes from or relating to the Franchise Agreement must be mediated, except for collection actions or actions seeking injunctive or extraordinary relief. Disputes, other than those for collections or injunctive or extraordinary relief, will be resolved by arbitration.

Provision	Section in Franchise or Other Agreements	Summary
v. Choice of forum	Sections 19.2 and 19.3 ¹	Mediation and arbitration at the AAA offices in the city in which we maintain our principal place of business at the time the mediation is initiated. Venue for collection actions or actions for injunctive or extraordinary relief may be brought in any court of competent jurisdiction (subject to applicable state law).
w. Choice of law	Section 19.1.	Subject to applicable state law, the Franchise Agreement is to be interpreted and construed under Michigan law (without giving effect to any conflict of law) except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently.

Development Agreement

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 6.1	The term begins on the effective date and ends on the earlier of the date you open the last Salon you are required to open under your Development Schedule or the expiration of your Development Schedule.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Not Applicable	Franchisees may terminate the agreements under any grounds permitted by state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 6.2	We may terminate your Development Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g. "Cause" defined – curable defaults	Section 6.2	We may terminate the Development Agreement if you fail to meet your development obligations under the Development Agreement during the Development Period (including any monetary default)

Provision	Section in Development Agreement	Summary
		and you fail to cure such default within 30 days of receiving notice.
h. “Cause” defined – non-curable defaults	Section 6.2	We may terminate the Development Agreement if you cease to actively engage in development activities in the Site Selection Area or otherwise abandon your development business for three consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Salons within the Site Selection Area; you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against the you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; and any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i. Developer’s obligations on termination/ nonrenewal	Not Applicable	Not Applicable
j. Assignment of contract by franchisor	Section 8	We have the right to transfer or assign the Development Agreement and all or any part of our rights, duties or obligations to any person or legal entity without your consent.
k. “Transfer” by developer – definition	Section 8	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l. Developer’s approval of transfer by developer	Section 8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m. Conditions for franchisor’s approval of transfer	Not Applicable	Not Applicable
n. Franchisor’s right of first refusal to acquire developer’s business	Not Applicable	Not Applicable
o. Franchisor’s option to purchase developer’s business	Not Applicable	Not Applicable
p. Death or disability of developer	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
r. Non-competition	Not Applicable	Nothing additional. Please see non-competition covenants set forth

Provision	Section in Development Agreement	Summary
covenants after the franchise is terminated or expires		in your Franchise Agreement(s) entered into under the Development Agreement.
s. Modification of the agreement	Section 27	Your Development Agreement may not be modified, except by a writing signed by both parties.
t. Integration/merger clause	Section 27	Only the terms of the Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and the Development Agreement may not be enforceable. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Sections 12 and 13	Claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for collection actions or actions seeking injunctive or extraordinary relief. Disputes, other than those for collections or injunctive or extraordinary relief, will be resolved by arbitration.
v. Choice of forum	Section 15	Mediation and arbitration at the AAA offices in the city in which we maintain our principal place of business at the time the mediation is initiated. Venue for collection actions or actions for injunctive or extraordinary relief may be brought in any court of competent jurisdiction (subject to applicable state law).
w. Choice of law	Section 11	Subject to applicable state law, the Franchise Agreement is to be interpreted and construed under Michigan law (without giving effect to any conflict of law) except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently.

**ITEM 18
PUBLIC FIGURES**

We do not currently use any public figure to promote the 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 Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

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

The first chart includes information for the 2021 calendar year from 3 affiliate and 109 franchise locations which were open at any point during the year. The chart excludes one affiliate location whose point-of-sale system data is incompatible with our analytics software. Otherwise, all locations are included. For all areas of the chart indicating a month abbreviation, we list the total revenue received by that particular salon in the corresponding month, as reported on each salon's respective point of sale system.

The second group of charts provide revenue and expense data from surveyed salons for the 2021 calendar year. All franchise locations open for the entire calendar year were invited to submit profit and loss statements for review. 32 franchisees submitted complete responses utilizing our chart of account. The charts are divided into four quartiles.

TABLE 1: 2021 MONTHLY REVENUE BY SALON

Salon		Soft Open Date	Beds	January	February	March	April	May	June	July	August	September	October	November	December	Total Revenue
1	**	10/1/2007	8	\$46,446	\$43,198	\$49,108	\$51,859	\$54,198	\$65,158	\$76,988	\$69,022	\$65,355	\$65,055	\$59,846	\$67,742	\$713,976
2	**	10/1/2015	5	\$25,497	\$23,829	\$36,779	\$42,163	\$47,247	\$41,813	\$46,063	\$41,138	\$38,622	\$40,935	\$43,499	\$49,291	\$476,876
3		12/21/2015	8	\$44,756	\$40,890	\$51,085	\$45,433	\$45,948	\$43,835	\$46,922	\$49,824	\$51,705	\$62,483	\$57,960	\$66,246	\$607,088
4		6/1/2016	7	\$26,786	\$25,981	\$32,956	\$38,095	\$38,867	\$37,704	\$36,919	\$37,328	\$40,542	\$40,930	\$34,963	\$39,261	\$430,331
5		1/30/2017	8	\$50,947	\$54,828	\$67,495	\$73,297	\$73,736	\$74,552	\$77,231	\$63,505	\$65,496	\$71,881	\$66,366	\$74,544	\$813,878
6		4/1/2017	5	\$28,603	\$27,757	\$26,248	\$46,225	\$50,699	\$54,306	\$54,791	\$59,832	\$57,664	\$56,470	\$50,955	\$54,996	\$568,547
7	**	7/1/2017	5	\$36,657	\$32,451	\$43,417	\$45,272	\$45,309	\$51,746	\$52,176	\$59,778	\$65,558	\$70,498	\$68,166	\$71,027	\$642,055
8		9/4/2017	8	\$34,295	\$35,405	\$47,740	\$53,966	\$47,623	\$44,504	\$47,712	\$56,178	\$67,572	\$68,764	\$58,579	\$68,128	\$630,464
9		11/21/2017	5	\$38,736	\$40,506	\$50,488	\$58,610	\$61,803	\$59,376	\$56,257	\$61,846	\$66,252	\$68,943	\$72,204	\$81,195	\$716,217
10		12/1/2017	8	\$38,082	\$36,269	\$39,672	\$43,870	\$45,135	\$45,255	\$52,093	\$50,051	\$52,466	\$52,218	\$50,929	\$53,097	\$559,136
11		12/12/2017	6	\$16,490	\$19,771	\$25,365	\$25,587	\$31,091	\$33,564	\$28,302	\$27,657	\$22,680	\$24,995	\$27,897	\$36,488	\$319,889
12		1/1/2018	7	\$56,267	\$54,891	\$64,897	\$65,878	\$64,374	\$73,625	\$73,585	\$66,402	\$65,542	\$61,366	\$57,898	\$62,679	\$767,404
13		1/22/2018	8	\$29,273	\$27,593	\$40,704	\$45,430	\$41,271	\$41,458	\$42,474	\$48,185	\$47,741	\$46,966	\$43,807	\$51,939	\$506,839
14		5/7/2018	5	\$39,415	\$32,780	\$42,555	\$48,927	\$45,469	\$54,248	\$55,003	\$55,564	\$58,936	\$55,457	\$51,646	\$53,148	\$593,149
15		6/18/2018	8	\$56,065	\$52,561	\$60,563	\$62,420	\$65,099	\$66,347	\$69,757	\$67,458	\$70,798	\$68,350	\$72,131	\$77,477	\$789,028
16	*	6/21/2018	7	\$268	\$566	\$13,726	\$20,255	\$17,798	\$21,383	\$18,935	\$19,176	\$23,693	\$20,920	\$24,257	\$26,962	\$207,938
17		6/25/2018	8	\$27,231	\$27,468	\$32,647	\$34,710	\$34,030	\$49,160	\$49,309	\$44,041	\$41,125	\$43,645	\$47,287	\$47,829	\$478,482
18		7/4/2018	6	\$26,173	\$29,458	\$32,262	\$36,861	\$48,612	\$45,641	\$46,571	\$38,286	\$39,921	\$37,174	\$36,783	\$41,679	\$459,422
19		7/9/2018	8	\$47,275	\$46,052	\$55,092	\$47,114	\$50,224	\$57,894	\$52,620	\$52,068	\$48,616	\$54,035	\$53,852	\$56,722	\$621,563
20		7/9/2018	6	\$25,415	\$26,765	\$36,036	\$32,732	\$31,838	\$31,358	\$23,401	\$16,173	\$23,045	\$27,200	\$36,069	\$39,385	\$349,416
21		7/16/2018	6	\$24,415	\$22,319	\$27,505	\$28,618	\$27,473	\$26,833	\$32,441	\$30,630	\$39,398	\$35,954	\$28,070	\$30,550	\$354,207
22		7/23/2018	8	\$43,708	\$42,193	\$45,929	\$51,546	\$54,580	\$54,864	\$63,558	\$61,700	\$60,082	\$68,533	\$65,203	\$69,184	\$681,079
23		7/23/2018	9	\$22,782	\$25,252	\$31,926	\$29,416	\$31,629	\$42,193	\$53,001	\$53,988	\$57,062	\$59,356	\$61,251	\$75,648	\$543,504
24		7/24/2018	6	\$49,860	\$52,021	\$62,609	\$60,831	\$55,980	\$54,272	\$52,699	\$55,472	\$57,374	\$57,889	\$48,451	\$51,335	\$658,793
25		8/6/2018	5	\$43,153	\$42,088	\$54,226	\$55,615	\$55,802	\$57,427	\$57,631	\$52,123	\$57,253	\$57,189	\$53,956	\$57,585	\$644,047
26	*	8/13/2018	5	\$10,964	\$15,531	\$23,712	\$26,224	\$29,997	\$29,916	\$33,764	\$32,401	\$35,800	\$37,583	\$37,936	\$36,911	\$350,738
27		8/27/2018	6	\$44,010	\$42,666	\$50,757	\$62,311	\$54,936	\$65,374	\$52,552	\$59,411	\$54,353	\$62,844	\$48,261	\$53,898	\$651,374
28		8/27/2018	5	\$25,889	\$29,243	\$38,644	\$40,214	\$44,325	\$49,570	\$46,458	\$53,083	\$53,452	\$57,196	\$57,194	\$51,362	\$546,630

Salon	Soft Open Date	Beds	January	February	March	April	May	June	July	August	September	October	November	December	Total Revenue	
29	*	9/10/2018	8	\$16,423	\$21,205	\$27,638	\$30,752	\$36,579	\$42,910	\$43,246	\$35,943	\$39,077	\$40,291	\$36,236	\$46,785	\$417,085
30		9/20/2018	7	\$45,675	\$41,928	\$43,550	\$42,446	\$45,428	\$49,153	\$58,818	\$51,315	\$46,102	\$50,387	\$44,499	\$46,211	\$565,512
31		10/1/2018	8	\$53,382	\$42,433	\$62,838	\$59,570	\$56,081	\$58,858	\$67,904	\$59,534	\$70,771	\$76,628	\$83,539	\$88,483	\$780,020
32		10/4/2018	8	\$27,575	\$31,030	\$32,069	\$32,315	\$35,223	\$49,898	\$58,086	\$54,888	\$50,067	\$55,236	\$53,013	\$60,769	\$540,170
33		10/20/2018	7	\$57,007	\$56,108	\$59,357	\$65,126	\$68,158	\$61,147	\$66,045	\$68,607	\$53,744	\$57,029	\$60,099	\$57,156	\$729,582
34	*	11/9/2018	5	\$2,276	\$3,470	\$15,347	\$25,645	\$28,322	\$39,991	\$31,675	\$24,847	\$28,664	\$37,422	\$34,333	\$43,023	\$315,014
35		11/12/2018	8	\$34,045	\$36,311	\$42,195	\$49,452	\$54,022	\$54,997	\$60,366	\$60,058	\$54,466	\$56,895	\$55,435	\$58,034	\$616,274
36		11/12/2018	7	\$39,445	\$38,016	\$46,214	\$49,541	\$55,028	\$53,116	\$51,934	\$48,643	\$52,403	\$50,742	\$50,271	\$54,074	\$589,426
37		11/19/2018	6	\$21,724	\$22,273	\$31,298	\$29,088	\$24,749	\$26,067	\$30,522	\$24,901	\$24,131	\$30,971	\$29,397	\$26,305	\$321,426
38		11/26/2018	7	\$34,922	\$41,003	\$49,473	\$49,279	\$50,199	\$48,461	\$40,179	\$42,425	\$41,505	\$31,129	\$31,832	\$38,550	\$498,956
39		11/26/2018	8	\$23,661	\$25,381	\$31,096	\$26,047	\$30,424	\$36,313	\$40,866	\$48,234	\$40,726	\$34,311	\$31,752	\$43,190	\$412,002
40		11/26/2018	7	\$74,505	\$67,957	\$90,404	\$91,302	\$92,341	\$102,819	\$100,315	\$101,985	\$105,306	\$105,967	\$103,858	\$105,277	\$1,142,036
41	*	12/3/2018	7	\$2,828	\$14,837	\$17,831	\$18,128	\$22,517	\$12,200	\$9,210	\$20,239	\$27,480	\$37,432	\$36,473	\$47,279	\$266,455
42		12/3/2018	7	\$8,957	\$13,946	\$15,080	\$12,482	\$12,929	\$10,459	\$9,449	\$13,508	\$11,446	\$12,280	\$11,104	\$11,111	\$142,747
43		12/3/2018	7	\$24,463	\$24,470	\$27,716	\$32,773	\$35,588	\$37,684	\$35,740	\$33,818	\$40,197	\$29,406	\$23,210	\$27,701	\$372,765
44		12/7/2018	8	\$45,294	\$43,465	\$57,873	\$57,133	\$57,692	\$58,617	\$63,766	\$68,281	\$73,331	\$68,865	\$62,492	\$63,679	\$720,487
45		12/10/2018	7	\$18,734	\$13,906	\$18,010	\$22,886	\$30,698	\$29,977	\$31,592	\$33,951	\$24,325	\$27,703	\$28,653	\$30,791	\$311,224
46		12/17/2018	8	\$61,233	\$67,890	\$76,844	\$82,650	\$71,183	\$63,034	\$66,660	\$72,704	\$72,879	\$66,749	\$68,671	\$68,561	\$839,059
47		12/19/2018	7	\$29,241	\$28,970	\$37,778	\$44,131	\$47,957	\$43,885	\$47,199	\$48,969	\$46,804	\$48,275	\$45,952	\$56,941	\$526,103
48	*	1/7/2019	7	(\$65)	\$18,067	\$21,251	\$23,662	\$25,645	\$25,935	\$28,853	\$17,812	\$23,454	\$25,458	\$30,071	\$32,205	\$272,349
49		1/21/2019	8	\$37,414	\$34,017	\$43,305	\$43,105	\$48,927	\$53,918	\$56,730	\$59,605	\$48,215	\$57,877	\$60,104	\$74,210	\$617,428
50		1/26/2019	5	\$15,074	\$16,981	\$20,419	\$22,746	\$28,651	\$31,449	\$31,343	\$28,775	\$29,139	\$29,356	\$32,116	\$31,592	\$317,638
51		1/28/2019	7	\$29,835	\$27,622	\$33,771	\$42,122	\$46,111	\$53,600	\$54,782	\$55,600	\$57,634	\$63,090	\$62,512	\$73,788	\$600,466
52	*	2/4/2019	7	(\$119)	\$21,669	\$28,780	\$31,224	\$34,124	\$32,526	\$34,059	\$34,540	\$40,061	\$46,353	\$46,369	\$43,787	\$393,373
53		2/4/2019	5	\$23,624	\$19,952	\$24,171	\$26,734	\$29,585	\$34,420	\$36,787	\$37,362	\$38,904	\$46,618	\$35,131	\$37,248	\$390,536
54		2/11/2019	8	\$16,193	\$16,186	\$24,001	\$29,373	\$28,480	\$19,309	\$13,937	\$12,113	\$11,510	\$12,466	\$15,281	\$20,490	\$219,338
55		2/18/2019	6	\$62,503	\$70,856	\$78,581	\$85,441	\$85,337	\$83,011	\$91,192	\$90,316	\$83,069	\$96,529	\$100,246	\$105,025	\$1,032,106
56		2/18/2019	5	\$19,915	\$21,484	\$26,701	\$27,176	\$31,580	\$28,736	\$23,516	\$17,836	\$17,372	\$24,444	\$25,606	\$29,866	\$294,232
57		2/25/2019	6	\$42,777	\$36,622	\$40,328	\$38,631	\$39,834	\$44,126	\$40,751	\$36,624	\$38,411	\$43,161	\$42,760	\$46,003	\$490,028

Salon	Soft Open Date	Beds	January	February	March	April	May	June	July	August	September	October	November	December	Total Revenue	
58		3/4/2019	8	\$43,079	\$43,293	\$47,505	\$49,226	\$49,799	\$50,191	\$41,556	\$32,116	\$32,411	\$35,783	\$39,413	\$43,957	\$508,329
59	*	3/18/2019	6	\$0	\$1,094	\$10,770	\$12,851	\$14,935	\$12,089	\$13,967	\$17,810	\$15,499	\$20,146	\$24,071	\$27,282	\$170,515
60		4/1/2019	7	\$36,230	\$45,338	\$56,264	\$60,864	\$61,392	\$59,984	\$78,855	\$88,502	\$98,364	\$95,722	\$96,466	\$99,095	\$877,076
61		4/22/2019	5	\$21,079	\$24,631	\$28,814	\$34,610	\$36,054	\$34,561	\$32,780	\$34,489	\$33,588	\$41,114	\$43,540	\$42,513	\$407,773
62		5/14/2019	6	\$23,164	\$19,704	\$29,470	\$27,899	\$29,464	\$29,830	\$32,068	\$36,174	\$36,560	\$38,260	\$28,828	\$27,206	\$358,626
63		5/20/2019	7	\$28,766	\$30,316	\$33,026	\$35,357	\$30,104	\$31,550	\$32,072	\$32,980	\$30,272	\$30,172	\$28,255	\$33,254	\$376,125
64		6/3/2019	8	\$22,370	\$21,316	\$29,475	\$28,275	\$25,841	\$30,489	\$26,856	\$30,129	\$28,433	\$29,018	\$26,878	\$34,053	\$333,132
65		6/4/2019	6	\$13,181	\$12,971	\$15,486	\$23,564	\$21,606	\$15,804	\$8,412	\$9,005	\$16,213	\$20,560	\$25,100	\$33,147	\$215,051
66		7/16/2019	7	\$25,364	\$25,845	\$37,667	\$46,647	\$48,407	\$48,327	\$48,173	\$47,266	\$41,246	\$36,573	\$36,392	\$40,762	\$482,668
67		7/23/2019	7	\$13,058	\$14,374	\$18,033	\$16,579	\$12,212	\$13,640	\$16,703	\$18,705	\$18,984	\$19,744	\$23,004	\$23,122	\$208,157
68		7/23/2019	8	\$38,142	\$44,473	\$41,693	\$52,620	\$50,160	\$51,737	\$40,828	\$33,994	\$27,916	\$31,869	\$31,124	\$41,238	\$485,794
69	*	8/6/2019	6	\$9,343	\$14,788	\$19,214	\$17,531	\$15,526	\$15,618	\$22,861	\$26,465	\$29,258	\$31,301	\$29,043	\$35,776	\$266,723
70		8/6/2019	7	\$30,539	\$29,860	\$33,922	\$35,095	\$33,317	\$39,076	\$36,047	\$35,291	\$34,939	\$30,066	\$32,895	\$44,962	\$416,009
71		9/3/2019	7	\$37,218	\$36,451	\$40,882	\$38,582	\$38,381	\$37,516	\$42,044	\$43,621	\$40,172	\$50,833	\$51,592	\$58,034	\$515,326
72		9/3/2019	6	\$27,938	\$23,580	\$22,415	\$21,852	\$21,819	\$27,352	\$28,788	\$30,423	\$33,473	\$29,797	\$34,262	\$38,238	\$339,935
73		9/9/2019	7	\$13,301	\$11,569	\$18,485	\$15,949	\$15,943	\$17,647	\$22,777	\$19,488	\$22,349	\$17,595	\$17,935	\$19,643	\$212,681
74		9/10/2019	8	\$35,653	\$29,381	\$39,183	\$44,168	\$50,793	\$51,025	\$55,585	\$51,260	\$56,455	\$58,893	\$53,928	\$50,394	\$576,720
75		9/24/2019	5	\$26,282	\$25,959	\$30,279	\$35,190	\$45,049	\$48,096	\$50,789	\$52,306	\$47,893	\$49,955	\$49,785	\$56,992	\$518,576
76		10/1/2019	5	\$16,449	\$19,098	\$21,712	\$20,540	\$21,325	\$21,324	\$24,058	\$24,038	\$21,039	\$17,364	\$17,727	\$18,978	\$243,652
77		10/14/2019	8	\$38,915	\$43,794	\$47,955	\$55,187	\$59,867	\$67,110	\$76,097	\$68,707	\$60,787	\$81,566	\$77,436	\$77,884	\$755,303
78		10/21/2019	8	\$21,168	\$17,608	\$24,585	\$25,398	\$29,081	\$29,580	\$28,192	\$31,342	\$35,847	\$39,137	\$34,240	\$39,804	\$355,982
79		10/28/2019	7	\$18,749	\$18,720	\$20,747	\$21,374	\$19,892	\$25,270	\$32,986	\$32,152	\$34,219	\$34,884	\$32,545	\$33,221	\$324,759
80		11/5/2019	8	\$20,829	\$20,335	\$32,900	\$37,792	\$43,959	\$42,405	\$45,742	\$47,694	\$44,343	\$44,561	\$46,943	\$49,307	\$476,809
81	*	11/7/2019	6	\$4,191	\$7,549	\$11,155	\$10,698	\$15,384	\$16,642	\$14,990	\$6,764	\$9,827	\$11,888	\$11,125	\$13,067	\$133,281
82		11/11/2019	8	\$16,691	\$14,948	\$18,756	\$27,897	\$31,650	\$34,298	\$33,449	\$33,277	\$28,810	\$33,091	\$29,670	\$33,964	\$336,500
83		11/19/2019	5	\$7,699	\$9,086	\$11,203	\$11,950	\$15,247	\$16,445	\$15,064	\$15,079	\$14,869	\$14,191	\$14,144	\$15,177	\$160,153
84		12/17/2019	8	\$9,925	\$8,880	\$11,239	\$11,938	\$11,784	\$11,922	\$12,847	\$14,062	\$16,453	\$15,680	\$12,779	\$16,346	\$153,856
85		12/23/2019	8	\$17,171	\$17,774	\$19,912	\$22,967	\$26,870	\$29,023	\$29,883	\$28,332	\$28,914	\$29,612	\$29,018	\$36,047	\$315,521
86	*	1/6/2020	8	\$2,010	\$5,696	\$8,996	\$8,624	\$14,214	\$11,751	\$22,796	\$17,879	\$18,413	\$19,236	\$18,736	\$20,748	\$169,100

Salon	Soft Open Date	Beds	January	February	March	April	May	June	July	August	September	October	November	December	Total Revenue
87	1/21/2020	7	\$17,924	\$16,148	\$20,950	\$21,379	\$21,317	\$24,087	\$26,827	\$24,538	\$27,881	\$28,229	\$25,374	\$27,344	\$281,998
88	2/15/2020	8	\$27,684	\$27,117	\$30,111	\$35,660	\$37,752	\$44,302	\$46,019	\$47,255	\$43,119	\$47,432	\$39,951	\$42,551	\$468,952
89	2/18/2020	8	\$29,142	\$30,478	\$40,465	\$47,787	\$48,383	\$43,886	\$47,763	\$49,740	\$47,972	\$49,047	\$38,659	\$49,242	\$522,563
90	* 2/24/2020	5	\$8,135	\$9,882	\$10,545	\$13,043	\$20,174	\$23,843	\$21,996	\$30,506	\$27,177	\$27,400	\$29,537	\$29,485	\$251,723
91	3/2/2020	7	\$12,731	\$11,807	\$17,707	\$21,956	\$26,812	\$31,285	\$32,545	\$31,928	\$28,465	\$26,985	\$28,082	\$31,368	\$301,671
92	3/10/2020	7	\$10,735	\$8,468	\$11,135	\$14,471	\$18,278	\$24,284	\$24,265	\$23,794	\$20,667	\$19,806	\$23,258	\$20,479	\$219,639
93	6/2/2020	7	\$8,829	\$9,460	\$13,437	\$13,008	\$13,605	\$15,781	\$16,697	\$19,140	\$20,039	\$23,576	\$22,727	\$26,246	\$202,545
94	6/23/2020	8	\$27,604	\$25,733	\$32,198	\$40,359	\$42,719	\$37,215	\$42,002	\$43,143	\$40,661	\$39,817	\$27,503	\$32,671	\$431,624
95	7/6/2020	6	\$17,055	\$15,956	\$21,758	\$25,204	\$22,947	\$21,214	\$19,684	\$18,212	\$22,922	\$26,316	\$26,530	\$30,053	\$267,850
96	8/4/2020	6	\$13,959	\$13,593	\$19,457	\$21,383	\$23,181	\$24,826	\$25,141	\$25,573	\$21,756	\$20,486	\$22,173	\$26,199	\$257,727
97	8/11/2020	8	\$23,522	\$27,277	\$34,881	\$37,138	\$44,365	\$43,880	\$49,217	\$46,303	\$45,647	\$51,669	\$51,270	\$61,281	\$516,450
98	9/1/2020	8	\$19,667	\$18,239	\$22,243	\$26,999	\$31,720	\$38,340	\$45,967	\$44,700	\$47,684	\$35,619	\$35,254	\$34,184	\$400,614
99	10/20/2020	7	\$11,288	\$16,632	\$23,193	\$22,474	\$26,704	\$22,309	\$23,843	\$16,178	\$17,397	\$22,612	\$22,578	\$23,095	\$248,304
100	10/26/2020	10	\$33,299	\$39,242	\$49,055	\$48,638	\$63,565	\$68,030	\$70,697	\$72,604	\$74,561	\$79,332	\$81,214	\$97,948	\$778,185
101	12/8/2020	8	\$4,478	\$5,345	\$11,965	\$15,616	\$12,154	\$14,796	\$14,889	\$17,194	\$15,437	\$14,134	\$9,604	\$15,279	\$150,892
102	2/16/2021	8		\$28	\$5,567	\$8,656	\$14,428	\$16,004	\$15,328	\$15,633	\$17,739	\$17,184	\$10,778	\$13,390	\$134,734
103	* 2/23/2021	6		\$430	\$5,391	\$19,792	\$28,018	\$30,404	\$30,538	\$27,715	\$28,887	\$30,853	\$29,306	\$35,806	\$267,140
104	4/1/2021	8			\$936	\$27,503	\$29,087	\$24,791	\$33,015	\$42,915	\$43,726	\$46,921	\$48,216	\$50,943	\$348,053
105	4/27/2021	9				\$36	\$1,971	\$3,798	\$9,619	\$6,126	\$4,965	\$13,069	\$19,824	\$25,250	\$84,659
106	5/25/2021	9					\$138	\$4,917	\$13,496	\$19,888	\$23,244	\$26,746	\$25,981	\$31,766	\$146,176
107	8/30/2021	9								\$629	\$7,599	\$7,677	\$18,132	\$26,828	\$60,864
108	9/28/2021	9									\$370	\$16,425	\$33,483	\$50,111	\$100,388
109	* 10/1/2021	8	\$129	\$99	\$397	\$576	\$576	\$576	\$427	\$427	\$457	\$1,382	\$3,886	\$8,993	\$17,925
110	* 10/4/2021	6			\$0	\$1,484	\$4,733	\$5,582	\$3,993	\$4,825	\$6,530	\$6,088	\$5,615	\$6,132	\$44,982
111	* 10/4/2021	9		\$9,410	\$12,455	\$13,765	\$11,582	\$13,938	\$14,836	\$15,379	\$15,716	\$14,895	\$16,510	\$23,533	\$162,020
112	10/10/2021	8									\$100	\$15,168	\$26,753	\$35,432	\$77,452

*Denotes California salon

**Denotes affiliate salon

TABLE 2: ANNUAL OPERATING RESULTS OF FRANCHISED SALONS

First Quartile – (8 Operators)

	Average		High		Low		Median		# Above Average	# Below Average	% Above Average	% Below Average
Total Revenue	\$842,086	100.00%	\$1,140,268	100.00%	\$636,523	100.00%	\$850,072	100.00%	5	3	63 %	38 %
Stylist Compensation	\$291,641		\$448,881		\$204,318		\$293,448		5	3	63 %	38 %
Other Cost of Sales	\$68,712		\$105,177		\$46,601		\$63,230		2	6	25 %	75 %
Royalties	\$50,669		\$71,009		\$33,639		\$51,613		5	3	63 %	38 %
Marketing Fee	\$16,285		\$22,461		\$12,062		\$16,679		5	3	63 %	38 %
Total Cost of Sales	\$427,307	50.74%	\$644,835	56.55%	\$301,049	47.30%	\$452,290	53.21%	5	3	63 %	38 %
Revenue less Total Cost of Sales	\$414,779	49.26%	\$586,572	51.44%	\$335,474	52.70%	\$382,267	44.97%	2	6	25 %	75 %
Fixed Labor	\$95,281		\$194,495		\$26,664		\$90,876		3	5	38 %	63 %
Advertising and Promotion	\$24,599		\$37,814		\$17,052		\$22,211		3	5	38 %	63 %
Employee Costs	\$15,382		\$39,039		\$4,569		\$12,383		2	6	25 %	75 %
Facility Costs	\$81,547		\$104,471		\$60,732		\$81,369		4	4	50 %	50 %
Finance Costs	\$6,379		\$22,634		\$0		\$2,791		3	5	38 %	63 %
General and Admin Costs	\$17,336		\$29,705		\$8,371		\$17,302		4	4	50 %	50 %
Total of Certain Operating Expenses	\$240,524	28.56%	\$356,019	31.22%	\$176,853	27.78%	\$231,163	27.19%	3	5	38 %	63 %
Total Revenue less Total Costs of Sales and Certain Operating Expenses	\$174,255	20.69%	\$233,276	20.46%	\$111,814	17.57%	\$190,059	22.36%	5	3	63 %	38 %

Second Quartile – (8 Operators)

	Average		High		Low		Median		# Above Average	# Below Average	% Above Average	% Below Average
Total Revenue	\$569,096	100.00%	\$789,950	100.00%	\$356,345	100.00%	\$558,368	100.00%	4	4	50 %	50 %
Stylist Compensation	\$204,216		\$318,646		\$115,538		\$191,369		3	5	38 %	63 %
Other Cost of Sales	\$45,582		\$66,645		\$27,186		\$43,595		3	5	38 %	63 %
Royalties	\$33,291		\$47,807		\$16,829		\$33,913		4	4	50 %	50 %
Marketing Fee	\$11,261		\$15,575		\$7,142		\$11,335		4	4	50 %	50 %
Total Cost of Sales	\$294,351	51.72%	\$448,673	56.80%	\$172,866	48.51%	\$278,682	49.91%	3	5	38 %	63 %
Revenue less Total Cost of Sales	\$274,745	48.28%	\$341,277	43.20%	\$183,479	51.49%	\$276,118	49.45%	4	4	50 %	50 %
Fixed Labor	\$81,206		\$142,602		\$49,070		\$77,166		4	4	50 %	50 %
Advertising and Promotion	\$17,854		\$40,393		\$6,963		\$15,016		3	5	38 %	63 %
Employee Costs	\$8,334		\$14,372		\$3,408		\$7,606		3	5	38 %	63 %
Facility Costs	\$66,250		\$83,628		\$34,736		\$67,706		4	4	50 %	50 %
Finance Costs	\$6,816		\$17,482		\$100		\$3,321		3	5	38 %	63 %
General and Admin Costs	\$12,633		\$21,801		\$8,415		\$11,302		3	5	38 %	63 %
Total of Certain Operating Expenses	\$193,092	33.93%	\$271,467	34.37%	\$119,308	33.48%	\$184,887	33.11%	4	4	50 %	50 %
Total Revenue less Total Costs of Sales and Certain Operating Expenses	\$81,652	14.35%	\$108,322	13.71%	\$52,766	14.81%	\$79,353	14.21%	4	4	50 %	50 %

Third Quartile – (8 Operators)

	Average		High		Low		Median		# Above Average	# Below Average	% Above Average	% Below Average
Total Revenue	\$632,579	100.00%	\$780,194	100.00%	\$542,543	100.00%	\$606,761	100.00%	3	5	38 %	63 %
Stylist Compensation	\$245,351		\$285,755		\$215,209		\$234,825		3	5	38 %	63 %
Other Cost of Sales	\$57,406		\$105,423		\$35,428		\$52,011		2	6	25 %	75 %
Royalties	\$38,433		\$47,461		\$32,091		\$37,228		3	5	38 %	63 %
Marketing Fee	\$12,322		\$15,566		\$10,437		\$12,044		3	5	38 %	63 %
Total Cost of Sales	\$353,511	55.88%	\$440,255	56.43%	\$311,462	57.41%	\$330,304	54.44%	3	5	38 %	63 %
Revenue less Total Cost of Sales	\$279,067	44.12%	\$339,939	43.57%	\$226,766	41.80%	\$277,926	45.80%	4	4	50 %	50 %
Fixed Labor	\$105,896		\$152,005		\$76,233		\$101,427		4	4	50 %	50 %
Advertising and Promotion	\$28,234		\$79,982		\$7,185		\$22,684		2	6	25 %	75 %
Employee Costs	\$14,349		\$20,699		\$7,238		\$13,206		3	5	38 %	63 %
Facility Costs	\$97,508		\$130,564		\$76,650		\$91,955		3	5	38 %	63 %
Finance Costs	\$4,478		\$10,369		\$108		\$3,450		3	5	38 %	63 %
General and Admin Costs	\$9,226		\$15,246		\$5,139		\$7,226		3	5	38 %	63 %
Total of Certain Operating Expenses	\$259,692	41.05%	\$307,467	39.41%	\$231,343	42.64%	\$245,179	40.41%	3	5	38 %	63 %
Total Revenue less Total Costs of Sales and Certain Operating Expenses	\$19,376	3.06%	\$44,356	5.69%	(\$4,987)	-0.92%	\$24,934	4.11%	5	3	63 %	38 %

Fourth Quartile – (8 Operators)

	Average		High		Low		Median		# Above Average	# Below Average	% Above Average	% Below Average
Total Revenue	\$354,768	100.00%	\$481,533	100.00%	\$243,561	100.00%	\$337,814	100.00%	3	5	38 %	63 %
Stylist Compensation	\$150,842		\$198,261		\$84,429		\$150,216		4	4	50 %	50 %
Other Cost of Sales	\$31,202		\$45,054		\$19,705		\$29,189		4	4	50 %	50 %
Royalties	\$22,092		\$28,893		\$14,987		\$21,239		4	4	50 %	50 %
Marketing Fee	\$6,954		\$9,106		\$4,595		\$6,908		4	4	50 %	50 %
Total Cost of Sales	\$211,090	59.50%	\$279,504	58.04%	\$124,117	50.96%	\$207,552	61.44%	4	4	50 %	50 %
Revenue less Total Cost of Sales	\$143,679	40.50%	\$202,029	41.96%	\$90,868	37.31%	\$130,262	38.56%	3	5	38 %	63 %
Fixed Labor	\$58,265		\$90,499		\$40,850		\$48,779		3	5	38 %	63 %
Advertising and Promotion	\$22,206		\$50,604		\$3,402		\$14,420		3	5	38 %	63 %
Employee Costs	\$8,251		\$13,124		\$2,158		\$8,385		5	3	63 %	38 %
Facility Costs	\$74,415		\$127,369		\$26,838		\$73,608		4	4	50 %	50 %
Finance Costs	\$8,964		\$32,742		\$1,369		\$5,641		3	5	38 %	63 %
General and Admin Costs	\$7,181		\$15,160		\$4,142		\$6,069		2	6	25 %	75 %
Total of Certain Operating Expenses	\$179,282	50.53%	\$276,061	57.33%	\$129,952	53.36%	\$163,189	48.31%	2	6	25 %	75 %
Total Revenue less Total Costs of Sales and Certain Operating Expenses	(\$35,603)	-10.04%	(\$6,623)	-1.38%	(\$82,427)	-33.84%	(\$29,064)	-8.60%	4	4	50 %	50 %

“*Soft Open Date*” means that date which a location began operations for purposes of training, but prior to collecting revenue for services.

“*Total Revenue*” means the sum of all revenues received for each respective salon for the 2021 calendar year as reported through the point-of-sale system. This amount includes revenues received from both services and product sales.

“*Stylist Compensation*” Stylist Compensation includes all stylist wages, associated payroll taxes and workers compensation insurance.

“*Other Cost of Sales*” includes back bar supplies, client lounge expenses, retail cost of goods, payroll processing fees and any other costs of sales.

“*Royalties*” includes all royalties paid to the Franchisor in the amount of 6%.

“*Marketing Fee*” include all marketing fee payments to Franchisor in the amount of 2%.

“*Total Cost of Sales*” means the sum of Stylist Compensation, Other Costs of Sales, Royalties and Marketing Fees.

“*Revenue less Total Cost of Sales*” means result of Total Revenue minus Total Cost of Sale.

“*Fixed Labor*” includes the salaries and payroll taxes of managers and front desk clerks. Note that some salons are managed by the franchisee.

“*Advertising and Promotion*” includes all advertising expenses incurred except those related to the Marketing Fee above.

“*Employee Costs*” includes employee relations, meals and entertainment, payroll processing fees, recruitment, training and development, uniforms, and wages.

“*Facility Costs*” includes expenses relating to security system, computer and internet, janitorial maintenance, liability insurance, licenses and permits, rent, repairs and facility maintenance, taxes, telephone, utilities, operating supplies and other facility costs.

“*Finance Costs*” includes bank and credit card charges and cash over/short. The totals above exclude interest, depreciation and amortization.

“*General and Admin Costs*” includes accounting fees, donations, legal fees, office supplies, postage and delivery, printing and reproduction, professional fees, travel expenses, rent, utilities, insurance payments, and wages and salaries for administrative and management staff other than salespeople. The totals above exclude automobile expenses.

“*Sum of Certain Operating Expenses*” is the sum of Fixed Labor, Advertising and Promotion, Employee Costs, Facility Costs, Finance Costs, and General and Admin Costs.

“*Total Revenue less Total Costs of Sales and Certain Operating Expenses*” means the result of Total Revenues minus Total Costs of Sales and Total of Certain Operating Expenses.

Substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation we do 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 Meg Roberts, CEO, The Lash Franchise Holdings, LLC, 106 E. Liberty, Suite 310, Ann Arbor, Michigan 48104; (734) 619-0919, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1 Systemwide Outlet Summary
For Years 2019 to 2021**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	58	100	+42
	2020	100	109	+9
	2021	109	109	0
Company Owned	2019	3	3	0
	2020	3	4	+1
	2021	4	4	0
Total Outlets	2019	61	103	+42
	2020	103	113	+10
	2021	113	113	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019 to 2021

State	Year	Number of Transfers
California	2019	0
	2020	0
	2021	4
Florida	2019	0
	2020	0
	2021	1
Illinois	2019	0
	2020	1
	2021	0
Indiana	2019	0
	2020	0
	2021	0
Massachusetts	2019	0
	2020	0
	2021	1
North Carolina	2019	0
	2020	0

State	Year	Number of Transfers
	2021	1
Pennsylvania	2019	0
	2020	0
	2021	2
Texas	2019	1
	2020	0
	2021	0
Totals	2019	1
	2020	1
	2021	9

**Table No. 3
Status of Franchised Outlets
For Years 2019 to 2021**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Alabama	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Arizona	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Arkansas	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
California	2019	10	8	0	0	0	0	18
	2020	18	2	0	0	0	0	20
	2021	20	2	0	0	0	6	16
Colorado	2019	1	2	0	0	0	0	3
	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	1	3
Florida	2019	5	2	0	0	0	0	7
	2020	7	2	0	0	0	2	7
	2021	7	0	0	0	0	0	7
Georgia	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Illinois	2019	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Indiana	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Kansas	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Kentucky	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Louisiana	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Massachusetts	2019	2	2	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Michigan	2019	3	0	0	0	0	0	3
	2020	3	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Missouri	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Nevada	2019	0	2	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
New Jersey	2019	2	5	1	0	0	0	6
	2020	6	3	0	0	0	0	9
	2021	9	0	0	0	0	0	9
New Mexico	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New York	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
North Carolina	2019	3	2	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	5	0	0	0	0	1	4
	2021	4	0	0	0	0	0	4
Ohio	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Oklahoma	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Oregon	2019	3	1	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
Pennsylvania	2019	0	3	0	0	0	0	3
	2020	3	4	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Rhode Island	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Tennessee	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3
Texas	2019	15	6	0	0	0	2	19
	2020	19	1	0	0	0	4	16
	2021	16	2	0	0	0	0	18
Utah	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Washington	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Wisconsin	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	2	0
Totals	2019	58	45	1	0	0	2	100
	2020	100	17	0	0	1	7	109
	2021	109	9	0	0	0	9	109

Table No. 4
Status of Company-Owned Outlets
For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Michigan	2019	0	0	0	0	0	0
	2020	0	0	1	0	0	1
	2021	1	0	0	0	0	1
Texas	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
Total	2019	3	0	0	0	0	3
	2020	3	0	1	0	0	4
	2021	4	0	0	0	0	4

Table No. 5
Projected Openings
As of December 31, 2021

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
Alabama	0	1	0
Arizona	1	1	0
California	5	3	0
Colorado	1	1	0
Delaware	0	0	0
District of Columbia	1	1	0
Florida	6	3	0
Georgia	0	1	0
Illinois	2	2	0
Indiana	2	1	0
Kansas	0	1	0
Kentucky	0	0	0
Louisiana	0	0	0

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
Massachusetts	1	1	0
Michigan	2	1	0
Missouri	0	0	0
Nevada	0	1	0
New Jersey	2	1	0
New Mexico	0	1	0
New York	1	1	0
North Carolina	0	2	0
Ohio	1	1	0
Oklahoma	0	0	0
Oregon	0	1	0
Pennsylvania	0	2	0
Rhode Island	0	1	0
Tennessee	1	0	0
Texas	7	5	0
Utah	0	0	0
Virginia	0	0	0
Washington	0	0	0
Wisconsin	0	0	0
Totals	33	30	0

The list of the names and addresses of our current franchisees is located in [Exhibit G](#). Any franchisee who has 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 10 weeks of the issuance date of this Franchise Disclosure Document is listed in [Exhibit G](#). If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, former franchisees signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with former franchisees but be aware that not all such franchisees will be able to communicate with you. There are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as [Exhibit F](#) are:

TLLF's audited balance sheets as of December 31, 2021, December 31, 2020, and December 31, 2019, and the related statements of income, retained earnings, and of cash flow for the years then ended.

TLLF guarantees the performance of our obligations to you under the Franchise Agreement and state franchise laws. A copy of the guaranty is also included in Exhibit F to this FDD.

Our fiscal year end is December 31.

**ITEM 22
CONTRACTS**

Attached as Exhibit B is our current form of Franchise Agreement with the following Attachments:

Attachment A	Glossary of Additional Terms
Attachment B	The Site Selection Area, Control Date, Franchised Location, and the Protected Area
Attachment C	Entity Information
Attachment D-1	Personal Guaranty and Undertaking
Attachment D-2	Confidentiality and Non-competition Agreement
Attachment E	ACH Authorization
Attachment F	Lease Addendum
Attachment G	Telephone Number Assignment Agreement
Attachment H	Franchisee Questionnaire

Attached as Exhibit C is our current form of Development Agreement with the following Attachments:

Attachment A	Data Sheets
Attachment B	Personal Guaranty and Undertaking

Attached as Exhibit D is our current form of General Release (Sample Form Only).

**ITEM 23
RECEIPTS**

Two copies of a receipt of this disclosure document appear as Exhibit J. Please return one copy to us and retain the other for your records.

EXHIBIT A
STATE APPENDIX TO DISCLOSURE DOCUMENT

THE LASH FRANCHISE HOLDINGS LLC
STATE APPENDIX TO DISCLOSURE DOCUMENT

FOR THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Financial Protection and Innovation, prior to solicitation of a proposed material modification of your Franchise Agreement.

Item 3 of the Disclosure Document is supplemented by the following:

Neither the franchisor nor any person identified in Item 2 of the Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a *et. seq.*, suspending or expelling such persons from membership in such association or exchange.

Item 17 of the Disclosure Document is supplemented by the following:

California Business and Professions Code, Section 20000 through 20043 provides rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

You must sign a release if you renew or transfer your franchise. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains covenants not to compete that extend beyond expiration or termination of the agreement. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Michigan. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in the county where Franchisor maintains its principal business address at the time of arbitration and each party to the arbitration is responsible for their own costs and expenses of arbitration, including legal and filing fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq.*).

The Franchise Agreement provides for a prohibition on the solicitation of employment of employees from other franchised locations. This provision may not be enforceable under California Law.

The indemnification provision in the Franchise Agreement may not be fully enforceable as to punitive damages under California law.

The Franchise Agreement and Development Agreement contain a provision requiring you to waive your right to punitive or exemplary damages against the Franchisor or any of its representatives, limiting your

recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

OUR WEBSITE CAN BE FOUND AT www.thelashlounge.com. 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.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

FOR THE STATE OF ILLINOIS

1. Item 5 is supplemented by the following:

Based on our current financial condition, the Illinois Attorney General's Office requires that we post a surety bond to guarantee that we will fulfill our pre-opening obligations to you. The surety bond is on file with the Illinois Attorney General's Office.

2. Item 17 is supplemented by the following:

Section 705/4 of the Illinois Franchise Disclosure Act of 1987 ("Act") provides that any provision in the Franchise Agreement which designates venue outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois; however, the Agreement may provide for arbitration in a forum outside of Illinois.

Notwithstanding the provisions of the Franchise Agreement that Michigan law shall govern, Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement that alleges violation of the Act.

The conditions under which your franchise can be terminated and your rights on renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

FOR THE STATE OF INDIANA

1. Item 17, Additional Disclosures. The following statements are added to Item 17:

The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the Franchise Agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the master licensee. If any of the provisions of the Franchise Agreement conflict with this law, this law will control.

Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement or a successor Franchise Agreement or transfer, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law.

The Franchise Agreement provides that suit may be brought in Michigan. These provisions may not be enforceable under Indiana law.

Indiana franchise laws will govern the Franchise Agreement and any and all other related documents.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Law are met

independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

FOR THE STATE OF MARYLAND

1. Item 5, Additional Disclosures. The following statement is added to Item 5:

Based on our current financial condition the Maryland Office of the Attorney General, Securities Division has imposed a financial assurance requirement. In order to meet this requirement, we will defer your obligation to pay the Initial Franchise Fee due to us under the Franchise Agreement until we have completed all of our pre-opening obligations to you, and you have commenced doing business. This financial assurance requirement also requires that we defer your obligation to pay the Development Fee due under the Development Agreement until we have completed all of our pre-opening obligations to you under the first Franchise Agreement you execute in connection with the Development Agreement, and you have opened the first Salon for business.

2. Item 11, Additional Disclosures. The following statements are added to Item 11.

Within 90 days of the end of each fiscal year, you may request an accounting of advertising expenditures for the preceding fiscal year.

3. Item 17, Additional Disclosures. The following statements are added to Item 17:

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement or a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 19, Additional Disclosures. The following statement is added to Item 19:

We have not made, and do not intend to make, changes to our business model to adapt the business to consumer demands post-COVID-19.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to these Additional Disclosures.

FOR THE STATE OF MINNESOTA

1. Other Fees. The following statement is added to Item 6:

Minnesota Statute 604.113 limits the charge for Nonpayment Due to “Insufficient Funds” to \$30.

2. Trademarks. The following statement is added to Item 13:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Mark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of the Franchise Agreement and the System.

3. Choice of Forum and Law/Jury Trial. The following statement is added to Item 17:
Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination, penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
4. General Release. The following statement is added to Item 17:
Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.
5. Notice of Termination/Transfer. The following statement is added to Item 17:
With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
6. Injunctive Relief. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rules 2860.4400J.
7. Limitations of Claims. Notwithstanding anything to the contrary in this disclosure document, to the extent that a claim is subject to Minnesota Statutes, Section 80C.15 Subd. 5, the statute shall control.

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota franchise statutes are met independently without reference to these Additional Disclosures.

FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:
INFORMATION COMPARING FRANCHISOR IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT H OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR 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 to be added at the end of Item 3:
Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” section 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 Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

FOR THE STATE OF RHODE ISLAND

1. Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to these Additional Disclosures.

FOR THE COMMONWEALTH OF VIRGINIA

1. Item 5 is supplemented by the following:

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 and the Salon opens for business. This financial assurance requirement also requires that we defer your obligation to pay the Development Fee due under the Development Agreement until we have completed all of our pre-opening obligations to you under the first franchise agreement you execute in connection with the development agreement, and you have opened the first Salon for business.

2. Item 7 is supplemented by the following:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$260,121 to \$609,524. This amount exceeds the franchisor's stockholders' negative equity as of December 31, 2021, which is \$(4,008,368).

3. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for The Lash Franchise Holdings, LLC for use in the Commonwealth of Virginia shall be amended as follows:

“Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in 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.”

FOR THE STATE OF WASHINGTON

1. If any of the provisions in the Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (“Act”), the provisions of the Act will prevail over the inconsistent provisions of the Franchise Agreement with regard to any franchise sold in Washington.

2. Item 5 of the Disclosure Document is supplemented by the following:

Based on our current financial condition, the Washington Department of Financial Institutions Securities Division has imposed a financial assurance requirement. To comply with this requirement, we will defer your obligation to pay the Initial Franchise Fee due to us under the Franchise Agreement until we have completed all of our pre-opening obligations to you, and you have commenced doing business. This financial assurance requirement also requires that payment of the Development Fee will be released proportionally with respect to each THE LASH LOUNGE® Salon opened and is deferred until we have met all our pre-opening obligations under the Development Agreement, and you are open for business with respect to each such location.

3. Item 6 is supplemented by the following:

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

4. Item 17 is supplemented by the following:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

5. **Use of Franchise Brokers**. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

EXHIBIT B
FRANCHISE AGREEMENT

the L A S H
L O U N G E

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

FRANCHISE AGREEMENT

SUMMARY PAGES

EFFECTIVE DATE: _____

FRANCHISEE: _____

FRANCHISEE'S ADDRESS FOR NOTICES: _____

TELEPHONE NUMBER: _____

FACSIMILE NUMBER: _____

E-MAIL ADDRESS: _____

FRANCHISE LOCATION: _____

CONTROL DATE: The first anniversary of the Effective Date

INITIAL FRANCHISE FEE: \$49,500, payable on execution of this Franchise Agreement
 \$47,000 for VetFran qualifying franchisees, payable on execution of this Franchise Agreement
 \$39,750, credited from the Development Fee paid to Franchisor pursuant to the Development Agreement
 \$33,166.67, credited from the Development Fee paid to Franchisor pursuant to the Development Agreement

MARKETING FEE: 2% of Gross Revenue per month

LOCAL ADVERTISING REQUIREMENT: \$2,000 per month during the Salon's first 12 full months of operation; Afterwards, \$1,500 minimum per month (refer to Section 9.4. of this Agreement)

ROYALTY FEE: 6% of Gross Revenue; after the first anniversary of the Control Date, a minimum Royalty of \$250 per week shall apply.

INITIAL TRAINING FEE: \$6,000

TECHNOLOGY FEE: Currently, \$500 for the first month, and \$175 per month thereafter, subject to increase.

RENEWAL FEE: \$3,000

Franchisor Initials

Franchisee Initials

TRANSFER FEE:

Reimbursement of Franchisor's related costs and expenditures for transfers made for convenience of operation (refer to Section 12.2 of this Agreement)

\$2,500 for assignments of non-controlling interest (refer to Section 12.3. of this Agreement), provided, however, that if Franchisor determines any new Owners must undergo training, Franchisor may charge a reasonable tuition for such training and Franchisee agrees to cover all related travel, lodging, and dining costs.

\$5,000, plus reimbursement of Franchisor's costs in facilitating the transfer (including reasonable attorneys' fees) for assignments transferring controlling interest (refer to Section 12.4. of this Agreement)

**EXTENDED TERM FEE:
(TRANSFER ONLY)**

\$1,000 per year added (not to exceed a total initial term of 10 years)

**FRANCHISOR
ADDRESS FOR NOTICES:**

The Lash Franchise Holdings, LLC
4370 Varsity Dr. Suite G
Ann Arbor, MI 48108
Fax: (734) 808-0066 Attention: President

Franchisor Initials

Franchisee Initials

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

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THE LASH FRANCHISE HOLDINGS, LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into as of the Effective Date reflected in the Summary Pages (the “**Effective Date**”) by and between The Lash Franchise Holdings, LLC, a Delaware limited liability, (“**Franchisor**”), and the franchisee identified in the Summary Pages (referred to in this Agreement as “**you**” or “**Franchisee**”).

A. Franchisor has the right to use and to sublicense the use of an upscale salon (“**Salon**”) featuring the application of semi-permanent and temporary eyelash and other eye-enhancing services, as well as facial threading services, combined with a retail offering of private label cosmetic and skin care lines under the trade name and trademark THE LASH LOUNGE® (the “**System**”).

B. The distinguishing characteristics of the System include, without limitation, the combination of services provided, including semi-permanent and temporary eyelash extension services; private label cosmetics and skin care products which incorporate Franchisor’s trade secrets and proprietary information (the “**Proprietary Products**”); distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “**THE LASH LOUNGE**” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the “**Proprietary Marks**”).

D. You desire to enter into the business of operating an eyelash enhancement services salon under the System and Proprietary Marks (the “**Salon**” or “**Franchised Business**”) and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. Grant.

1.1.1. Franchisor grants to you the right to use the System and Proprietary Marks solely in connection with the operation of the THE LASH LOUNGE® Franchised Business, and you accept the right and undertake the obligation, all according to the terms and conditions contained in this Agreement.

1.1.2. This franchise includes only the right *(a)* to use the System and Proprietary Marks in connection with the retail sale of authorized products and services at the Salon location identified or to be identified in Attachment B (“**Franchised Location**”); and *(b)* to use the Proprietary Marks to advertise and promote the Salon.

1.1.3. This Agreement specifically grants you no right, among others, to *(a)* sublicense the use of the System or Proprietary Marks, *(b)* to Co-brand with another concept, or *(c)* to deliver or ship THE LASH LOUNGE® products, regardless of the destination, without Franchisor’s prior written consent; or *(d)* to distribute THE LASH LOUNGE® products through wholesale channels, such as mail order, catalog sales, or Internet sales.

1.2. Protected Development Area. When the physical Salon location is identified and a lease is approved, we will determine and assign a “Protected Development Area.” This “Protected Development Area” will subsequently be identified and memorialized in Attachment B to the Franchise Agreement. Except as described below, the Protected Development Area will consist of an area, typically a circle,

surrounding your premises containing a population of up to 40,000 individuals, and will not exceed a maximum diameter of six miles (or a radius of three-mile). During the term of this Agreement, and except for sales in "**Closed Markets**" (which are carved out from territorial protection, as described in Attachment B) Franchisor shall not **(a)** own or operate, or grant anyone else the right to operate, a Salon or **(b)** sell or license anyone the right to sell products and services under "THE LASH LOUNGE" trademark within the Protected Area identified in Attachment B.

1.2.1 So long as you meet the eligibility requirements for a Closed Market location to be developed in your Protected Area, as communicated to Franchisor by the party seeking a tenant for the Closed Market location, and you are not in default under any agreements with Franchisor or its Affiliates, Franchisor will offer to you a right of first refusal to develop the proposed Closed Market Salon location in accordance with the terms of this Section. Franchisor will provide written notice to you of the Closed Market Salon location available and any material terms the Franchisor is aware at the time written notice is provided (the "**ROFR Notice**"). If you elect to exercise your right of first refusal and to develop a Salon at the proposed Closed Market location, then within 30 days of your receipt of the ROFR Notice you must: 1) notify the Franchisor of your election to exercise your right of first as outlined in the ROFR Notice; 2) provide to Franchisor a receipt page for their current franchise disclosure document; and 3) fully execute Franchisor's then-current form of franchise agreement and pay to Franchisor all of the initial fees thereunder. If you notify the Franchisor at any time after your receipt of the ROFR Notice that you elect not to exercise your right of first refusal, or if all of the requirements to exercise the right of first refusal are not complete, you will be deemed to have rejected your right of first refusal and the Franchisor may offer the opportunity to another third party or develop the location itself or through an Affiliate without any liability or further obligation to you. If you are a party to a development agreement with Franchisor, you may elect to have the Closed Market Salon count towards your Development Schedule.

1.3. Reservation of Rights. Franchisor reserves to itself all other rights in and to use the Proprietary Marks including **(a)** the right to own and operate and to grant others the right to own and operate Salons outside the Protected Area, regardless of their proximity to the Protected Area; **(b)** to own and operate THE LASH LOUNGE® Salons and license the use of the Marks and System or grant others the right to own and operate THE LASH LOUNGE® Salons in Closed Markets within and outside the Protected Area; and **(c)** the right to distribute products and services, whether identified by the Proprietary Marks, such as Private Label Products, or under different trademarks, within and outside of your Protected Area through alternative channels of distribution including mail order, catalog sales, department stores, retail stores, supermarkets, and/or Internet sales.

1.4. Right to Operate Businesses Under Different Proprietary Marks. Nothing in this Agreement prohibits or restricts Franchisor from **(a)** owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than THE LASH LOUNGE® whether or not the business is the same as or competitive with THE LASH LOUNGE® Salons; or **(b)** owning, operating, or franchising one or more businesses offering similar products or services under the name THE LASH LOUNGE or some derivative of the Proprietary Marks.

2. TERM

2.1. Term. The term of this Agreement shall begin on the Effective Date and shall expire, unless earlier terminated, on the 10th anniversary of the Salon opening, but no later than 11 years from the Effective Date, regardless of the date on which the Salon opens to the public for business.

2.2. Successor Terms. You may renew the franchise granted by this Agreement for two consecutive five-year terms if, at the end of the initial term, each of the following conditions has been satisfied:

2.2.1. You have notified Franchisor of your intent to renew the franchise no less than 180 days and no more than 12 months prior to expiration of the then-current term;

2.2.2. You are not in default of any material provision of this Agreement, and you have complied with the materials terms and conditions of this Agreement throughout the term;

2.2.3. You have satisfied all monetary obligations owed to Franchisor, its Affiliates and third party suppliers;

2.2.4. You have renovated and refurbished the Salon premises so that they reflect Franchisor's then-current image, trade dress, equipment, and furnishings requirements;

2.2.5. You have demonstrated to Franchisor's satisfaction that you have the right to remain in possession of the Salon premises, or you have secured an alternate site with Franchisor's prior approval;

2.2.6. You comply with the then-current qualifications and training requirements;

2.2.7. You sign Franchisor's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement, and each Owner executes a personal guaranty and undertaking in the form Franchisor prescribes;

2.2.8. You and each Owner sign a general and full release in favor of Franchisor and its Affiliates, and their respective, officers, directors, shareholders, members, managers, employees, and agents, of any claims arising out of or related to the franchise relationship including the offer and sale of THE LASH LOUNGE® franchise opportunity; and

2.2.9. You have paid the Renewal Fee in the amount specified in the Summary Pages.

3. SITE SELECTION; CONSTRUCTION; STORE LOCATION

3.1. Site Selection. You must identify, acquire, and open a site for the Salon by the Control Date (the "**Control Date**") specified in the Summary Pages and Attachment B. You must agree to use our designated supplier to assist you in locating a site. Our designated supplier will assist with identifying sites that meet our criteria and adhere to "Protected Development Area" boundaries. The site must be located within the Site Selection Area (the "**Site Selection Area**") identified in Attachment B, must meet Franchisor's then-current site selection criteria, and must otherwise be mutually acceptable to you and to Franchisor. Franchisor may assist you in site selection, in its sole discretion, which assistance may include making available to you the services of the Franchisor's designated marketing research firm. Ultimately site selection is solely your responsibility. Once you have acquired the site for the Salon, Franchisor will apply and define the "Protected Development Area" and Attachment B will be executed and supplemented accordingly.

3.2. Franchise Site Application. For each proposed site that you identify, you must deliver to Franchisor a completed franchise site application in a form Franchisor prescribes, including such information about the site as Franchisor may reasonably request to perform its evaluation. This information may include, among other things, a description of the proposed site, demographic and psychographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price, rental obligations, and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises. Franchisor will approve or refuse to approve a proposed site within 30 days after the receipt of these documents and any additional information as Franchisor may reasonably require. Franchisor's failure to provide notification within this time period shall not be considered either approval or disapproval. **The parties acknowledge and agree that Franchisor's site approval is not an assurance that the Salon will achieve a certain sales volume or level of profitability; it means only that the proposed site meets Franchisor's minimum criteria for THE LASH LOUNGE® Salons.**

3.3. Lease. If you will occupy the Franchised Location under a lease with a third-party landlord, Franchisor shall have the right to approve the lease terms, and the lease shall not be signed until it has been reviewed and approved by Franchisor. **The parties acknowledge and agree that Franchisor's approval**

of a lease does not mean that the economic terms of the lease are favorable, it means only that the lease contains the lease terms that Franchisor requires. The lease must also contain the terms reflected in Attachment F, including Franchisor’s option to assume the lease in the event of expiration or termination of this Agreement. The lease must be completed on or before the Control Date, and you shall provide to Franchisor a fully executed copy of the lease within 10 days after its execution.

3.4. Salon Design and Build Out. You agree to follow Franchisor’s procedures for the Salon construction and build out, and you agree to construct and build out the Salon according to Franchisor’s standards and specifications for design, décor and layout, and shall equip the Salon according to Franchisor’s requirements for fixtures, furnishings, equipment, interior and exterior signage, artwork and graphics, and awnings. You are solely responsible for obtaining all government approvals, zoning classifications, permits, and clearances related to the Salon, and for complying with applicable requirements of the Americans with Disabilities Act. During construction, you must maintain general liability and property damage insurance of the type and with the limits Franchisor requires, protecting you, Franchisor, and its Affiliates, and their respective partners, shareholders, directors, members, manager, agents, and employees. Such policy or policies shall be written by a responsible insurer or insurers acceptable to Franchisor and shall contain a waiver of subrogation in favor of Franchisor and its Affiliates, and their respective partners, shareholders, directors, members, managers, agents, and employees. You shall notify Franchisor in writing when construction begins, and thereafter shall provide a monthly progress report. Franchisor and its designees have the right to inspect the site at all reasonable times.

3.5. Opening.

3.5.1. You must ensure that you Salon is open an operating no later than the Control Date identified on the Summary Pages and Attachment B.

3.5.2. You may open the Salon for business only with prior written permission of Franchisor.

3.5.3. Franchisor will grant permission to open only if *(a)* all amounts due Franchisor under this Agreement have been paid, *(b)* the Salon has been constructed and equipped according to Franchisor’s standards and specifications, *(c)* all of your pre-opening and training obligations have been satisfied, *(d)* Franchisor has received from you a signed ACH Authorization (Attachment E) by no later than the Control Date; *(e)* Franchisor has received from you a fully executed copy of your Salon lease containing the mandatory lease terms described in Attachment F; *(f)* Franchisor has received from you certificates of insurance as required by Article 11; and *(g)* you are otherwise in good standing under this Agreement.

3.6. Relocation. You may relocate the Salon only with Franchisor’s prior written consent. Franchisor will grant its consent if your lease expires or terminates through no fault of yours, or if the Salon premises is destroyed or materially damaged by fire, flood, or other natural catastrophe (an “**Innocent Loss or Casualty**”) and you are not in default of this Agreement or any other agreement between you and Franchisor or its Affiliates. Selection of the relocation site and Salon construction, renovation, and opening shall be governed by this Article 3; provided that if the relocation occurred as a result of an Innocent Loss or Casualty event, the Salon must be open for business at the new location within 180 days of closing at the previous location; however, if the relocation occurred for any other reason, the Salon must be open for business at the new location within five days of closing at the previous location. You are solely responsible for all relocation costs and expenses.

4. FEES

4.1. Initial Franchise Fee. Upon execution of this Agreement, you shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Pages. You acknowledge and agree that the Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable under any circumstances.

4.2. Initial Training Fee. Prior to attending Initial Training, you must pay the Initial Training Fee in the amount specified in the Summary Pages. You acknowledge and agree that the Initial Training Fee is fully

earned by Franchisor when paid and is not refundable. The Initial Training Fee includes certain business-related training for you and your General Manager as well as technical service-related training. Additional training is subject to the Franchisor's then current tuition.

4.3. Royalty Fee. During the term of this Agreement, you shall pay to Franchisor a nonrefundable and continuing Royalty Fee in the amount specified in the Summary Pages for the right to use the System and the Proprietary Marks. If any taxes, fees, or assessments are imposed on Royalty Fee payments by reason of Franchisor acting as a franchisor or licensing the Marks under this Agreement, you shall reimburse Franchisor the amount those taxes, fees, or assessments within 30 days after receipt of an invoice from Franchisor.

4.4. Technology Fee. You must also pay to Franchisor, on such date and in such manner as Franchisor designates, a Technology Fee in the amount indicated on the Summary Pages to be used in connection with certain software and technology related costs as determined by Franchisor in its discretion. Such amounts may be used, for example, for intranet development, support, maintenance, and related costs; software or application development, customization, and implementation; online or Internet-related support; hardware and/or software support; business intelligence and other such technologically-related activities as Franchisor may determine from time to time.

4.5. Other Payments. In addition to all other payments provided in this Agreement, you shall pay Franchisor and its Affiliates promptly when due:

4.5.1. All amounts advanced by Franchisor or which Franchisor has paid, or for which it has become obligated to pay on your behalf for any reason whatsoever.

4.5.2. The amount of all sales taxes, use taxes, personal property taxes and similar taxes, which shall be imposed upon you and required to be collected or paid by Franchisor **(a)** on account of your Gross Revenue, or **(b)** on account of initial franchise fees, royalty fees or advertising fees collected by Franchisor from you (but excluding ordinary income taxes). Franchisor, in its discretion, may collect the taxes in the same manner as Royalty Fees are collected and promptly pay the tax collections to the appropriate governmental authority; provided, however, that unless Franchisor so elects, it shall be your responsibility to pay all sales, use or other taxes now or hereinafter imposed by any governmental authorities on initial franchise fees, royalty fees and advertising fees.

4.5.3. Amounts due relating to your participation in marketing programs pursuant to Sections 9.4. and 9.5. of this Agreement.

4.5.4. All amounts due for any reason, including on account of purchases of Proprietary Products, supplies or services relating to the Franchised Business.

4.6. No Set-Off Rights. You may not set off, deduct or otherwise withhold any fees or other amounts due Franchisor under this Agreement on the grounds of alleged nonperformance by Franchisor of any of its obligations or for any other reason. Withholding royalties or any other amounts due Franchisor is a material breach of this Agreement.

4.7. Payment Terms. All payments required by this Agreement shall be paid within the time Franchisor specifies, provided that such day is a Business Day (the "**Due Date**"). If the Due Date is not a Business Day, then payment shall be due on the next Business Day.

4.8. Payment Procedures. Franchisor shall determine the amount of the Royalty Fee, Marketing Fee, and other amounts due under this Agreement by accessing and retrieving Gross Revenue data from your computer system, as permitted by Article 10, and shall provide notice to you (each a "**Fee Notice**") stating the applicable Royalty Fee, Marketing Fee, and other fee amount, if any, no later than the Due Date. If you wish to dispute the amount, you shall deliver to Franchisor written notice of the dispute, along with all evidence that supports your claim within two Business Days following delivery of the Fee Notice. On each Due Date, Franchisor will transfer from your commercial bank operating account ("**Account**") the

undisputed amount of fees reflected in the Fee Notice. If you have not reported Gross Revenue for any reporting period, or if Franchisor determines that you have underreported Gross Revenue, Franchisor also has the right to transfer from the Account, at its option, an estimated payment, plus interest, which payment may be based on the Salon's historical performance and/or the amount of your purchases of required products. Any overpayment will be credited against future payments due under this Agreement.

4.9. Electronic Fund Transfer. You shall participate in Franchisor's then-current electronic funds transfer program authorizing Franchisor to use a pre-authorized bank draft system. You shall: (a) comply with Franchisor's procedures, as specified in the Manual or otherwise in writing; (b) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.9.; (c) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty Fee, Technology Fee, Marketing Fee and other amounts payable under this Agreement, including any interest charges; and (d) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for each payment thereof. Notwithstanding the provisions of this Article 4, Franchisor reserves the right to modify, at its option, the method by which you pay the Royalty Fee, Marketing Fee and other amounts owed under this Agreement upon receipt of written notice by Franchisor. Your failure to have sufficient funds in the Account is a material breach of this Agreement.

4.10. Interest; Nonsufficient Funds Charge. Any payments not received by Franchisor by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Salon operates, whichever is less. If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to Franchisor a nonsufficient funds charge in the amount of \$50 (which may be increased each year by an amount not to exceed 10% of the then-current amount) and reimburse Franchisor for all expenses that it incurs on account of such nonsufficient funds.

4.11. Partial Payments; Application of Payments. If you pay less than the amount due, your payment will be considered a partial payment on account. Franchisor may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. Franchisor's acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment, and you hereby waive any estoppel defense in this regard. Franchisor may apply your payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.12. Payment of Taxes. To the extent that any sales, excise, or similar taxes are imposed on payments for goods or services provided by Franchisor, you shall pay such taxes.

4.13. Collection Costs and Expenses. You shall pay Franchisor on demand any and all costs and expenses incurred by Franchisor in enforcing the terms of this Agreement including, without limitation, collecting any monies that you owe to Franchisor. These costs and expenses include, without limitation, costs and commissions due a collection agency, reasonable attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Revenues of the Salon, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

4.14 Administrative Default Fee. In the event of default under this Section 4, or in the event of any instance of your non-compliance with this Agreement, the Manual, or other policies and System standards, for which we notify you of such default or non-compliance, at our discretion we may require you to pay an administrative fee to us in the amount of One Hundred Dollars (\$100) per occurrence, and One Hundred Dollars (\$100) for each week such default or non-compliance remains uncured, plus any and all of our costs and expenses to enforce compliance by you or to cure such default, including our attorneys' fees. Such administrative fee and other charges are intended to reimburse us for our time, expense, and other expenditure of resources incurred due to your default or non-compliance. Our decision to require you to pay such administrative fee shall be without prejudice to our right to terminate this Agreement and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same

default or as a result of any additional defaults of the terms of this Agreement. We may obtain payment of such administrative fee by way of electronic fund transfer.

5. TRAINING AND ASSISTANCE

5.1. Initial Training. Before you may open the Salon for business the Managing Owner and other trainees must attend and complete, to Franchisor's satisfaction, Franchisor's initial training program, which consists of two distinct types of training: business-related training and technical service-related training (together "**Initial Training**")

5.1.1 Business Training. The business-related portion of the Initial Training ("**Business Training**") will take place at a location and time that Franchisor designates, which could include Virtual Business Training, and only after you have executed a lease for the Franchised Business, provided, however, that Franchisor reserves the right to delay this portion of the Initial Training program until such time as you have completed all pre-initial training items set forth in the Manuals.

Up to two individuals may attend the "Business Training" portion of the Initial Training program without additional tuition charge. If the Managing Owner is not the General Manager, both the Managing Owner and the General Manager must attend the Business Training. If the General Manager is also the Managing Owner, then one other employee may attend without charge. At your request, Franchisor may permit additional individuals to attend the Business Training, subject to space availability and payment of Franchisor's then-current tuition. You are responsible for all costs and expenses of complying with Franchisor's Business Training requirements including, without limitation, tuition and registration costs, and salary, travel, lodging, and dining costs for all of your employees who participate in and attend the Business Training.

5.1.2 Salon Opening and Stylist Training. You may choose one of the following two Initial stylist training options: (1) we provide one individual (Corporate Stylist trainer) to provide you with on-site stylist training services at your Salon for a period of up to 5 days ("**Stylist Training**"), typically in conjunction with a second individual (Salon Opener for 3 days) to provide opening support, software and sales training ("**Opening Training**"). Should you select option 1, the Initial Training Fee of \$6,000 includes the cost of our travel, for the Corporate and Opener Trainer. This option is subject to our availability and our discretion; or (2) you send to us, at a training facility we determine, up to 10 stylists to be trained to provide services prior to opening (which may need to be provided in as many as two training sessions for up to five stylists each, where each session lasts approximately four days). Should you select option 2, all travel, board, meals, and related costs, for your employees will be borne by you. Any/all additional training is charged at \$300/attendee/day plus our travel costs if relevant. These programs and their content are subject to change as described in the Manuals.

5.2. Additional Opening Assistance. At your request, Franchisor may, in its sole discretion, provide additional on-site opening assistance, subject to availability of personnel and at the Franchisor's current daily rate. In such event, you agree to pay Franchisor's current daily rate for providing such assistance, and you must reimburse Franchisor for all out-of-pocket costs it incurs in connection with providing such additional assistance, including travel, lodging, and dining costs for the individual(s) providing such assistance. If Franchisor determines, in its sole discretion, that you have not met the minimum requirements for the establishment of the Salon by the timelines set forth in the Manuals, Franchisor may require that you accept such additional on-site assistance as Franchisor deems appropriate. You agree to pay Franchisor's per diem assistance fee for such additional assistance as well as Franchisor's related travel, lodging, and dining costs.

5.3. Ongoing and Advanced Training. Upon your request, Franchisor may, in its sole discretion, provide additional ongoing or on-site training assistance, subject to availability of personnel and at the Franchisor's current daily rate ("**Advanced Training**"). Should Franchisor agree to provide such Advanced Training, you agree to pay Franchisor's current daily rate, in some cases per attendee/trainee for providing such assistance, and you must reimburse Franchisor for all out-of-pocket costs it incurs in connection with providing such additional assistance, including travel, lodging, and dining costs for the individual(s) providing such

assistance. Advanced Training currently includes Open-training (refresher), Additional Stylist Training, Local Salon Trainer (e.g., train the trainer), Advanced Lashing, Manager Training and so on. All on-going and advanced training has a fee associated. The franchisor reserves the right to offer occasional incentives and discounts at their sole discretion.

5.4. Pre-Opening Consultation. Franchisor shall provide such pre-opening consultation and advice as it deems appropriate, which may include advice with regard to the development and operation of the Salon, building layout, furnishings, fixtures, and equipment, plans and specifications, employee recruiting, selection, and training, purchasing and inventory control, and such other matters as Franchisor deems appropriate.

5.5. Ongoing Consultation. Franchisor shall provide such ongoing consultation and advice as it deems appropriate, which may include information about new service and product development, instruction concerning the operation and management of THE LASH LOUNGE® Salon, advertising and marketing advice, and financial and accounting advice. Such consultation and advice may be provided, in Franchisor's discretion, through Salon visits by Franchisor personnel, via meetings, seminars or conferences, and/or through dissemination of electronic or printed materials.

5.6. Additional Training. You agree to cause the Managing Owner, General Manager, and other employees that Franchisor designates to attend such additional courses, seminars, and other training programs as Franchisor may reasonably require. Franchisor may charge a reasonable tuition for these additional courses, seminars, or other training programs, and you are responsible for all training-related costs and expenses including, without limitation, salary, travel, lodging, and dining costs for all employees who participate in the training.

5.7. Continuing Education Requirement. You shall cause each Salon employee providing services which require, by law, a license or certification, to complete, to Franchisor's satisfaction, Franchisor's continuing education requirement, and other certifications and ongoing education required by law. Franchisor may, in its sole discretion, exempt certain employees from such required continuing education, if Franchisor deems that the continuing education required by the licensing or certifying State meets Franchisor's minimum continuing education requirements. Upon Franchisor's request, you must provide proof of renewed license or certification, or proof of completion of continuing education requirements for each Salon employee required, by law, to be licensed or certified. You are responsible for all costs related for each technician's attendance including, but not limited to, Franchisor's then-current tuition, your employees' salary, and all travel expenses. You shall also cause each Salon employee providing technical services to complete, to Franchisor's satisfaction, any of Franchisor's future education requirements regardless of your state's legal requirements.

5.8. Additional On-Site Training. In the event that you fail two consecutive quality inspections or there are continued quality concerns, Franchisor may, in its sole discretion, require the Managing Owner and your General Manger (or, if the Managing Owner is the General Manager, then one additional employee) to attend up to three days of on-site training. You will bear all costs for such additional training including, but not limited to Franchisor's current daily rate for providing such training and all travel expenses.

5.9. Performance by Delegate. You acknowledge and agree that any rights or duties of Franchisor may be exercised and/or performed by any of Franchisor's designees, agents, or employees.

5.10 Convention. You or your representative are required to attend, no more than annually, any designated convention or annual training meeting. You will pay the then-current enrollment fee. If you fail to attend the Convention you will be assessed \$1,000 non-attendance penalty fee. This fee shall be automatically withdrawn by electronic funds transfer.

6. OPERATION OF THE FRANCHISED BUSINESS

6.1. General Operating Requirements. You understand and acknowledge that every detail of the System is essential to maintain and enhance the goodwill associated with the Proprietary Marks and the integrity of the brand. Accordingly, you agree as follows:

(a) To operate the Franchised Business according to the highest applicable health and safety standards and ratings, to timely obtain or cause employees to obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Franchised Business, to operate the Franchised Business according to Franchisor's operating methods, standards, and specifications, and to maintain, at all times, a high moral and ethical standard in the operation of the Franchised Business.

(b) To notify Franchisor by telephone and confirm in writing within 72 hours of any investigation or violation, actual or alleged, concerning any health or safety regulations, and notify Franchisor in writing within five days of the commencement of any investigation, action, suit or proceeding, and the issuance of any order, writ, injunction, award, or decree of any court, agency or other government instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

(c) Upon the occurrence of a Crisis Management Event, to immediately inform Franchisor's President (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event.

6.2. Managing Owner; General Manager.

6.2.1. The Salon must be supervised by a General Manager. The Managing Owner may also be the General Manager. The Managing Owner shall have oversight of the General Manager and the General Manager shall have full control (the extent granted by Franchisee) over day-to-day Salon management and operations. The Managing Owner and the General Manager must attend and successfully complete Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction. The General Manager shall devote his or her full-time efforts to Salon operations, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. Franchisor shall have approved the Managing Owner as meeting its then-current qualifications for such position.

6.2.2. If the General Manager ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified person to serve as your General Manager within 30 days after the date the prior General Manager ceases to serve or no longer qualifies to serve. Any proposed replacement General Manager must successfully complete the initial training program and such other training required by Franchisor, and be approved by Franchisor, before assuming his or her position as General Manager and, in no event, later than 90 days after the previous General Manager ceased to serve in such position. In the event of the replacement of a General Manager, the franchisor may, at its sole discretion, require on-site, in-salon training under the same terms and tuition rates contained in Article 5 above.

6.3. Employee Policy; Uniforms and Employee Appearance. You shall maintain a competent, conscientious, fully certified and trained staff, and shall take such steps as are necessary to ensure that your employees and/or independent technicians preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as Franchisor may establish from time to time in the Manuals or otherwise in writing. You shall cause all employees and/or independent technicians, while working at the Salon, to: (a) abide by the uniform requirements and policies set forth in the System standards, Uniform Guidelines and other specifications as Franchisor may designate from time to time, and (b) present a neat and clean appearance. In no case shall any of your employees and/or independent technicians wear his or her THE LASH LOUNGE® uniform while working for you at any location other than the Franchised Business.

6.4. Authorized Services and Product Offerings.

6.4.1. You must offer and sell all services and products that Franchisor requires, and only those services and products that Franchisor has approved. Franchisor may add, eliminate and change authorized services and/or products, in its sole discretion, and you must comply with all directives (which may require purchasing and installing additional equipment). You shall package and feature all products in accordance with Franchisor's standards and procedures as communicated to you from time to time via the Manual or other written directives. Such standards and procedures may include, without limitation, use of packing and marketing paraphernalia bearing the Proprietary Marks, and other standards for displaying for sale the proprietary products. You shall participate in all market research programs that Franchisor requires, which includes test-marketing new services and/or products, purchasing a reasonable quantity of new products for test-marketing, promoting the sale of the new services and/or products. You shall provide Franchisor with timely reports and test results for all such programs.

6.4.2. You are expressly prohibited from providing any services not specifically permitted by the operations manual including but not limited to permanent makeup services without Franchisor's prior written consent.

6.5. Purchase Requirements.

6.5.1. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, décor, signs, and other items as Franchisor may reasonably direct; and shall refrain from installing or permitting to be installed on or about the Salon premises any fixtures, furnishings, equipment, décor, signs, vending or game machines or other items not approved for use by Franchisor. In addition, you shall purchase and use only products, packaging materials, and supplies as conform to Franchisor's standards and specifications; and shall purchase, use, offer and/or promote THE LASH LOUNGE® products which are produced or manufactured in accordance with Franchisor's proprietary specifications and/or formulas or which Franchisor designates as "**Proprietary Products**".

6.5.2. Approximately 60 days prior to the opening of the Salon, you must purchase from Franchisor your initial inventory of its private label cosmetics and skin care products ("**Private Label Products**"). The purchase price of this initial inventory of Private Label Products will vary depending on the quantity and mix of product Franchisor deems necessary to meet your customer demand. If for any reason the Salon does not open for business (other than in the event the parties mutually agree to extend the originally established Control Date), Franchisor will refund the cost of your initial inventory purchase subject to Franchisor's receipt of the unopened, undamaged, complete inventory; otherwise, the fee is not refundable. Once the Salon is open for business you must on an on-going basis maintain a minimum level of inventory as determined by Franchisor in its discretion.

6.6. Purchases from Designated Sources. Franchisor and its Affiliates may act as suppliers of goods, services, products, and/or supplies to be purchased by you, including, without limitation, the Proprietary Products and your computer hardware and software ("**Goods and Services**"), and may designate themselves as the sole suppliers of any such Goods and Services. You shall purchase your requirements of Goods and Services from Franchisor or its designated sources, which purchase price shall also include all shipping costs. Such Goods and Services shall be made available for purchase at then-current published prices according to the supplier's then-current purchase terms and conditions. You shall purchase all other products, equipment, supplies and materials used or sold by the Franchised Business, including, without limitation the Proprietary Products, solely from suppliers (including Franchisor, or its Affiliates, and manufacturers, wholesalers, and distributors) who demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's reasonable standards and specifications for such items, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by Franchisor in the Manuals or otherwise in writing and not thereafter disapproved. You acknowledge and agree that Franchisor and its Affiliates may negotiate purchase arrangements with suppliers for your benefit and may derive revenue or obtain rebates, bulk pricing discounts or allowances

for their own account from approved or designated suppliers if rebates or other considerations become available because of your purchases of products or services. If you desire to purchase products from other than approved suppliers, you shall submit to Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with Franchisor's specifications as Franchisor may reasonably require, or shall request the supplier itself to do so. Franchisor shall have the right to inspect and evaluate the supplier's facilities and products to be supplied, and you shall pay all of Franchisor's reasonable expenses incurred in so doing. Franchisor may from time to time re-inspect and re-evaluate the facilities and products of any approved supplier and revoke its general approval of particular products or suppliers when Franchisor determines, in its sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, you shall cease to sell any disapproved products and cease to purchase from any disapproved supplier.

6.7. Franchised Location.

6.7.1. You shall maintain the Salon (including adjacent public areas) in a clean, orderly condition and in excellent repair and in accordance with Franchisor's standards. You shall, at your expense, make such additions, alterations, repairs, and replacements under this Agreement as may be required for that purpose, including, without limitation, such periodic repainting, repairing, and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment, and decor as Franchisor may reasonably direct. Upon Franchisor's request, you shall install and maintain at the Franchised Business interactive multi-media equipment, devices, and facilities Franchisor requires, including, without limitation, approved music systems, wi-fi and other wireless internet and communications systems, and interactive displays, including plasma or LCD screens.

6.7.2. You shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Franchised Location.

6.7.3. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as Franchisor may reasonably direct from time to time in the Manual or otherwise in writing in accordance with Franchisor's standards and specifications; and shall refrain from installing or permitting to be installed on or about the Franchised Location, any fixtures, furnishings, equipment, decor, signs, vending or game machines or other items not previously approved in writing as meeting Franchisor's standards and specifications.

6.7.4. At Franchisor's request, you shall make such alterations as may be necessary to reflect new product offerings and marketing incentives, including updating or replacement new interior signage, graphics, and/or point of sale materials.

6.7.5. At Franchisor's request, but not more often than once every 60 months (and in addition to any work which you may undertake pursuant to other Sections of this Agreement), you shall refurbish the Franchised Location, at your own expense, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current public image for new or remodeled THE LASH LOUNGE® Salons in the System, including, without limitation, replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements and reasonable structural changes that Franchisor may reasonably require or that may be required by law.

6.8. Days and Hours of Operation. You shall cause the Salon to be open and in normal operation for such minimum hours and days as Franchisor may specify in the Manual or in other written directives, but no less than six days per week.

6.9. Quality Assurance Inspections; Testing. Franchisor shall have the right to enter upon the Salon premises during regular business hours to inspect the Salon for quality assurance purposes. You shall allow Franchisor from time to time to obtain samples of ingredients, products and supplies, without charge, to test for quality assurance purposes.

6.10. Modification to the System. At your own expense, you shall make such alterations, additions, or modifications to the Franchised Location as Franchisor may reasonably require to implement changes to the System, including, without limitation, changes to products, services or market positioning. You shall make all such changes within 90 days from receipt of notice. You shall not implement any modification to the System without Franchisor's express prior written consent.

6.11. Pricing. To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

6.12. Intranet/Extranet System. Franchisor may, at its option, establish and maintain an intranet or extranet system through which members of THE LASH LOUNGE® franchise network may communicate and through which Franchisor may disseminate updates to the Manual and other Confidential Information. Franchisor will have no obligation to establish or to maintain the intranet indefinitely, and may dismantle it at any time without liability to you. Franchisor may establish policies and procedures for the intranet's use. Franchisor expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, Franchisor can access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to Franchisor under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, Franchisor may temporarily suspend your access to any chat room, bulletin board, listserv, or similar feature the intranet includes until such time as you fully cure the breach.

6.13 Website and Digital Presence. Franchisor may, but shall not be obligated to, establish and maintain a Website to provide information about the System and the goods and services that THE LASH LOUNGE® Salons provide, even though Franchisor's Website is accessible by persons in your trade area. Franchisor has sole discretion and control over the design and content of Franchisor's Website. You are not permitted to have any independent website, domain, landing page, microsite or social media identity that is not part of THE LASH LOUNGE managed, controlled, described or defined processes related to digital media and marketing. We may create, operate, and promote THE LASH LOUNGE in a digital environment to include websites, social media accounts, blogs, advertising, franchise opportunities, salon details and more. You will participate in and solely use the digital properties, domains, advertising and social tools and handles which we expressly permit. Any unapproved use of digital media will be considered a compliance issue.

7. PROPRIETARY MARKS AND COPYRIGHTS

7.1. Franchisor's Representations. Franchisor represents to you that it has the right to use and to sublicense to you the right to use the Proprietary Marks in accordance with the terms and conditions of this Agreement.

7.2. Acknowledgments. You expressly acknowledge that Franchisor or its Affiliate owns all right, title, and interest in and to the Proprietary Marks and the goodwill associated with the Proprietary Marks, and that you have no ownership interest in the Proprietary Marks. You agree not to use any other Proprietary Marks or any marks, names or indicia of origin that are or may be confusingly similar to the Proprietary Marks in your own corporate or business name except as authorized in this Agreement. You further acknowledge and agree that any and all goodwill associated with the Salon and identified by the Proprietary Marks is Franchisor's property and shall inure directly and exclusively to the benefit of Franchisor and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Proprietary Marks. You understand and agree that any use of the Proprietary Marks other than as expressly authorized by this Agreement, without Franchisor's prior written consent, may constitute an infringement of Franchisor's rights herein and that the right to use the Proprietary Marks granted herein does not extend beyond the termination or expiration of this Agreement.

7.3. Use of the Proprietary Marks. You shall use only the Proprietary Marks designated by Franchisor, shall use them only in the manner that Franchisor authorizes and permits, and shall use them with the symbols “®”, TM”, or “SM”, as appropriate. You shall use the Proprietary Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner prescribed by Franchisor. You may not contest ownership or validity of the Proprietary Marks or any registration thereof, or engage in any conduct that adversely affects the ownership or registration of the Proprietary Marks, or Franchisor’s right to use or to sublicense the use of the Proprietary Marks. You shall execute all documents that Franchisor requests in order to protect the Proprietary Marks or to maintain their validity and enforceability.

7.4. Restriction Against Use in Your Corporate Name. You may not use the Proprietary Marks or any part thereof in your corporate name, and may not use them to incur any obligation or indebtedness on Franchisor’s behalf.

7.5. Restriction Against Use of the Proprietary Marks and Copyrighted Works on the Internet.

7.5.1. You may not use the Proprietary Marks or any part or derivative thereof or any of Franchisor’s Copyrighted Works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, you may not use the Proprietary Marks or any part or derivative of the Proprietary Marks as part of any URL or domain name, and may not register as part of any username on any website (including commercial, gaming, video sharing, user review, and social networking websites), or as part of any unauthorized email address. You also may not display on any website (including commercial, gaming, video sharing, user review, and social networking websites) Franchisor’s Copyrighted Works, which include the design portion of its Proprietary Marks, or any collateral merchandise identified by the Proprietary Marks.

7.6. Notice. You shall identify yourself as an independent franchise owner of the Franchised Business in conjunction with any use of the Proprietary Marks or operation of the Franchised Business, including, but not limited to, such use on invoices, order forms, receipts, business stationery, business cards, and contracts, as well as at such conspicuous locations at the Salon as Franchisor may designate in writing. The form and content of such notice shall comply with the standards set forth in the Manuals.

7.7. Infringement. You shall promptly notify Franchisor of any suspected unauthorized use of, or any challenge to the validity of the Proprietary Marks or Copyrighted Works, or any challenge to Franchisor’s or its Affiliate’s ownership of, Franchisor’s license to use and to license others to use, or your right to use, the Proprietary Marks or Copyrighted Works licensed under this Agreement. You acknowledge that Franchisor or its Affiliate has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Proprietary Marks or Copyrighted Works, including any settlement thereof. Franchisor or its Affiliate has the right, but not the obligation, to take action against third parties for infringement of the Proprietary Marks or Copyrighted Works. Franchisor shall defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks or Copyrighted Works. If Franchisor, in its sole discretion, determines that you have used the Proprietary Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that you have not used the Proprietary Marks or Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Proprietary Marks or Copyrighted Works, you shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks or Copyrighted Works in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse you for your associated costs.

7.8. Changes to the Proprietary Marks. Franchisor reserves the right, in its sole discretion, to designate one or more new, modified or replacement Proprietary Marks for your use and to require your use of any

such new, modified or replacement Proprietary Marks in addition to or in lieu of any previously designated Proprietary Marks. You must comply with any such directive within 60 days following your receipt of Franchisor's written notice to you, and you are responsible for all related costs and expenses.

8. SYSTEM, MANUALS, AND INFORMATION

8.1. Manuals. Franchisor will provide you on loan a digital copy of the Manuals. You shall operate the Franchised Business in accordance with the System Standards, methods, policies, and procedures specified in the Manuals. The Manuals shall at all times be considered the sole property of Franchisor and shall be kept in a secure digital Location. You shall ensure that your copy of the Manuals are kept current at all times, and in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor shall be controlling.

8.2. System Modification. You acknowledge that the System, Franchisor's Confidential Operations Manuals and the Manuals, and the products and services offered by the Franchised Business may be modified, (such as, but not limited to, the addition, deletion, and modification of operating procedures, products and services) from time to time by Franchisor. You agree to comply, at your expense, with all such modifications, including, without limitation, all requirements to implement the modifications, such as replacement or renovation of equipment, remodeling, redecoration and modifications to existing improvements, including structural changes. Franchisor shall notify you of any such System changes and you shall implement any System changes upon receipt of notice thereof from Franchisor, and shall complete their implementation within such time as Franchisor may reasonably specify. For purposes of this Agreement, System changes shall include, without limitation, changes in any of the categories referred to in this Section 8.2. No such modification will alter your fundamental status and rights as a franchisee under this Agreement.

8.3. Confidentiality. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the operation of the Franchised Business, and shall divulge Confidential Information only to your employees and only on a need-to-know basis. This obligation shall survive termination or expiration (without renewal) of this Agreement. Franchisee further acknowledges and agrees that all Confidential Information (as defined in this Agreement) is the exclusive property of Franchisor.

9. ADVERTISING AND MARKETING

9.1. General. All of your promotional and marketing materials shall be presented in a dignified manner and shall conform to Franchisor's standards and specifications related to advertising, marketing, and trademark use and be pre-approved materials created exclusively by and for THE LASH LOUNGE. You shall submit to Franchisor samples of any and all proposed promotional and marketing materials that are not part of the pre-approved THE LASH LOUNGE materials, and notify Franchisor of the intended media, before first publication or use. Franchisor shall use good faith efforts to approve or disapprove proposed promotional and marketing materials within 15 days of their receipt. You may not use any promotional or marketing materials until Franchisor expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. Franchisor may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval. Upon discovery of any unapproved materials, including media, display or in-salon materials, or any other advertising, including print, social or digital, the Franchisor will require immediate discontinuation of use.

9.2. Grand Opening Marketing Event. You agree to spend at least the amount indicated on the Summary Pages to promote your Salon's grand opening event. The Franchisor will assist you in creating a marketing and promotional event strategy for the grand opening event for your Salon and you agree to spend the grand

opening event expenditure requirement in accordance with this approved plan. You agree to provide Franchisor with proof of the expenditures required under this Section immediately on Franchisor's request.

9.3. Marketing Fee. You must pay to Franchisor a marketing fee (the "**Marketing Fee**") in the amount stated on the Summary Pages. In consideration for the Marketing Fee, Franchisor will provide such advertising, marketing, and promotional services as Franchisor deems appropriate in its sole discretion. Franchisor may collect the Marketing Fee on such periodic basis as Franchisor specifies, which may be weekly, monthly, or otherwise.

9.4. Local Advertising. At Franchisor's election, franchisor may require you to: (a) spend the minimum amount noted on the Summary Pages in your local market to promote the Salon; or (b) pay such amounts to Franchisor, in the same manner as Royalty Fees and on such Due Date as Franchisor designates, to be spent on advertising and marketing campaigns in your market area. If Franchisor requires you to spend such amounts directly, then you shall provide proof of such expenditure according to the procedures Franchisor requires. Also, if Franchisor requires you to spend such amounts directly, then at least 30 day prior to the beginning of each calendar quarter, you must submit to Franchisor your advertising campaign and budget for Franchisor's review and approval. Of note, your Protected Area serves only to limit the physical development of another THE LASH LOUNGE salon therein and does not represent any exclusive marketing and advertising rights. The System standards serve to provide local advertising and digital advertising guidelines for best practices to attract clients, reduce overlapping efforts and work productively with neighboring salons. You are required to follow these System standards and guidelines which are subject to change at the sole discretion of the Franchisor.

9.5. Loyalty Programs, Prize Promotions, and Promotional Literature.

9.5.1. You shall participate in and offer to your customers: (a) all customer loyalty and reward programs; and (b) all contests, sweepstakes, and other prize promotions; which Franchisor may develop from time to time. Franchisor will communicate to you in writing the details of each such program or promotion, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Salon as Franchisor may designate. You shall purchase and distribute all coupons and other collateral merchandise designated by Franchisor for use in connection with each such program or promotion.

9.5.2. If Franchisor develops or authorizes the sale of gift certificates and/or stored value cards, loyalty cards and/or customized promotional receipts, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them and be solely responsible for the service charges related to such processing. You are responsible for the accurate reporting gift certificate sales and redemptions in the salon. All proceeds from the sale of all gift certificates and/or loyalty cards belong exclusively to Franchisor, and you shall remit the proceeds of such sales to Franchisor according to the procedures that Franchisor prescribes periodically. Franchisor shall reimburse or credit to you (at Franchisor's option) the redeemed value of gift certificates and/or loyalty cards accepted as payment for products and services sold by the Salon.

9.5.3. You also shall display at the Salon all promotional literature and information as Franchisor may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about THE LASH LOUNGE® franchise offering.

9.5.4. You also agree to honor such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by us from time to time. Any reasonable and customary service charges or discounts from reimbursements charged on such cards or authorizations will be at your sole expense.

9.6. Participation in Marketing Programs. You shall at all times cooperate with Franchisor and other franchisees of Franchisor and shall actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs (including, without limitation,

product give-away promotions) which may be developed and implement by Franchisor. Participation may include, without limitation, purchasing (at your expense) and using **(a)** point of sale materials, **(b)** counter cards, displays, and give away items promoting loyalty programs, prize promotions, and other marketing campaigns and programs, and **(c)** equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons, and similar items.

9.7. Advertising Cooperatives. Franchisor may, from time to time, form local or regional advertising cooperatives (“**Advertising Cooperative**”) to pay for the development, placement and distribution of advertising for the benefit of Salons located in the geographic region served by the Advertising Cooperative. Any Advertising cooperatives established by Franchisor will be operated solely as a conduit for the collection and expenditure of Advertising Cooperative fees for the aforementioned purposes. If Franchisor forms an Advertising Cooperative for the region in which the Salon is located, you agree to participate in the Advertising Cooperative pursuant to the terms of this Section 9.7.

9.7.1. Franchisor shall have the exclusive right to create, dissolve and merge each Advertising Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto; provided that such documents shall: **(a)** operate by majority vote, with each THE LASH LOUNGE® Salon (including Salons owned by Franchisor or its Affiliates) entitled to one vote, **(b)** entitle Franchisor to cast one vote (in addition to any votes it may be entitled to on account of its operation of Salons in the area served by the Advertising Cooperative, **(c)** permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions, and **(d)** provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination.

9.7.2. You agree to be bound by all organizational and governing documents created by Franchisor and, at Franchisor's request, shall execute all documents necessary to evidence or affirm your agreement. The Advertising Cooperative shall begin operating on a date determined in advance by Franchisor.

9.7.3. No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without Franchisor's prior approval. All advertising plans and materials must conform to the Standards and must be submitted to Franchisor for approval.

9.7.4. Fees paid by you as contribution to an Advertising Cooperative established in your geographic area shall be credited towards your local advertising requirement as set forth in the Summary Pages.

10. COMPUTER SYSTEM; ACCOUNTING AND RECORDS; TAXES

10.1. Computer System. You shall acquire and use only the point-of-sale cash registers and computer systems and equipment that Franchisor prescribes for use by THE LASH LOUNGE® Salons (“**Computer System**”), and adhere to Franchisor’s requirements for use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high-speed Internet connections. As technology or software is developed in the future, Franchisor may, in its sole discretion, require you to add to your Computer System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your Computer System and software as Franchisor prescribes. You shall acquire, install and maintain such anti-virus and anti-spyware software as Franchisor requires, and shall adopt and implement such Internet user policies as Franchisor may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with operation of the Computer System.

10.2. Software. You shall: **(a)** use any proprietary software programs, system documentation manuals, and other proprietary materials that Franchisor requires in connection with the operation of the Salon; **(b)** input and maintain in your computer such data and information as Franchisor prescribes in the Manual, software programs, documentation, or otherwise; and **(c)** purchase new or upgraded software programs,

system documentation manuals, and other proprietary materials at then-current prices whenever Franchisor adopts such new or upgraded programs, manuals, and materials system-wide. You shall enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner Franchisor prescribes, and pay all fees imposed thereunder.

10.3. Independent Access. Franchisor may independently poll Gross Revenue and other information input and compiled by your Computer System from a remote location. There is no limitation on Franchisor’s right to access this information, nor on Franchisor’s use of the information obtained via such access.

10.4. Preparation and Maintenance of Records. You shall prepare and preserve for at least five years from the date of preparation complete and accurate books, records, and accounts according to generally accepted accounting principles and in the form Franchisor prescribes. In order to obtain System-wide consistent and comparative information, Franchisor may prescribe from time to time, and you agree to abide by and use, such forms, templates, and/or methods for the preparation and submittal of financial and other Salon-related records and information.

10.5. Submission of Financial Statements and Tax Returns. No later than March 30 of each calendar year, you shall provide to Franchisor, in the manner they require and upon request *(a)* a copy of the previous year’s annual profit and loss statements, including local marketing spend; *(b)* a copy of the previous year’s sales tax returns; and *(c)* a copy of your federal and state income tax returns for the previous year; provided, however, that if you are an individual franchisee, you may submit only those schedules to your personal tax returns which reflect the revenues and expenses of the Franchised Business.

10.6. Submission of Performance Reports. You shall accurately report to Franchisor the Salon’s Gross Revenue, expenses, and such other financial information, as Franchisor may reasonably require, using the procedures, forms, and methods Franchisor prescribes periodically. Reports shall be due on the date prescribed by Franchisor, and shall be signed by an authorized representative, attesting to their accuracy. Within 30 days following the end of each fiscal quarter, you shall provide to Franchisor a copy of your profit and loss statements prepared according to generally accepted accounting principles and which accurately reflect your financial information for the period requested by Franchisor. You also shall provide to Franchisor such other reports, computer back-up and other information that Franchisor may reasonably request.

10.7. Audit of Franchisee Records. Franchisor or its designated agent shall have the right to audit, examine and copy your books, records, accounts, and business tax returns at any time. If an inspection or audit reveals underpayment of amounts owed to Franchisor, you shall immediately pay the understated amount with interest as provided in Section 4.9. If an audit or inspection reveals your understatement of Gross Revenues by 2% or more during any continuous six month period then, in addition to amounts due on the understatement and interest, multiplied by 1.5, you shall promptly reimburse Franchisor all costs and expenses that it incurred in connection with performing the audit or inspection (including travel, lodging and wage expenses, and attorneys’ and accountants’ fees).

10.8. Use of Financial Information in Franchise Disclosure Document. You acknowledge and agree that it may be in the best interest of the franchise system to share historical revenue and expense information with prospective franchisees. To that end, you hereby authorize Franchisor to publish information concerning the Salon’s Gross Revenues and other information reported to Franchisor in its franchise disclosure document.

10.9. Taxes. You shall promptly pay all taxes due and owing based on your operation of the Salon and the Franchised Business including, without limitation, sales taxes, income taxes, and property taxes.

10.10 Data Security and PCI Compliance. You acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of salons operating under the Proprietary Marks and System. Accordingly, you agree that you will cause the Salon to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Standards Council or

its successor, the standards set by applicable privacy laws and regulations, and other regulations and industry standards applicable to the protection of customer privacy and credit card information. You are solely responsible for educating yourself as to these regulations and standards, and for achieving and maintaining applicable compliance certifications. You agree to defend, indemnify, and hold us and our affiliates harmless from and against all claims arising out of or related to your violation of the provisions of this Section 10.10.

11. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

11.1 Independent Contractor. The parties acknowledge and agree that you are operating the Franchised Business as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party shall have fiduciary obligations to the other, or be liable for the debts or obligations of the other. Neither party shall have the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, nor contract any debts or obligations on behalf of the other party, or their affiliates, unless otherwise agreed in writing by the parties. You shall conspicuously identify yourself and the Franchised Business in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership.

11.2. Insurance Obligations.

11.2.1. You shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies protecting you, Franchisor and its Affiliates, and their respective partners, shareholders, directors, members, managers, agents, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the Franchised Business.

11.2.2. Such policy or policies shall: **(a)** be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; **(b)** name Franchisor and its Affiliates, and their partners, officers, subsidiaries, affiliates, shareholders, directors, managers, members, regional directors, agents, and employees as additional insureds on a primary non-contributory basis, **(c)** the additional insured coverage must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to Franchisor) as well as through, when applicable, third party coverage endorsement and joint employer coverage endorsement; and **(d)** comply with Franchisor's written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage specified below or as described within Franchisor's written notice to you.

11.2.3. Such policies shall include, at the minimum, the following policies: **(a)** "All risk" or "special" property insurance, covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance on an actual loss sustained basis, **(b)** comprehensive general liability insurance, including products and completed operations in an amount of not less than the following combined single limits:\$1,000,000 per occurrence,\$1,000,000 personal and advertising injury,\$1,000,000 completed operations/products aggregate,\$2,000,000 aggregate per location; **(c)** automobile liability coverage, including coverage of owned, non-owned, rented or hired vehicles with coverage in amounts not less than\$1,000,000 combined single limit, **(d)** employment practices liability coverage with a limit of\$500,000 per occurrence and in the aggregate, **(e)** professional liability insurance for all health or beauty licensed professionals with minimum coverage of\$1,000,000 per occurrence, **(f)** workers' compensation insurance for statutory limits, **(g)** employer's liability insurance in an amount not less than\$1,000,000, and **(h)** any insurance as is necessary to comply with all legal requirements concerning insurance coverage for you and your personnel attending Franchisor's training programs. Each year

Franchisor may unilaterally modify the insurance minimum coverage requirements which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market conditions warrant.

11.2.4. In connection with any and all insurance that you are required to maintain under Section 11.2., you and your insurers shall agree to waive their rights of subrogation against Franchisor, and you shall provide evidence of such waiver in accordance with this Section 11.2. Franchisor may unilaterally modify these insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change.

11.2.5. Your obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 11.3. of this Agreement.

11.2.6. All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor, or its Affiliates, partners, members, managers, shareholders, officers, directors, agents, or employees by reason of your negligence.

11.2.7. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to Franchisor certificate of insurance evidencing your compliance with this Article 11. Each certificate of insurance shall expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

11.2.8. If you fail to procure or maintain these minimum insurance requirements, Franchisor or its designee shall have the right and authority (but not the obligation) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, you shall reimburse Franchisor the cost of the premium upon demand.

11.3. Indemnification. You shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates and their respective directors, officers, managers, members, employees, shareholders, and agents, (collectively the “**Indemnitees**”) from any and all “**losses and expenses**” (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with your operation of the Franchised Business including, but not limited to, claims arising as a result of the maintenance and operation of vehicles or the Franchised Location (collectively an “**event**”), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 11.3., the term “**losses and expenses**” shall be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give Franchisor prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the indemnities or the System.

12. TRANSFER OF INTEREST

12.1. Transfer by Franchisor. Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Franchisor and/or its Affiliates may sell their assets, the Proprietary Products, the Proprietary Marks or Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name, the Proprietary Products, the Proprietary Marks (or any variation thereof) and System and/or the loss of association with or identification of The Lash Franchise Holdings, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as THE LASH LOUNGE® Salons operating under the Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to the Franchised Business).

12.2. Transfer by Individual Franchisee to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if (a) the Business Entity is formed solely for purposes of operating the Franchised Business, and (b) you provide to Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed. For transfers described in this Section 12.2 you must pay to Franchisor the amount set forth in the Summary Pages.

12.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: (a) you have provided to Franchisor advance notice of the transfer, (b) Attachment C has been amended to reflect the new ownership; (c) each new Owner has signed a Personal Guaranty and Undertaking in the form of Attachment D-1; and (d) you pay to Franchisor the transfer fee set forth in the Summary Pages.

12.4. Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of the assets of the Salon, and the sale of a Controlling Interest in you if you are a Business Entity) require Franchisor's prior written consent and completion of an Intent to Sell form submitted to the Franchisor. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

12.4.1. You shall have requested consent in writing and delivered to Franchisor a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of the Franchised Business.

12.4.2. The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; and has sufficient equity capital to operate the Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of the Franchised Business);

12.4.3. All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

12.4.4. You or the transferee shall have agreed to refurbish the Salon premises so that it meets Franchisor's image requirements for a new THE LASH LOUNGE® Salon;

12.4.5. You and each Owner shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

12.4.6. You or the transferee shall have paid the Transfer Fee in the amount set forth in the Summary Pages as well as the current sales commission due to the franchise seller to facilitate the sales process, including disclosure, discovery and validation.

12.4.7. The transferee shall have executed Franchisor's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such agreement shall be the remaining term of this Agreement at the time of transfer. The transferee shall have the option, however, to purchase a longer term (not to exceed a total of 10 years) by paying an extended term fee ("**Extended Term Fee**") as identified in the Summary Pages.

12.4.8. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Personal Guaranty and Undertaking;

12.4.9. The transferee shall have complied with Franchisor's then-current initial training requirements; and

12.4.10. If Franchisor introduced the buyer to you, you have paid all fees due Franchisor under its then-current franchise resale policy or program.

12.5. Transfers Void. Any purported transfer, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

12.6. Security Interest. You may grant a security interest in this Agreement, or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without Franchisor's consent.

12.7. Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance or

offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 12.4. and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

12.8. **Right of First Refusal.** If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third party offer; or **(b)** within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor's failure to exercise the option described in this Section 12.8. shall not constitute a waiver of any of the transfer conditions set forth in this Article 12.

12.9. **Transfer Upon Death or Incapacitation.** Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 12.9., the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 13.5.

12.10. **Non-Waiver of Claims.** Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

13. DEFAULT AND TERMINATION

13.1. **Termination In the Event of Bankruptcy or Insolvency.** You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed and against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless

a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Franchised Location premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** your Managing Owner or General Manager fails to successfully complete training; **(b)** you fail to open a salon by the Control Date; **(c)** you abandon the Franchised Business (which will be presumed if you cease operations for three consecutive business days or more); **(d)** you lose any license required to operate the Franchised Business or you lose your right to occupy the Salon premises; **(e)** you or any Owner or General Manager is convicted of, or pleads no contest to, a felony, 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; **(f)** there is any transfer or attempted transfer in violation of Article 12 of this Agreement; **(g)** you or any Owner fails to comply with the confidentiality or non-compete covenants in Section 15.1. of this Agreement; or **(h)** you or any Owner has made any material misrepresentations in connection with your franchise application; **(i)** you fail to comply with notification requirements set forth in Sections 6.1.(b) or (c) concerning investigations and Crisis Management Events; **(j)** you understate any payment to Franchisor by 2% or more, or understate any such payment in any amount, twice in any two-year period; **(k)** if an imminent threat or danger to public health or safety results from the operation of the Franchised Business; **(l)** you knowingly maintain false books or records or submit any false reports or statements to Franchisor; **(m)** you offer unauthorized products or services (including permanent makeup services without first obtaining Franchisor's prior written consent) from the Salon premises or in conjunction with the Proprietary Marks or Copyrighted Works; **(n)** purchase items for which Franchisor has identified approved or designated supplier or distributor from an unapproved source; **(o)** you fail to pass two or more quality assurance/health inspections within any rolling 12-month period; **(p)** you fail to participate in any advertising or marketing program pursuant to Sections 9.5. or 9.6. on two or more occasions within any rolling 12-month period, or **(q)** Franchisor delivers to you two or more written notices of default pursuant to this Article 13 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

13.3. Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: **(a)** failure to obtain or maintain required insurance coverage; **(b)** failure to pay any amounts due to Franchisor; **(c)** you fail to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); **(d)** you fail to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; **(e)** failure to comply with your minimum monthly local advertising expenditure requirements; **(f)** your violation of any provision of this Agreement concerning the use and protection of the Proprietary Marks or Copyrighted Works; **(g)** your violation of any provision of this Agreement concerning the packaging, service, appearance or quality of THE LASH LOUNGE® products; or **(h)** failure to cure deficiencies determined through a quality assurance inspection.

13.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 13, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

13.5. Termination Related to Death or Permanent Incapacity. Franchisor has the right to terminate this Agreement if an approved transfer as required by Section 12.9. is not affected within the designated time frame following a death or permanent incapacity (mental or physical).

13.6. Cross-Default. Any default under any agreement between you and Franchisor or its Affiliates, and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

13.7. Additional Remedies. In addition to, or in lieu of, termination of this Agreement, in its sole discretion, Franchisor may require the Salon be closed during any cure period relating to a default based on public health and safety concerns.

14. POST TERMINATION OBLIGATIONS

14.1. Cease Use of Proprietary Marks and Copyrighted Works; Cancellation of Fictitious Name; Assignment of E-mail Addresses, URLs, Domain Names, Internet Listings. Upon termination or expiration of this Agreement, you shall immediately cease all use of the Proprietary Marks, Copyrighted Works and Confidential Information. You shall cancel any assumed name registration containing the Proprietary Marks. You shall, at Franchisor's option and request, assign to Franchisor all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Franchised Business.

14.2. Assignment of Lease; De-Identification. At Franchisor's request, you shall assign to Franchisor or its designee your interest in the lease. If Franchisor does not request assignment of the lease before or as of the date of expiration or termination of this Agreement, then within 10 days after termination or expiration of this Agreement, you shall modify the Salon premises (including, without limitation, the changing of the color scheme and removing of all distinctive design features, including salon beds, sliding doors, salon chairs, carts, curtains and any other materials which can be removed from the premises, and the changing of and assigning to Franchisor of, the telephone numbers) as may be necessary to distinguish the appearance of the Franchised Location from that of other THE LASH LOUNGE® Salons, and shall make such specific additional changes to the Franchised Location as Franchisor may reasonably request for that purpose.

14.3. Return of Manuals and Other Confidential Information. You shall immediately deliver to Franchisor the Manuals and all other manuals, records, correspondence, files, and any instructions containing Confidential Information relating to the operation of the Franchised Business which are in your possession; and all copies thereof (all of which are acknowledged to be the property of Franchisor).

14.4. Franchisor's Right to Purchase, Fixtures, and Tangible Assets. Franchisor shall have the option to purchase any or all of the Salon's leasehold improvements, furniture, fixtures, equipment, inventory, supplies, and interior and exterior signs at their then-current fair market value, to be determined by a qualified independent third party of Franchisor's choosing, and may set off against the purchase price any amounts that you owe to Franchisor. Franchisor shall exercise its option by written notice to you delivered on or before the date of expiration or termination of this Agreement.

15. COVENANTS

15.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Franchisor and the System. You and each Owner covenant and agree that during the term of this Agreement, except as otherwise approved in writing by Franchisor, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

15.1.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.

15.1.2. Employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment.

15.1.3. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that engages in salon services featuring eyelash extension services and/or, if applicable to your Salon, permanent makeup services, other than a Salon operated pursuant to a then-currently effective franchise agreement with Franchisor at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks.

15.2. Non-Competition After Expiration or Termination of Agreement. Commencing upon the later of: (a) a transfer permitted under Article 12 of this Agreement, expiration of this Agreement, or termination of this Agreement (regardless of the cause for termination) or (b) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 15.2., and continuing for an uninterrupted period of two years thereafter, you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a business that engages in salon services featuring eyelash extension services and/or, if applicable to your Salon, permanent makeup services, other than a Salon operated pursuant to a then-currently effective franchise agreement with Franchisor, and (i) is, or is intended to be, located at the location of the former Franchised Business; or (ii) within a 20-mile radius of the Salon or any other salon operating under the System and Proprietary Marks in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the Franchisee for any reason during the franchise term, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The obligations described in this Section 15.2. shall be tolled during any period of noncompliance.

15.3. Additional Provisions. The parties acknowledge and agree that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.1. and 15.2., or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified. You and each Owner expressly agree that the existence of any claims you may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants in this Article 15. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 15.

15.4. Covenants from Individuals. Each individual who attends Franchisor's training program shall be required to sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to this Agreement. You shall be responsible for ensuring compliance with such agreement.

15.5. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

15.6. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

15.7. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of THE LASH LOUNGE® Salon (an "Improvement"), you agree to promptly notify Franchisor and provide Franchisor with all necessary related information, without

compensation. Any such Improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to Franchisor any rights you or your Owners may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint Franchisor as agent and attorney-in-fact for you and for them to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section 15.7. are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights therein.

16. REPRESENTATIONS

16.1. Representations of Franchisor. Franchisor represents and warrants that (a) Franchisor is duly organized and validly existing under the law of the state of its formation; (b) Franchisor is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and (c) the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power and have been duly authorized.

16.2. Representations of Franchisee.

16.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that (a) you are duly organized and validly existing under the law of the state of your formation; (b) you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; and (c) your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to THE LASH LOUNGE® Salon; and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized.

16.2.2. You acknowledge that you have conducted an independent investigation of THE LASH LOUNGE® franchise opportunity, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent businessperson.

16.2.3. Except for representations contained in Franchisor's Franchise Disclosure Document provided to you in conjunction with this franchise offering, you represent that neither Franchisor nor its agents or representations have made any representations.

16.2.4. You acknowledge that you have received a complete copy of Franchisor's Franchise Disclosure Document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

16.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its Attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

16.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, members, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism (“**Blocked Persons**”). You represent and warrant to Franchisor that you will not accept money from or employ any Blocked Person.

17. NOTICES

17.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by facsimile or other electronic system. Service shall be deemed conclusively made **(a)** at the time of service, if personally served; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; **(d)** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and **(e)** at the time of transmission by telecopier, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

18. CONSTRUCTION

18.1. Entire Agreement. This Agreement and any other agreements executed by the parties concurrently with the parties’ execution of this Agreement represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that Franchisor made in the Franchise Disclosure Document (including its Exhibits and amendments) that Franchisor delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

18.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

18.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

18.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

18.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms shall have the meaning ascribed to them in Attachment A (“**Glossary of Additional Terms**”). All

captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

18.6. **Persons Bound.** This Agreement shall be binding on the parties and their respective successors and assigns. Each Owner shall execute the Personal Guaranty and Undertaking attached as Attachment D-1. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the Personal Guaranty and Undertaking.

18.7. **Rules of Construction.** Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

18.8. **Timing.** Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

19. APPLICABLE LAW; DISPUTE RESOLUTION

19.1. **Choice of Law.** This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Michigan (without giving effect to any conflict of laws).

19.2. Mediation.

19.2.1. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, you, and each Owner agree to submit any claim, controversy or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to (a) this Agreement or any other agreement between Franchisor and you, (b) Franchisor's relationship with you, or (c) the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

19.2.2. The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city where Franchisor maintains its principal business offices. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

19.2.3. If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 19.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

19.2.4. Notwithstanding the foregoing provisions of this Section 19.2.4., the parties' agreement to mediate shall not apply to any controversy, dispute or claim related to or based on amounts owed to Franchisor pursuant to this Agreement or for temporary or preliminary injunctive or other extraordinary

relief sought (“**Excepted Claims**”). Either party may bring any Excepted Claims in any court of competent jurisdiction and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

19.3. Arbitration. Except for any Excepted Claims which either party has the right to bring in any court of competent jurisdiction, you and we agree to submit any claim, controversy or dispute (collectively, “**Dispute**”) between us or any of our affiliates (and/or their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and/or your owners, guarantors, agents, representatives and/or employees, as applicable) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, (c) the validity of this Agreement or any other agreement between us and you, or (d) any System standard, to arbitration.

The parties agree that notwithstanding anything to the contrary in this Agreement, Disputes shall be submitted to binding arbitration in accordance with this Section 19.3. The arbitration shall be conducted through the American Arbitration Association (“**AAA**”) and in accordance with the AAA’s Commercial Arbitration Rules (“**Rules**”). The arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the Rules. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The place of arbitration shall be in the county in which Franchisor maintains its principal business offices at the time of arbitration, currently set in Washtenaw County, Michigan, unless otherwise mutually agreed between the parties. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 19.8. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Proprietary Mark generic or otherwise invalid and, to the fullest extent permitted by law, each party waves any right to or claim for any punitive, exemplary, incidental or consequential damages against the other. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The parties agree that all Disputes submitted to arbitration shall be conducted on an individual, and not a class wide, basis, and that only Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, guarantors, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section 19.3., and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity.

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.

19.4. Non-exclusivity of Remedy. No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this

Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

19.5. WAIVER OF JURY TRIAL. FRANCHISOR AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

19.6. WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

19.7. Right to Injunctive Relief. Nothing in this Agreement contained shall bar Franchisor’s right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief.

19.8. Attorneys’ Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

19.9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates noted below, but effective for all purposes as of the Effective Date.

THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT A
GLOSSARY OF ADDITIONAL TERMS**

“**Account**” means your commercial bank operating account.

“**Affiliate**” means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

“**Agreement**” means the Franchise Agreement.

“**Business Day**” means each day other than a Saturday, Sunday, U.S. holiday or any other day on which the Federal Reserve is not open for business in the United States.

“**Business Entity**” means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

“**Confidential Information**” means all trade secrets, and other elements of the System; all customer information; all information or data stored or entered into the POS system; all information contained in the Manuals; Franchisor’s standards and specifications for all services and products offered at THE LASH LOUNGE® Salons; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and all other information that Franchisor designates.

“**Control Date**” means the date specified in the Summary Pages and Attachment B which is the date by which you must open a salon at a site accepted by Franchisor for the development of the Salon.

“**Copyrighted Works**” means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Proprietary Marks, Franchisor’s product packaging, and advertising and promotional materials, and the content and design of Franchisor’s Website and advertising and promotional materials.

“**Crisis Management Event**” means any event that occurs at or about the Salon premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System, or the goodwill symbolized by the marks.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot or other civil disturbance; epidemics; or other similar forces which could not, by the exercise of reasonable diligence, have been avoided; provided, however, that neither an act or failure to act by a government authority, nor the performance, nonperformance, or exercise of rights by your lender, contractor, or other person qualifies as a Force Majeure unless the act, failure to act, performance, non-performance, or exercise of rights resulted from a Force Majeure. Your financial inability to perform or your insolvency is not a Force Majeure.

“**Gross Revenue**” means the aggregate of: *(a)* all revenue from the sale of products and services, whether made for cash, on credit, or otherwise, without reserve or deduction for inability or failure to collect, that you, in the normal course of your operations would credit or attribute to the operation of a THE LASH LOUNGE® Salon; *(b)* all monies, trade value or other things of value that you receive from Salon operations at, in, or from the Salon premises that are not expressly excluded from Gross Revenue; and *(c)* business interruption insurance proceeds. Gross Revenue does not include: *(i)* the exchange of merchandise between THE LASH LOUNGE® Salons (if you operate multiple Salons) if the exchanges are made solely for the

convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Salon premises; (ii) returns to shippers, vendors, or manufacturers; (iii) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (iv) cash or credit refunds for transactions included within Gross Revenue (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (v) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (1) added to the selling price or absorbed therein and (2) paid to the taxing authority by you. Customer refunds may be deducted from Gross Revenue if the charge was previously included in Gross Revenue.

“**General Manager**” means an individual who Franchisee has designated, and Franchisor has approved, who has full control over the day-to-day management and operations of the Salon, who has completed Franchisor’s initial training program and all additional training (including continuing education requirements for certified or licensed General Managers) that Franchisor requires, to Franchisor’s satisfaction, and who devotes his or her full-time best efforts to Salon management and operations.

“**Manuals**” means manuals to which the franchisee has been provided access by Franchisor.

“**Managing Owner**” means the Owner appointed as the primary overseer of the operation of the franchised business and who holds a minimum 10% ownership interest in the franchisee. The Managing Owner may also be the General Manager.

“**Owner**” means each individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

“**Proprietary Marks**” means certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “THE LASH LOUNGE” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System.

“**Manual**” means the compilation of information and knowledge that is necessary and material to the System. The term Manual, as used in this Agreement, includes all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s, and other electronic media that Franchisor from time to time may loan to you. The Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotape, CD, DVD, MP3, or other communications concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating a THE LASH LOUNGE® Salon.

“**Salon**” means a physical structure, identified by the name THE LASH LOUNGE®, which is separated from other businesses by one or more exterior walls or interior demising walls, and at which semi-permanent and temporary eyelash extension services, other eye-enhancing services, facial threading services, and approved retail items such as Private Label Products are provided. The term "Salon" also includes facilities located in Closed Markets regardless of any differences (for example in offering, footprint, or structure) to other THE LASH LOUNGE® Salons.

“**System**” means a distinctive system relating to the establishment and operation of an upscale salon featuring the application of semi-permanent and temporary eyelash and eyebrow extensions and other eye-enhancing services, as well as makeup application and facial threading services, combined with a retail offering of private label cosmetic and skin care lines under the trade name and trademark THE LASH LOUNGE®.

“**You**” means the franchisee identified above and its successors and assigns.

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT B
THE SITE SELECTION AREA, CONTROL DATE, FRANCHISED LOCATION,
AND THE PROTECTED AREA**

Section 3.1. The Site Selection Area is: _____

IN WITNESS WHEREOF, the parties have executed this Attachment B on _____.

THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

As of the date set forth below, the Franchise Location has been determined and, as such, Attachment B is supplemented as follows:

Section 1.1.2. The Franchised Location is at: _____

Section 3.5.1. The Control Date is: The first anniversary of the Effective Date

Section 1.2. The Protected Area is: the radius required to contain up to 40,000 individuals, not exceed three miles, currently _____.

The Protected Development Area excludes all Closed Markets within such area. A "**Closed Market**" is any facility serving a captive market, including hotels, resorts, airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which eyelash extension and other related services rights are, or may reasonably be anticipated to be, contracted to a third party or parties.

If the Protected Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Development Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

[The Signature Page Follows]

IN WITNESS WHEREOF, the parties have supplemented this Attachment B on _____.

THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT C
ENTITY INFORMATION**

If the franchisee is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____.

(1) Franchisee is a _____, formed under the laws of the State of _____.

(2) You shall provide to Franchisor concurrently with the execution hereof true and accurate copies of the franchisee's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) You promptly shall provide such additional information as Franchisor may from time-to-time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.

(4) The name and address of each of Owner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(5) The address where the Franchisee's financial records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

_____.

THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT D-1
PERSONAL GUARANTY AND UNDERTAKING**

1. I have read the Franchise Agreement between The Lash Franchise Holdings, LLC and _____ (the “**Franchisee**”).
2. I own a beneficial interest in the Franchisee, and would be considered an “**Owner**” within the definition contained in the Franchise Agreement.
3. I understand that, were it not for this Personal Guaranty and Undertaking (the “**Guaranty**”), Franchisor would not have agreed to enter into the Franchise Agreement with the Franchisee.
4. I will comply with of the provisions contained in Article 7 of the Franchise Agreement concerning the Franchisee’s use of Franchisor’s Proprietary Marks and Copyrighted Works (as each term is defined in the Franchise Agreement). I understand that, except for the license granted to the Franchisee, I have no individual right to use the Proprietary Marks or Copyrighted Works and I have no ownership interest in the Proprietary Marks or Copyrighted Works.
5. I will comply with all of the provisions contained in Article 8 of the Franchise Agreement concerning the use of the Confidential Manuals and Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except *(a)* to the Franchisee’s employees on a need-to-know basis, *(b)* to the Franchisee’s and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and *(c)* as otherwise may be required by law.
6. I will comply with all of the provisions contained in Article 12 of the Franchise Agreement concerning the transfer of my ownership interest in the Franchisee.
7. While I am an Owner of the Franchisee and, for a two-year period after I cease to be an Owner (or two years after termination or expiration (without renewal) of the Franchise Agreement, whichever occurs first), I will not:
 - (a)* Divert or attempt to divert any present or prospective customer of THE LASH LOUNGE® Salon to any competitor or do anything to harm the goodwill associated with the Proprietary Marks and the System;
 - (b)* Employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or induce such person to leave his or her employment; or
 - (c)* Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that engages in salon services featuring eyelash extension services and/or, if applicable to your Salon, permanent makeup services, other than a Salon operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first) to any location that *(i)* is, or is intended to be, located at the location of the former Franchised Business; or *(ii)* within a 20-mile radius of the Franchised Location or any other salon operating under the System and Proprietary Marks in existence or under development at the

time I cease being an Owner (or termination or expiration of the Franchise Agreement, whichever occurs first). This restriction will be tolled during any period of my noncompliance.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor 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 Guaranty.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, 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. I agree that the provisions contained in Article 19 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

11. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement, except for damages in the nature of lost profits or lost future royalties caused by the premature termination of the Franchise Agreement or early closure of THE LASH LOUNGE® Salon. I understand that I am not personally responsible for any lost profits or lost future royalties that Franchisor may incur based on the premature termination of the Franchise Agreement or early closure of THE LASH LOUNGE® Salon.

12. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that the Franchisee has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Franchisee before seeking recovery from me under this Guaranty.

13. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

14. I hereby waive *(a)* all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and *(b)* California Civil Code Sections 2899 and 3433.

15. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.**

16. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

17. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

Intending to be legally bound, I have executed this Personal Guaranty and Undertaking on the date set forth below:

GUARANTOR

Dated: _____

Name: _____

Address: _____

Fax: _____

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT D-2
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees of Franchisee)**

In accordance with the terms of this Confidentiality and Non-Competition Agreement (“**Confidentiality Agreement**”) and in consideration of my being a _____ of _____ (the “**Franchisee**”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____ doing business as _____ (the “**Franchisee**”), has acquired the right and franchise from The Lash Franchise Holdings, LLC (“**Franchisor**”) to establish and operate a Franchised Business (the “**Franchised Business**”) and the right to use in the operation of the Franchised Business Franchisor’s trade names, trademarks, service marks, including the service mark THE LASH LOUNGE® (the “**Proprietary Marks**”) and the system developed by Franchisor and/or its affiliates for operation and management of Salons (the “**System**”), as they may be changed, improved, and further developed from time to time in Franchisor’s sole discretion.
2. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes the Manuals, trade secrets, and copyrighted materials, methods, and other techniques and know-how (the “**Confidential Information**”).
3. Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality Agreement.
4. As _____ of the Franchisee, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Franchisor’s operations manual (the “**Manual**”) and other general assistance during the term of this Confidentiality Agreement.
5. 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 for any use outside the System would constitute an unfair method of competition.
6. The Confidential Information is proprietary, involves trade secrets of Franchisor, 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 Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ 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.
7. Except as otherwise approved in writing by Franchisor, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for a two (2) year period thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business that engages in salon services featuring eyelash extension services or permanent makeup services within a 20-mile radius of any THE LASH LOUNGE® Salon, as that term is defined in the Franchise Agreement. This restriction

does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor 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 Confidentiality Agreement.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality 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. Franchisor is a third-party beneficiary of this Confidentiality Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Confidentiality Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Confidentiality Agreement.

11. This Confidentiality Agreement shall be construed under the laws of the State of Michigan. The only way this Confidentiality Agreement can be changed is in writing signed by both the Franchisee and me.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the state courts located in Washtenaw County, Michigan, and the United States District Court for the Eastern District of Michigan. I acknowledge that this Confidentiality Agreement has been entered into in the state of Michigan, and that I am to receive valuable information emanating from Franchisor's offices in Ann Arbor, Michigan. In recognition of the information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Michigan as set forth above. Notwithstanding the foregoing, I acknowledge and agree that Franchisor or the Franchisee may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

[EMPLOYEE]

ACKNOWLEDGED BY FRANCHISEE

Signature: _____

By: _____

Name: _____

Name: _____

Address: _____

Title: _____

Title: _____

Date: _____

Date: _____

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT E
ACH AUTHORIZATION
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)**

Please complete and sign this form.

Franchisee Information

Franchisee Name or Legal Entity _____

THE LASH LOUNGE® Salon Number & Location _____

Name and Email of Person to Receive ACH Debit Advice _____

Authorization Agreement

I (we) hereby authorize The Lash Franchise Holdings, LLC (“Company”) to make regular and occasional ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

Without limited the forgoing, I expressly authorize Company the right to withdraw: and Royalty fee, Technology fee, Marketing fee, and any other amount owed to Company. I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than thirty (30) days.

Payor/Franchisee Account Information

Name of Financial Institution: _____

ABA Routing Number: _____

Account Number: _____
Checking Savings

Payor/Franchisee Signature

Authorized Signature _____ Date _____
(Primary): _____ :

Authorized Signature (Joint): _____ Date _____
:

Account holder(s), please sign here: *(Joint accounts require the signature of all persons having authority over the account)*

Please attach a voided check at right, scan or mail to:
The Lash Franchise Holdings, LLC, Attn: Accounting ATTACH CHECK HERE
4370 Varsity Drive, Ann Arbor, MI 48108

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT F
LEASE ADDENDUM**

THIS LEASE ADDENDUM (the “**Lease Addendum**”) is made and entered into as of the ___ day of _____, 20___, by and between _____ (“**Landlord**”), with its principal offices at _____ and _____ (“**Franchisee**” or “**Tenant**”), with its principal offices at _____, and The Lash Franchise Holdings, LLC (“**Franchisor**”) with its principal offices at 4370 Varsity Dr. Suite G, Ann Arbor, MI 48108.

BACKGROUND

- A. The Lash Franchise Holdings, LLC or its affiliates, and their successors or assigns (“**Franchisor**”) franchises the operation of an upscale makeup salon, (each “**THE LASH LOUNGE® Salon**” or “**Salon**”) featuring the application of semi-permanent and temporary eyelash and other eye-enhancing services, as well as facial threading services, combined with a retail offering of private label cosmetic and skin care lines under the name THE LASH LOUNGE® and/or other trademarks, service marks, logos, and other indicia of origin prescribed by Franchisor (collectively, the “**Proprietary Marks**”).
- B. Franchisee has acquired the right and has undertaken the obligation to develop and operate THE LASH LOUNGE® Salon pursuant to the terms and conditions of a certain franchise agreement between Franchisee and Franchisor (“**Franchise Agreement**”).
- C. Under the terms and conditions of the Franchise Agreement, Franchisor has the right to approve the site for the Salon; and if the Salon premises will be occupied pursuant to a commercial lease, Franchisor has prescribed certain lease terms and has the right to condition its approval of a proposed site on inclusion of the prescribed lease terms.
- D. Franchisee desires, and has requested Franchisor’s approval, to develop and operate one THE LASH LOUNGE® Salon at the premises (“**Premises**”) identified in the attached lease (“**Lease**”).
- E. Landlord desires to lease to Franchisee the Premises for purposes of developing and operating one THE LASH LOUNGE® Salon.
- F. The parties desire to modify and amend the Lease in accordance with the terms and conditions contained herein for purposes of obtaining Franchisor’s approval.
 - (1) During the term of the Franchise Agreement, the Premises will be used only for the operation of the Salon.
 - (2) Landlord consents to Franchisee’s use of such Proprietary Marks and signs, interior and exterior décor, furnishings, fixtures, items, color schemes, plans, specifications, and related components of THE LASH LOUNGE® System (as defined in the Franchise Agreement and as Franchisor may prescribe for the Salon).
 - (3) Landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Franchisee.
 - (4) Franchisor will have the right to enter onto the Business premises at any time, to make any modification or alteration necessary to protect THE LASH LOUNGE® System and Proprietary Marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or

any other crime or tort, and the Landlord will not be responsible for any expense or damages arising from Franchisor's action in connection therewith.

(5) In the event of Franchisee's default under the terms of the Lease, Landlord shall promptly deliver notice of such default to Franchisor and shall offer Franchisor the opportunity to cure the default and to assume the Lease in Franchisor's name. If Franchisor elects to cure the default and assume the Lease, Franchisor, within 10 days of its receipt of notice from Landlord, shall notify Landlord of its intent to cure such default and to assume the Lease. If Franchisor elects to cure the default, it shall cure the default within 30 days of such election or, if the default cannot be reasonably cured within such 30-day period, then Franchisor will commence and proceed to cure the default within such time as is reasonably necessary to cure the default. If Franchisor elects to assume the Lease, Landlord agrees to recognize Franchisor as the tenant under the Lease and Franchisee will no longer have any rights there under.

(6) Franchisee will be permitted to assign the Lease to Franchisor or its affiliates upon the expiration (without renewal) or earlier termination of the Franchise Agreement and the Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment, or require Franchisor to pay any past due rent or other financial obligation of Franchisee to Landlord, it being understood that Landlord will look solely to the Franchisee for any rents or other financial obligations owed to Landlord prior to such assignment. Landlord and Franchisee acknowledge that Franchisor is not a party to the Lease and will have no liability under the Lease, unless and until the Lease is assigned to, or assumed by, Franchisor.

(7) Except for Franchisee's obligations to Landlord for rents and other financial obligations accrued prior to the assignment of the Lease, in the event of such assignment, Franchisor or any affiliate designated by Franchisor will agree to assume from the date of assignment all obligations of Franchisee remaining under the Lease, and in such event Franchisor or any affiliate will assume Franchisee's occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease. In the event of such assignment, neither Franchisor nor any affiliate will be required to pay to Landlord any security deposit.

(8) Notwithstanding anything contained in this Lease, Franchisor is expressly authorized, without the consent of the Landlord, to assign the Lease, or to sublet all or a portion of Premises, to an authorized franchisee. If Franchisor elects to assign the Lease, the subtenant/franchisee shall expressly assume all of Franchisor's obligations under the Lease, and Franchisor shall be released of all obligations to Landlord under the Lease as of the date of assignment. If Franchisor elects to sublet the premises, such subletting shall be subject to the terms of this Lease, the subtenant/franchisee shall expressly assume all of Franchisor's obligations under the Lease, and Franchisor shall remain liable for the performance of the terms of this Lease. Franchisor shall notify Landlord as to the name of the subtenant/franchisee within 10 days after such assignment or subletting, as applicable.

(9) Franchisee will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

(10) Neither Landlord nor Franchisee shall amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(11) All notices hereunder shall be by certified mail to the addresses set forth above or to such other addresses as the parties hereto may, by written notice, designate. Notices required to be given to Franchisor shall be delivered to the following address: 4370 Varsity Dr. Suite G, Ann Arbor, MI 48108.

(12) This Lease Addendum shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

The terms of this Lease Addendum will supersede any conflicting terms of the Lease.

IN WITNESS WHEREOF, the parties have executed this Lease Addendum as of the date first above written.

Landlord:

By: _____

Name: _____

Title: _____

Franchisee:

By: _____

Name: _____

Title: _____

The Lash Franchise Holdings, LLC

By: _____

Name: _____

Title: _____

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT G
TELEPHONE NUMBER ASSIGNMENT AGREEMENT**

THIS TELEPHONE NUMBER ASSIGNMENT AGREEMENT is made and entered into on _____, (“**Assignment**”) by and between _____ (hereinafter the “**Assignor**”) and The Lash Franchise Holdings, LLC (hereinafter the “**Assignee**”).

WITNESSETH:

WHEREAS, the Assignee has developed and owns the proprietary system (“**System**”) for the operation of an upscale salon featuring the application of semi-permanent and temporary eyelash and eyebrow extensions and other eye-enhancing services, as well as facial threading services, combined with a retail offering of private label cosmetic and skin care lines under the trademark and logo THE LASH LOUNGE (the “**Franchised Business**”);

WHEREAS, the Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated _____, in accordance with the System (“**Franchise Agreement**”);

WHEREAS, in order to operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and

WHEREAS, as a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of the expiration or termination of the Franchise Agreement;

NOW, THEREFORE, in consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its rights, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement; provided, however, such Assignment shall not be effective unless and until the Franchise Agreement expires or is terminated in accordance with the provisions thereof.

2. Representation and Warranties of the Assignor. The Assignor hereby represents, warrants and covenants to the Assignee that:

(a)As of the effective date of the Assignment, all of the Assignor’s obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current;

(b)As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;

(c)This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof;

(d)The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which the Assignor is a party or by which the Assignor is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e)The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements (individually and collectively referred to as “Listings”), and the Assignor has obtained all necessary consents to this Assignment.

(f)Notwithstanding the foregoing, Assignor hereby warrants and represents to Assignee that Assignor will within one (1) business day following Assignor’s receipt of Assignee’s request to acquire the Listings to immediately instruct each of Assignor’s providers to initiate the process and provide the vendors’ documents necessary to complete the assignment. Assignee further warrants and represents that Assignee will take no action to impede or prohibit the successful assignment of the Listings to Assignor, and that Assignor shall fully cooperate with Assignee with regard to the assignment; specifically in the execution of any documentation required by Assignor’s provider(s) to effectuate the assignment of the telephone numbers and Listings.

3. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Michigan. All agreements, covenants, representations and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the day and year first written above.

ASSIGNEE:

The Lash Franchise Holdings, LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

ASSIGNOR:

By: _____
Name: _____
Title: _____

**THE LASH FRANCHISE HOLDINGS, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT H
FRANCHISEE QUESTIONNAIRE**

As you know, The Lash Franchise Holdings, LLC and you are preparing to enter into a Franchise Agreement for the operation of one THE LASH LOUNGE® Salon franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and/or Development Agreement and pay your initial franchise fee and/or development fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, except for questions 11(C) through 16, you must explain your answer on the back of this sheet.

- | | |
|----------------|--|
| Yes ___ No ___ | 1. Have you received and personally reviewed the Franchise Agreement and/or Development Agreement and each Attachment or schedule attached to it? |
| Yes ___ No ___ | 2. Have you received and personally reviewed the Franchise Disclosure Document we provided? |
| Yes ___ No ___ | 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? |
| Yes ___ No ___ | 4. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement? |
| Yes ___ No ___ | 5. A) Have you reviewed the Franchise Disclosure Document, Franchise Agreement, and, if applicable, the Development Agreement, with a lawyer? |
| Yes ___ No ___ | B) Have you discussed the benefits and risks of operating THE LASH LOUNGE® Salon franchise with your professional advisor? |
| Yes ___ No ___ | C) Did you discuss the benefits and risks of operating THE LASH LOUNGE® Salon franchise with an existing THE LASH LOUNGE® Salon franchisee? |
| Yes ___ No ___ | 6. Do you understand the risks of operating THE LASH LOUNGE® Salon franchise? |
| Yes ___ No ___ | 7. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace? |
| Yes ___ No ___ | 8. A) Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be brought in the judicial district in which our principal place of business is located, if not resolved informally? |

Yes ___ No ___

B) Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and, if applicable the Development Agreement, and not any punitive, exemplary or multiple damages)?

Yes ___ No ___

9. Do you understand that your Managing Owner and General Manager (if applicable) must successfully complete our initial training program?

Yes ___ No ___

10. Do you understand that, except for rights granted to you pursuant to an Area Development Agreement, we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes ___ No ___

11. Do you understand that the Franchise Agreement and, if applicable, the Development Agreement contains the entire agreement between us and you concerning the franchise for THE LASH LOUNGE® Salon, meaning any prior oral or written statements not set out in the Franchise Agreement and, if applicable, the Development Agreement will not be binding?

Yes ___ No ___

12. Do you understand that any initial Franchise Fees or Area Development Fees are fully earned upon receipt and are non-refundable under any circumstance?

Yes ___ No ___

13. A) Do you understand that we will not approve your purchase of THE LASH LOUNGE® Salon franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?

Yes ___ No ___

B) Is it true that you are purchasing a THE LASH LOUNGE® Salon franchise with a just intent, and not for the purpose of violating any anti-terrorism law or for obtaining money to be contributed to a terrorist organization?

Yes ___ No ___

14. Do you understand that the decision to award you a franchise/Development Agreement is in part due to your representations of access to the capital necessary to purchase, build and operate the business and any misrepresentation or failure to complete due diligence for necessary funding is solely your responsibility?

Yes ___ No ___

15. Has any employee of Franchisor made any statement or promise regarding the costs involved in operating THE LASH LOUNGE® Salon franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes ___ No ___

16. Has any employee of Franchisor made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue THE LASH LOUNGE® Salon franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes ____ No ____

17. Has any employee of Franchisor made any statement or promise or agreement, other than those matters addressed in our Franchise Agreement or Development Agreement, concerning site selection, advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

You understand that Franchisor is acting in reliance on the truthfulness and completeness of your responses to the questions above in entering into the Agreements with Franchisee.

NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THIS ACKNOWLEDGEMENT.

FRANCHISEE

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

CALIFORNIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq., (collectively, the “**Act**”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, the law will control.

b. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

c. The 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.).

d. The Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

e. The Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of California. This requirement may be unenforceable under California law.

f. The Agreement requires application of the laws of Michigan. This provision may not be enforceable under California law.

g. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

2. To the extent that Section 19.1 of the Agreement (pertaining to choice of law) conflicts with California law, California law will control.

3. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

5. No disclaimer, questionnaire, clause, or statement signed by a franchisee or prospective franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

6. To the extent that Section 15.1 of the Agreement (pertaining to choice of law) conflicts with California law, California law will control.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987 (“FDA”), 815 ILCS 705/1-44. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
- c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.
- d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, Illinois law governing claims arising under the Act will control.
- e. If this Agreement requires a jury trial waiver, to the extent that such provision conflicts with the Illinois Franchise Disclosure Act, the Act will control.
- f. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

2. Based on our current financial condition, the Illinois Attorney General’s Office requires that we post a surety bond to guarantee that we will fulfill our pre-opening obligations to you. The surety bond is on file with the Illinois Attorney General’s Office.

3. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

[The Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Any provision requiring you to sign a general release of any and all claims against us shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Any provision requiring you to bring an action against us in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law, prohibits us from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law, in order to purchase a franchise 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.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release the Franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability we may have incurred under the Maryland Franchise Registration and Disclosure Law.
5. The Franchise Agreement is amended by the addition of the following language to the original language that appears in the choice of law language therein:

“This section shall not in any way abrogate or reduce any of your rights as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland.”
6. Notwithstanding anything to the contrary set forth in the Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
7. As a condition to becoming registered to offer and sell franchises in the State of Maryland, we have agreed to defer your obligation to pay the Initial Franchise Fee until we have met our material pre-opening obligations and you have commenced operation of the THE LASH LOUNGE® Salon (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 4.1. of the Franchise Agreement, payment of the Initial Franchise Fee is due (a) at such time as when we have met all of our material pre-opening obligations to you and you have commenced operation of the THE LASH LOUNGE® Salon, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.
8. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.
9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

[The Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Section 80C.12, Subd. 1(g), (the “**Act**”), which requires us to protect your right to use the trademarks, service marks and trade names and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of same.
2. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-renewal of the Agreement.
3. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Section 604.113 which limits charges for nonpayment due to insufficient funds to \$30.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release you are required to assent to shall not apply to any liability we may have under the Act.
5. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibits the Franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Agreement can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. Minn. Stat. Section 80C.17. Notwithstanding anything to the contrary in the Franchise Agreement, to the extent that a claim is subject to Minnesota Statutes, Section 80C.15 Subd. 5, the statute shall control.
7. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.
8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NEW YORK AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. **Releases.** The following language is added to the end of Section 2.2 of the Franchise Agreement entitled Successor Terms and Sections 12.3 and 12.4 of the Franchise Agreement entitled Transfer of Interest:

“If Franchisee is required to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the New York General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Sections 680 to 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.”

2. **Termination.** The following language is added to the end of Section 13 of the Franchise Agreement entitled Default and Termination:

“You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.”

3. **Assignment.** The following language is added to the end of Section 12.1 of the Franchise Agreement entitled Transfer of Interest:

“However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor’s obligations under the Franchise Agreement.”

4. **Governing Law.** The following language is added to the end of Section 19.1 of the Franchise Agreement entitled 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 Article 33 of the General Business Law of the State of New York.”

5. **Conflicting Terms.** In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

6. **Miscellaneous.** Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

VIRGINIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

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

2. As a condition to becoming registered to offer and sell franchises in the State of Virginia, we have agreed to defer your obligation to pay the Initial Franchise Fee, and the initial cosmetic inventory package fee (collectively the “**Initial Fees**”) until we have met our material pre-opening obligations and you have commenced operation of the THE LASH LOUNGE® Salon (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Sections 4.1., 6.5.2, and 7.5.2 of the Franchise Agreement, payment of the Initial Fees is due (a) at such time as when we have met all of our material pre-opening obligations to you and you have commenced operation of the THE LASH LOUNGE® Salon, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.

3. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

WASHINGTON AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

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

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. 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.

8. As a condition to becoming registered to offer and sell franchises in the State of Washington, we have agreed to defer your obligation to pay the Initial Franchise Fee until we have met our material pre-opening obligations and you have commenced operation of the THE LASH LOUNGE® Salon (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 4.1. of the Franchise Agreement, payment of the Initial Franchise Fee is due (a) at such time as when we have met all of our material pre-opening obligations to you and you have commenced operation of the THE LASH LOUNGE® Salon.

9. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

10. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

11. Section 12.1 of the Franchise Agreement does not waive the rights of franchisees arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH FRANCHISE HOLDINGS, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

1. Item 5, Additional Disclosures. The following statement is added to Item 5:

Based on our current financial condition the Maryland Office of the Attorney General, Securities Division has imposed a financial assurance requirement. In order to meet this requirement, we will defer your obligation to pay the Initial Franchise Fee due to us under the Franchise Agreement until we have completed all of our pre-opening obligations to you, and you have commenced doing business. This financial assurance requirement also requires that we defer your obligation to pay the Development Fee due under the Development Agreement until we have completed all of our pre-opening obligations to you under the first Franchise Agreement you execute in connection with the Development Agreement, and you have opened the first Salon for business.

2. Item 11, Additional Disclosures. The following statements are added to Item 11.

Within 90 days of the end of each fiscal year, you may request an accounting of advertising expenditures for the preceding fiscal year.

3. Item 17, Additional Disclosures. The following statements are added to Item 17:

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement or a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 19, Additional Disclosures. The following statement is added to Item 19:

We have not made, and do not intend to make, changes to our business model to adapt the business to consumer demands post-COVID-19.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to these Additional Disclosures.

EXHIBIT C
DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

This Development Agreement (“**Agreement**”) made effective as of _____ (“**Effective Date**”) by and between The Lash Franchise Holdings, LLC, a Delaware limited liability with a business address at 4370 Varsity Dr. Suite G, Ann Arbor, MI 48108 (the “**Franchisor**”); and _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “**Developer**”).

BACKGROUND

A. Franchisor has acquired the license to use and to sublicense the use of an upscale salon (“**Salon**”) featuring the application of semi-permanent and temporary eyelash and other eye-enhancing services, as well facial threading services, combined with a retail offering of private label cosmetic and skin care lines under the trade name and trademark THE LASH LOUNGE® (the “**System**”).

B. The distinguishing characteristics of the System include, without limitation, the combination of services provided, including semi-permanent and temporary eyelash extension services and permanent makeup services; private label cosmetics and skin care products which incorporate Franchisor’s trade secrets and proprietary information (the “**Proprietary Products**”); distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time. Developer hereby acknowledges and agrees that: (i) the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information that makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals are proprietary and confidential.

C. The System and Salons are identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “**THE LASH LOUNGE**” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the “**Proprietary Marks**”). The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor grants qualified third parties the right to develop a certain number of Salons within a defined site selection area (the “**Site Selection Area**”) in accordance with the terms of this Agreement to which Developer must be strictly adhere, with each Salon within the Site Selection Area being opened and operating utilizing the Proprietary Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor’s then-current form of franchise agreement (each, a “**Franchise Agreement**”).

E. Developer recognizes the benefits from receiving the right to operate a Salon utilizing the System and desires to: (i) become a multi-unit operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate a certain number of Salons within the Site Selection Area as set forth in this Agreement (each, a “**Salon**”), and Franchisor has approved such application in reliance on Developer’s representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor’s operations manual and other System standards and specifications, are essential to the operation of all Salons and the System as a whole.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Site Selection Area; Development Schedule and Obligations. Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish _____ Salons within the Site Selection Area defined in the Data Sheet attached hereto as Attachment A (the “**Data Sheet**”), provided Developer opens and begins operations of such Salons in strict accordance with the mandatory development schedule also set forth in the Data Sheet (the “**Development Schedule**”) and otherwise subject to the terms and conditions set forth herein. The parties agree and acknowledge that Developer shall not have any exclusive territorial rights within the Site Selection Area.

2. Development Fee. Developer shall pay Franchisor a development fee equal to \$ _____ (the “**Development Fee**”) for the right to develop the foregoing Salons within the Site Selection Area under this Agreement. The Development Fee is fully earned upon payment and is not refundable under any circumstances; and payable to Franchisor immediately on Developer’s execution of this Agreement.

2.1 The parties agree and acknowledge that the Development Fee is comprised of the franchise fee payable in connection with: (i) the initial Salon that Developer is granted the right to open within the Site Selection Area under this Agreement (the “**Initial Salon**”); and (ii) each additional Salon that Franchisor has granted Developer the right to open hereunder (each, an “**Additional Salon**”).

3. Initial Franchise Agreement. Contemporaneously with the execution of this Agreement, Developer must enter into Franchisor’s current form of Franchise Agreement for the Initial Salon that Developer is required to open within the Site Selection Area. In the event Developer is a business entity of any kind, then Developer’s principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 4 of this Agreement.

4. Additional Franchise Agreements. Developer agrees and acknowledges that it must: (i) enter into Franchisor’s then-current form of Franchise Agreement for each Additional Salon that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed upon Development Schedule.

5. Development Obligations. Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the number of new Salons during each of the development periods defined in the Development Schedule (each, a “**Development Period**”); and (ii) has the minimum cumulative number of Salons open and operating at the expiration of each such Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer’s failure to comply with the Development Schedule in any manner with respect to any Development Period is grounds for immediate termination of this Agreement if not timely cured as set forth in Section 6.2 of this Agreement (and any future development rights granted hereunder). The parties agree and acknowledge that if there is more than one developer or franchisee looking to secure a site for a THE LASH LOUNGE Salon within the Site Selection Area, the parties will follow the Franchisor’s prescribed process and procedure for how sites will be reviewed and offered to such franchisees/developers (including Developer) within the Site Selection Area, as Franchisor sets forth in its confidential operations manual(s) or otherwise.

6. Term and Termination.

6.1 This Agreement will begin on the Effective Date and, unless earlier terminated by Franchisor, will expire on the earlier of: (i) the last day of the calendar month that the final Salon is required to be opened and operating under the Development Schedule; or (ii) the date Developer actually opens the last Salon that Developer is granted the right to open under this Agreement. Upon expiration or termination of this Agreement for any reason, Developer will not have any territorial rights other than those that might be granted in connection with a “Designated Territory” associated with a Salon that Developer has opened and begun operating as of the date this Agreement is terminated or expires (if and as such rights are granted by Franchisor under the respective Franchise Agreement(s) that Developer entered into for such Salons).

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Site Selection Area or otherwise abandons its development business for three consecutive months, or any shorter period that indicates an objective intent by Developer to discontinue development of the Salons within the Site Selection Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any single Development Period, and fails to cure such default within 30 days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer’s development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

7. Reservation of Rights. Except as provided in Article 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

8. Sale or Assignment. Developer’s rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor’s prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a general partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer’s initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

9. Acknowledgment. Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor’s Proprietary Marks or System.

10. Notices. All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail via recognized courier such as UPS or FedEx, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

11. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, without reference to this state’s conflict of laws principles.

12. Internal Dispute Resolution. Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor’s management, after providing Franchisor with notice of and a reasonable opportunity to cure an alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

13. **Mediation.** The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, Developer, and each Owner agree to submit any claim, controversy or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to (a) this Agreement or any other agreement between Franchisor and you, (b) Franchisor's relationship with you, or (c) the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

13.1.2. The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city where Franchisor maintains its principal business offices. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

13.1.3. If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring an arbitration proceeding pursuant to Article 14. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

13.1.4. Notwithstanding the foregoing provisions of this Article 13, the parties' agreement to mediate shall not apply to any controversy, dispute or claim related to or based on amounts owed to Franchisor pursuant to this Agreement or for temporary or preliminary injunctive or other extraordinary relief sought ("**Excepted Claims**"). Either party may bring any Excepted Claims in any court of competent jurisdiction and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision..

14. **Arbitration.** Except for any Excepted Claims which either party has the right to bring in any court of competent jurisdiction, you and we agree to submit any claim, controversy or dispute (collectively, "**Dispute**") between us or any of our affiliates (and/or their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and/or your owners, guarantors, agents, representatives and/or employees, as applicable) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, (c) the validity of this Agreement or any other agreement between us and you, or (d) any System standard, to arbitration.

The parties agree that notwithstanding anything to the contrary in this Agreement, Disputes shall be submitted to binding arbitration in accordance with this Section 19.3. The arbitration shall be conducted through the American Arbitration Association ("AAA") and in accordance with the AAA's Commercial Arbitration Rules ("**Rules**"). The arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the Rules. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The place of arbitration shall be in the county in which Franchisor maintains its principal business offices at the time of arbitration, currently set in Washtenaw County, Michigan, unless otherwise mutually agreed between the parties. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing

so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Article 20. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Proprietary Mark generic or otherwise invalid and, to the fullest extent permitted by law, each party waves any right to or claim for any punitive, exemplary, incidental or consequential damages against the other. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The parties agree that all Disputes submitted to arbitration shall be conducted on an individual, and not a class wide, basis, and that only Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Developer (and its affiliates and its and their respective owners, guarantors, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity.

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.

15. Jurisdiction and Venue. Subject to Sections 13 and 14 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to Washtenaw County, Michigan or, if appropriate, the United States District Court for the Eastern District of Michigan (unless settled by the parties after such action is initiated). Developer acknowledges that Franchisor may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief as set forth in Section 14 above. Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts described in this Section.

16. Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, including without limitation, the right to specifically utilize and exhaust the mediation procedure with respect to any and all claims asserted against such person(s) by Developer or its principals.

17. JURY TRIAL WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR DEVELOPER'S PURCHASE FROM FRANCHISOR OF THE DEVELOPMENT RIGHTS DESCRIBED HEREIN.

18. WAIVER OF CLASS ACTIONS. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

19. Waiver of Punitive Damages. Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages

(including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

20. Attorneys' Fees. If either party institutes any arbitration, judicial, or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees and court costs, incurred in connection with such proceeding.

21. Nonwaiver. Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

22. Severability. The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, that renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

23. Construction of Language. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

24. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. Each direct and indirect individual and entity owner of Developer ("**Owner**") shall execute the Personal Guaranty and Undertaking attached as Attachment B. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the Personal Guaranty and Undertaking.

24. Successors. References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Article 8 of this Agreement.

25. Additional Documentation. Developer must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein.

26. No Right to Offset. Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe

Developer under this Agreement or any related agreements.

27. Entire Agreement. This Agreement contains the entire agreement between the parties concerning Developer’s development rights within the Site Selection Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor’s policies, procedures, standards, specifications or manuals at Franchisor’s discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

THE LASH FRANCHISE HOLDINGS, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**ATTACHMENT A
TO DEVELOPMENT AGREEMENT
DATA SHEET**

1. Site Selection Area. The Site Selection Area, as referred to in Article 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas: _____

2. Development Schedule. The Development Schedule referred to in Article 5 of the Development Agreement is as follows:

Expiration of Development Period (each, a “Development Period”)	No. of New Salons Opened Within Development Period	Cumulative No. of Salons that Must Be Open and Operating
12 Months from Effective Date	1	1
Months 13 through 36 of the Development Agreement	1	2
Months 37 through 48 of the Development Agreement	1	3

THE LASH FRANCHISE HOLDINGS, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT B
TO DEVELOPMENT AGREEMENT
PERSONAL GUARANTY AND UNDERTAKING

THIS PERSONAL GUARANTY AND UNDERTAKING is given this date of _____, by each of the undersigned below (each a “**Guarantor**”).

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date (the “**Area Development Agreement**”) by THE LASH FRANCHISE HOLDINGS, LLC (the “**Franchisor**”), and with _____ (“**Developer**”), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Area Development Agreement and as provided in the Area Development Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Development Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Area Development Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, as though each were the Developer under the Area Development Agreement.

Each Guarantor hereby 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 guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right Guarantor may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed.

Each Guarantor hereby consents and agrees that: (1) such Guarantor’s undertaking shall be direct, immediate and independent of the liability of, and shall be joint and several with, Developer and any other Guarantors; (2) Guarantor shall render any payment or performance required under the Area Development Agreement upon demand if Developer fails or refuses punctually to do so; (3) Guarantor’s liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; (4) Guarantor’s liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Area Development Agreement; (5) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Developer or any assignee or successor of Developer or by any abandonment of the Area Development Agreement by a trustee of Developer; (6) neither the Guarantor’s obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency; (7) Franchisor may proceed against Guarantor and Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Developer; and (8) Guarantor shall pay all reasonable attorneys’ fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty and Assumption of Obligations as of the date set forth above.

GUARANTOR(S):

Guarantor

Guarantor

Guarantor

CALIFORNIA AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____ is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____ by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq., (collectively, the “**Act**”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, the law will control.

b. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

c. The 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.).

d. The Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

e. The Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of California. This requirement may be unenforceable under California law.

f. The Agreement requires application of the laws of Michigan. This provision may not be enforceable under California law.

g. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

2. To the extent that Section 19.1 of the Agreement (pertaining to choice of law) conflicts with California law, California law will control.

3. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

5. No disclaimer, questionnaire, clause, or statement signed by a franchisee or prospective franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH FRANCHISE HOLDINGS, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ILLINOIS AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____ is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____ by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987 (“FDA”), 815 ILCS 705/1-44. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
- c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.
- d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, Illinois law governing claims arising under the Act will control.
- e. If this Agreement requires a jury trial waiver, to the extent that such provision conflicts with the Illinois Franchise Disclosure Act, the Act will control.
- f. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

2. Based on our current financial condition, the Illinois Attorney General’s Office requires that we post a surety bond to guarantee that we will fulfill our pre-opening obligations to you. The surety bond is on file with the Illinois Attorney General’s Office.

3. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH FRANCHISE HOLDINGS, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MARYLAND AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____, by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. Any provision requiring you to sign a general release of any and all claims against us shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Any provision requiring you to bring an action against us in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law, prohibits us from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law, in order to purchase a franchise 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.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release the Developer is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability we may have incurred under the Maryland Franchise Registration and Disclosure Law.
5. The Development Agreement is amended by the addition of the following language to the original language that appears in the choice of law language therein:

“This section shall not in any way abrogate or reduce any of your rights as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland.”
6. Notwithstanding anything to the contrary set forth in the Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
7. As a condition to becoming registered to offer and sell franchises in the State of Maryland, Franchisor has agreed to defer Developer’s obligation to pay the Development Fee until Franchisor has met all of its material pre-opening obligations under Developer’s initial Franchise Agreement with Franchisor and Developer has begun operation of its first THE LASH LOUNGE® Salon (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 2 of the Development Agreement, payment of the Development Fee is due (a) at such time as when Franchisor has met all of its material pre-opening obligations to Developer under Developer’s initial Franchise Agreement and Developer have commenced operation of its first THE LASH LOUNGE® Salon, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.
8. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.
9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

[The Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
THE LASH FRANCHISE HOLDINGS, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MINNESOTA AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____, by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Section 80C.12, Subd. 1(g), (the “**Act**”), which requires us to protect your right to use the trademarks, service marks and trade names and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of same.
2. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-renewal of the Agreement.
3. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will comply with Minn. Stat. Section 604.113 which limits charges for nonpayment due to insufficient funds to \$30.
4. Notwithstanding anything to the contrary set forth in the Agreement, any general release you are required to assent to shall not apply to any liability we may have under the Act.
5. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibits the Franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Agreement can abrogate or reduce any of Developer’s rights as provided for in Minnesota Statutes, Chapter 80C, or Developer’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. Minn. Stat. Section 80C.17. Notwithstanding anything to the contrary in the Franchise Agreement, to the extent that a claim is subject to Minnesota Statutes, Section 80C.15 Subd. 5, the statute shall control.
7. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.
8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
THE LASH FRANCHISE HOLDINGS, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NEW YORK AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____, by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. Releases. The following language is added to the end of the Development Agreement:

“If Franchisee is required to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law of the State of New York, regulation, rule or order under the Law, such release shall exclude claims arising under the General Business Law of the State of New York, Article 33, Sections 680 to 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.”

2. Termination. The following language is added to the end of Section 6 of the Development Agreement entitled Term and Termination:

“You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.”

3. Assignment. The following language is added to the end of Section 8 of the Development Agreement entitled Sale or Assignment:

“However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor’s obligations under the Franchise Agreement.”

4. Governing Law. The following language is added to the end of Section 11 of the Development Agreement entitled 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 Article 33 of the General Business Law of the State of New York.”

5. Conflicting Terms. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.

6. Miscellaneous. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
THE LASH FRANCHISE HOLDINGS, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

VIRGINIA AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____ is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____ by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, (the “**Act**”), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Development Agreement does not constitute “reasonable cause”, as that term may be defined in the Act or the laws of Virginia, that provision may not be enforceable.
2. As a condition to becoming registered to offer and sell franchises in the State of Virginia, Franchisor has agreed to defer Developer’s obligation to pay the Development Fee until Franchisor has met all of its material pre-opening obligations under Developer’s initial Franchise Agreement with Franchisor and Developer has begun operation of its first THE LASH LOUNGE® Salon (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 2 of the Development Agreement, payment of the Development Fee is due (a) at such time as when Franchisor has met all of its material pre-opening obligations to Developer under Developer’s initial Franchise Agreement and Developer have commenced operation of its first THE LASH LOUNGE® Salon, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.
3. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.
4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH FRANCHISE HOLDINGS, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

WASHINGTON AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____ is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the “**Development Agreement**”) dated _____ by and between The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal office in Southlake, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the development agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the development agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. 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 development 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the development agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. 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 development agreement or elsewhere are void and unenforceable in Washington.
8. As a condition to becoming registered to offer and sell franchises in the State of Washington, Franchisor has agreed that payment of the Development Fee will be released proportionally with respect to each THE LASH LOUNGE® Salon opened and is deferred until Franchisor has met all its pre-opening obligations under the Development Agreement and you are open for business with respect to each such location (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 2 of the Development Agreement, payment of the Development Fee is due (a) proportionally with respect

to each THE LASH LOUNGE® Salon opened and is deferred until Franchisor has met its pre-opening obligations under the Development Agreement and you are open for business with respect to each such location.

9. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.

10. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH FRANCHISE HOLDINGS, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MARYLAND ADDENDUM TO DEVELOPMENT AGREEMENT

1. Item 5, Additional Disclosures. The following statement is added to Item 5:

Based on our current financial condition the Maryland Office of the Attorney General, Securities Division has imposed a financial assurance requirement. In order to meet this requirement, we will defer your obligation to pay the Initial Franchise Fee due to us under the Franchise Agreement until we have completed all of our pre-opening obligations to you, and you have commenced doing business. This financial assurance requirement also requires that we defer your obligation to pay the Development Fee due under the Development Agreement until we have completed all of our pre-opening obligations to you under the first Franchise Agreement you execute in connection with the Development Agreement, and you have opened the first Salon for business.

2. Item 11, Additional Disclosures. The following statements are added to Item 11.

Within 90 days of the end of each fiscal year, you may request an accounting of advertising expenditures for the preceding fiscal year.

3. Item 17, Additional Disclosures. The following statements are added to Item 17:

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement or a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 19, Additional Disclosures. The following statement is added to Item 19:

We have not made, and do not intend to make, changes to our business model to adapt the business to consumer demands post-COVID-19.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to these Additional Disclosures.

EXHIBIT D
GENERAL RELEASE
(SAMPLE FORM ONLY)

GENERAL RELEASE

The undersigned and my heirs, administrators, executors, ancestors, and assigns, for good and valuable consideration, the receipt of which is hereby acknowledged, hereby remise, release, and forever discharge The Lash Franchise Holdings, LLC (“**Franchisor**”), a Delaware limited liability company, with its principal business offices located at 4370 Varsity Dr. Suite G, Ann Arbor, MI 48108 and its Affiliates, and their respective owners, officers, directors, employees, and agents (collectively, the “**Franchisor Released Parties**”) from any and all claims, whether at law or in equity, and all contracts, controversies, claims, and demands whatsoever, at law or in equity, that I ever had, now have, or that my respective heirs, administrators, ancestors, executors, and/or assigns may have against the Franchisor Released Parties including, without limitation, all claims arising out of or related to that certain Franchise Agreement between Franchisor and _____ dated _____

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_____, and the offer and sale of THE LASH LOUNGE® franchise opportunity.

I acknowledge that this general release extends to claims which I do not know or suspect to exist in my favor at the time of executing this Release Agreement, which if were known to me may have materially affected my decision to enter into this Release Agreement. I understand that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. I expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: “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 AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth below.

Signature: _____

Name: _____

Date: _____

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

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EXHIBIT F
FINANCIAL STATEMENTS

To the Board of Directors and Members
of **The Lash Franchise Holdings, LLC and Subsidiary**

We have audited the consolidated financial statements of The Lash Franchise Holdings, LLC and Subsidiary (the Company) as of and for the year ended December 31, 2021 and have issued our report thereon dated March 18, 2022. Professional standards also require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Consolidated Financial Statement Audit

As communicated in our engagement letter dated February 3, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the consolidated financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the consolidated financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement. An audit of consolidated financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we consider the internal control of the Company solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance With All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

You have designated an individual, with suitable skill, knowledge, or experience to oversee the consolidated financial statement preparation services and any other non-attest services we provide, evaluate the adequacy and results of the services, and accept responsibility for them.

Significant Risks Identified

We have identified the following significant risks:

Management override of controls and improper revenue recognition. These risks are considered pervasive to the overall consolidated financial statements and are required to be evaluated under generally accepted auditing standards in the United States of America (GAAS). We considered these risks in the design and performance of our audit procedures.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Company is included in Note 1 to the consolidated financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about: (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or merging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Consolidated Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Company's consolidated financial statements relate to revenue recognition.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no such misstatements requiring communication.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes corrected material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Company's consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There have been no such circumstances.

Representations Requested from Management

We have requested certain representations from management, which are included in the management representation letter dated March 18, 2022.

Management's Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Company, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Company's auditors.

This report is intended solely for the information and use of the Board of Directors and Members of the Company and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Joern Mayhew". The signature is written in a cursive style.

Troy, Michigan
March 18, 2022

Engagement: **2021 Audit - Lash Franchise Holdings, LLC**
Period Ending: **12/31/2021**
Trial Balance: **TB - LL Franchise**

Account	Description	Debit	Credit
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Adjusting Journal Entry
To record prior period adjustment

17905a	Goodwill Amortization	707,582.00	
39999	Contributed Deficit	3,537,910.00	
17500	Goodwill - Franchise Agreements		3,537,910.00
30025	FW - TLL Holdings - Share of Earnings		353,791.00
70200	Other - Amortization Expense		353,791.00
Total		<u>4,245,492.00</u>	<u>4,245,492.00</u>

**THE LASH FRANCHISE HOLDINGS, LLC
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

(With Independent Auditor's Report Thereon)

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
The Lash Franchise Holdings, LLC and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Lash Franchise Holdings, LLC and Subsidiary, which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of operations, members' deficit and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Lash Franchise Holdings, LLC and Subsidiary, as of December 31, 2021, and the results of its operations and its cash flows for the year 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 Consolidated Financial Statements section of our report. We are required to be independent of Lash Franchise Holdings, LLC and Subsidiary, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The consolidated financial statements of The Lash Franchise Holdings, LLC and Subsidiary for the year ended December 31, 2020, before the restatement described in Note 12, were audited by another auditor whose report dated April 30, 2021 expressed an unmodified opinion on those consolidated statements. As part of our audit of the December 31, 2021 consolidated financial statements, we also audited the adjustments described in Note 12 that were applied to restate the 2020 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 consolidated financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 consolidated financial statements as a whole.

Report on the Audit of the Consolidated Financial Statements (Continued)

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lash Franchise Holdings, LLC and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Lash Franchise Holdings, LLC and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Lash Franchise Holdings, LLC and Subsidiary's ability to continue as a going concern for a reasonable period of time.

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in blue ink that reads "Joern Mylan". The signature is written in a cursive style with a large initial 'J'.

Troy, Michigan
March 18, 2022

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u> Restated
Current assets:		
Cash	\$ 1,007,586	\$ 338,498
Accounts receivable:		
Trade	412,305	226,126
Other	87,262	-
Other current assets	11,567	37,877
Deferred franchise costs	573,824	904,402
	<hr/>	<hr/>
Total current assets	2,092,544	1,506,903
Property and equipment - net	103,095	143,381
Deferred franchise costs	2,293,815	2,956,727
Goodwill - net	373,292	415,287
Deposits	10,088	10,088
	<hr/>	<hr/>
Total assets	<u>\$ 4,872,834</u>	<u>\$ 5,032,386</u>
 <u>Liabilities and Members' Deficit</u> 		
Current liabilities:		
Accounts payable	\$ 145,183	\$ 48,353
Accrued liabilities	880,376	1,005,830
Due to related parties	286,101	462,390
Deferred franchise revenue	743,996	1,033,060
Long-term debt - current	694,388	292,809
	<hr/>	<hr/>
Total current liabilities	2,750,044	2,842,442
Deferred franchise revenue	2,986,075	3,369,526
Long-term debt	3,145,083	3,048,407
	<hr/>	<hr/>
Total liabilities	8,881,202	9,260,375
Members' deficit	(4,008,368)	(4,227,989)
	<hr/>	<hr/>
Total liabilities and members' deficit	<u>\$ 4,872,834</u>	<u>\$ 5,032,386</u>

See accompanying notes to consolidated financial statements

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u> Restated
Revenues	\$ 6,148,662	\$ 5,150,534
Operating expenses	<u>5,968,233</u>	<u>7,014,087</u>
Earnings (loss) from operations	180,429	(1,863,553)
Other income (expense):		
Interest expense	(323,405)	(367,119)
Loss on disposal of property and equipment	-	(2,500)
Paycheck Protection Program note forgiveness	275,335	282,567
Other	<u>87,262</u>	<u>10,000</u>
Total other income (expense)	<u>39,192</u>	<u>(77,052)</u>
Net earnings (loss)	<u>\$ 219,621</u>	<u>\$ (1,940,605)</u>

See accompanying notes to consolidated financial statements

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF MEMBERS' DEFICIT YEARS ENDED DECEMBER 31, 2021 AND 2020

Members' equity - January 1, 2020	\$ -
Initial investment from members, as previously reported	1,450,526
Prior period adjustment	<u>(3,537,910)</u>
Initial investment from members, as restated	(2,087,384)
Net loss, as previously reported	(2,294,396)
Prior period adjustment	<u>353,791</u>
Net loss, as restated	(1,940,605)
Distributions	<u>(200,000)</u>
Members' deficit - December 31, 2020, as restated	(4,227,989)
Net earnings	<u>219,621</u>
Members' deficit - December 31, 2021	<u><u>\$ (4,008,368)</u></u>

See accompanying notes to consolidated financial statements

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020 Restated
Cash flows from operating activities:		
Net earnings (loss)	\$ 219,621	\$ (1,940,605)
Adjustments:		
Depreciation and amortization	82,281	93,830
Loss on disposal of property and equipment	-	2,500
Paycheck Protection Program note forgiveness	(275,335)	(282,567)
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(273,441)	(3,944)
Other current assets	26,310	(1,443)
Deferred franchise costs	993,490	1,862,489
Increase (decrease) in:		
Accounts payable and accrued liabilities	(28,624)	466,738
Deferred franchise revenue	(672,515)	(1,959,065)
Total adjustments	(147,834)	178,538
Net cash provided from (used in) operating activities	71,787	(1,762,067)
Cash flows from investing activities:		
Acquisition of TLL Investment Salon Ann Arbor, LLC	-	(180,000)
(Repayments to) advances from related parties	(176,289)	337,085
Net cash (used in) provided from investing activities	(176,289)	157,085
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program note	275,335	282,567
Proceeds from long-term debt	500,000	149,900
Repayment of long-term debt	(1,745)	-
Distributions to member	-	(200,000)
Net cash provided from financing activities	773,590	232,467
Net increase (decrease) in cash	669,088	(1,372,515)
Cash - beginning	338,498	-
Cash contributed upon initial investment from members	-	1,702,234
Cash acquired with acquisition of TLL Investment Salon Ann Arbor, LLC	-	8,779
Cash - ending	\$ 1,007,586	\$ 338,498
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the period for interest	\$ 391,273	\$ 89,786

See accompanying notes to consolidated financial statements

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Business

The accompanying consolidated financial statements for The Lash Franchise Holdings, LLC and Subsidiary include the accounts of The Lash Franchise Holdings, LLC (“Lash”) and TLL Investment Salon, LLC (“Salon”) (collectively, the “Company”).

Lash was formed as a Delaware Limited Liability Company and operations are principally related to the sale, support, and marketing of the rights to operate Lash Lounge franchises. Lash Lounge franchises provide eyelash extensions and other health, beauty and fashion related services and products. Lash accounted for approximately 90% and 92% of consolidated revenues for the years ended December 31, 2021 and 2020, respectively. The Company entered into franchise agreements for single franchise units that totaled 21 and 13 units during the years ended December 31, 2021 and 2020, respectively. Franchise units in operation amounted to 109 units as of December 31, 2021 and 2020, respectively.

Salon was formed as a Delaware Limited Liability Company and operates a Lash Lounge franchise location in Ann Arbor, Michigan. Salon was acquired by Lash on January 1, 2020. Salon accounted for approximately 10% and 8% of consolidated revenues for the years ended December 31, 2021 and 2020, respectively.

Principles of Consolidation

These consolidated financial statements include The Lash Franchise Holdings, LLC and its 100% owned subsidiary, TLL Investment Salon, LLC. All material intercompany balances and transactions have been eliminated.

Cash

The Company places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Accounts Receivable

Accounts receivable consists of billings due from franchisees for royalty and advertising fees that have not yet been received. Management deems these fully collectible and has determined no allowance to be necessary at December 31, 2021 and 2020, respectively.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment additions, including significant betterments, are recorded at cost. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in operations. The cost of equipment and software is depreciated using the straight-line method over the estimated useful lives of the related assets (3 to 10 years).

Goodwill

Goodwill represents the purchase price less the fair value of net assets acquired. Goodwill is accounted for under private company accounting standards, which provides an accounting alternative for private companies related to accounting for goodwill and permits certain intangible assets to be subsumed in goodwill. Accordingly, goodwill is amortized on a straight-line basis over a period of ten years.

Also pursuant to the accounting alternative, goodwill is tested for impairment upon the occurrence of an event or circumstance that may indicate the fair value of the Company is less than its carrying amount and has elected to perform this test at the Company level. If events or circumstances are present that may indicate the fair value of the Company is less than its carrying value, the estimated fair value of the Company is compared to its carrying amount and an impairment loss is recognized for the excess of the carrying amount over fair value (if any), not to exceed the carrying amount of goodwill. Management concluded there were no indicators of impairment of goodwill during the years ended December 31, 2021 and 2020.

Income Taxes

The Company is organized as a limited liability company. In accordance with the provisions of the Internal Revenue Code, a limited liability company is not subject to Federal income taxes and its income is included in its member's income tax returns. Therefore, no provision has been made in the accompanying consolidated financial statements for Federal income taxes or deferred income taxes.

The Company's income tax filings are subject to audit by various taxing authorities. The open audit period will be 2020 - 2021.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Revenue Recognition

Lash earns revenue through franchise fees and ongoing royalty and advertisement fees under the Company's franchise agreements. Salon earns revenue through services provided at its franchise location and recognizes that revenue when the services are provided.

Initial franchise fee revenue is recognized over the life of the franchise agreements, as the fee is for the right to use Lash's intellectual property over the term of the agreement. Initial franchise fee payments received by Lash that have not yet been recognized are recorded as deferred franchise revenue. Expenses incurred related to the franchise agreements, consisting mainly of broker fees, are deferred and recognized over the life of the associated franchise agreement. See Note 3 for further disclosures related to deferred franchise revenue.

Royalty, technology and advertisement fees are based on a percentage of franchisee sales and are recorded as revenue as the fees are earned and become receivable from the franchisees. Lash recognized royalty, technology and advertisement fees of \$3,774,286 and \$1,955,276 for the years ended December 31, 2021 and 2020, respectively.

The Company's other revenue related to salon services, training and other services provided to franchisees are recorded as earned and totaled \$877,761 and \$454,860 for the years ended December 31, 2021 and 2020.

Costs relating to selling, general, and administrative functions and those incidental to the provision of services are charged to expense as incurred. These costs primarily consist of payroll, marketing, and IT related expenses.

Revenue recognized at a point in time and over time are as follows:

	<u>2021</u>	<u>2020</u>
Revenue earned at a point in time	\$ 4,652,047	\$ 2,410,136
Revenue earned over time	<u>1,496,615</u>	<u>2,740,398</u>
Total revenues earned	<u>\$ 6,148,662</u>	<u>\$ 5,150,534</u>

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Paycheck Protection Program (PPP) Loan Accounting - Government Grant Model

The Company elected to account for its PPP funds utilizing the Government Grant Accounting Model. This model is founded on the premise that the substance of the PPP funds is a government grant delivered in the form of a forgivable loan. The Company has recognized the PPP loan proceeds into other income, as there is a high confidence that the loan will be forgiven. However, no assurance can be given that the Company will be granted forgiveness of the loan in whole or in part. See Note 7 for further disclosures related to the PPP loans.

Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Future Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," to increase the transparency and comparability of lease recognition and disclosure. ASU 2016-02 requires lessees to recognize lease contracts with a term greater than one year on the balance sheet, while recognizing expenses on the income statement in a manner similar to current guidance. ASU 2016-02 is effective for the Company on January 1, 2022 and shall be applied to all open leases as of the adoption date. The Company is currently finalizing review of key assumptions.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including March 18, 2022, which is the date the consolidated financial statements were available to be issued.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 2 - Business Combination

On January 1, 2020, Lash entered into an agreement to purchase the member interest of Salon for an aggregate purchase price of \$300,000. The acquisition was paid with \$180,000 in cash and \$120,000 in note payables to the prior members.

The following is a condensed summary of the assets and liabilities acquired:

Assets	\$ 49,523
Liabilities	<u>(216,138)</u>
Net liabilities assumed	(166,615)
Total purchase price	<u>300,000</u>
Purchase price in excess of the fair value of net liabilities assumed	<u>\$ 466,615</u>
Goodwill	<u>\$ 466,615</u>

Goodwill in the amount of \$466,615 was recognized in the acquisition of Salon, which consists largely of the customer relationships, memberships, work force in place, and business reputation of the franchise.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 3 - Deferred Franchise Costs and Revenue - Franchise Fees

Franchise development costs related to deferred franchise fee revenues as of December 31, 2021 and 2020 and activity for the years then ended can be summarized as follows:

	2021	2020
Beginning	\$ 3,861,129	\$ 5,723,618
Franchise development costs	285,195	607,810
Less: expense recognized	1,278,685	2,470,299
Ending	\$ 2,867,639	\$ 3,861,129

Deferred revenue related to franchise fees as of December 31, 2021 and 2020 and activity for the years then ended can be summarized as follows:

	2021	2020
Beginning	\$ 4,402,586	\$ 6,361,651
Franchise fees	824,100	781,333
Less: franchise fee revenue recognized	1,496,615	2,740,398
Ending	\$ 3,730,071	\$ 4,402,586

Deferred franchise costs and revenue expected to be recognized in the future can be summarized as follows:

	Cost	Revenue
2022	\$ 573,824	\$ 743,996
2023	460,007	607,056
2024	421,675	558,616
2025	341,776	445,984
2026	332,251	418,149
Thereafter	738,106	956,270
Total	\$ 2,867,639	\$ 3,730,071

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 4 - Property and Equipment

The principal categories of property and equipment may be summarized as follows:

	2021	2020
Leasehold improvements	\$ 49,074	\$ 49,074
Furniture and fixtures	73,920	76,336
Equipment	7,450	14,294
Software	85,006	85,006
Total cost	215,450	224,710
Less: accumulated depreciation	112,355	81,329
Undepreciated cost	\$ 103,095	\$ 143,381

Note 5 - Goodwill

As of December 31, 2021 and 2020, the Company had the following amounts related to goodwill:

	2021	2020
Gross carrying amount	\$ 466,615	\$ 466,615
Accumulated amortization - beginning	51,328	-
Amortization	41,995	51,328
Accumulated amortization - ending	93,323	51,328
Net book value	\$ 373,292	\$ 415,287

The Company elected to amortize goodwill over ten years under a straight-line basis. Estimated amortization expense for the five years succeeding December 31, 2021, and thereafter is as follows:

2022	\$ 46,662
2023	46,662
2024	46,662
2025	46,662
2026	46,662
Thereafter	139,982

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 6 - Long-Term Debt

The Company has promissory note (“FCIV Note”) with a third-party in the amount of \$3,000,000. The FCIV Note was amended in 2021, resulting in an increase in borrowings from \$2,500,000 to \$3,000,000 and an interest rate reduction from 12.0% per annum to 8.0% per annum. The Note requires interest only monthly payments through the maturity of the note in December 2023, with an option to extend until December 2024, at which time all unpaid interest and principal is due. The FCIV Note is secured by a first priority lien on all assets and convertible to equity with certain stipulations at the option of the lender based on certain formulas provided by the FCIV Note agreement. Accrued interest on the FCIV Note totaled \$165,020 and \$261,155 as of December 31, 2021 and 2020, respectively.

The Company has promissory note (“Hunt Note”) with a third-party in the amount of \$400,000. The Hunt Note is secured by a second priority lien on all assets of the Company and payable in monthly interest only payments through maturity in June 2022, at which point all unpaid interest and principal is due. The Hunt Note was amended in 2021, resulting in interest rate reduction from 12.0% per annum to 8.0% per annum. Accrued interest on the Hunt Note totaled \$2,667 and \$4,000 at December 31, 2021 and 2020, respectively.

In conjunction with the acquisition of the Salon in 2020 described in Note 2, the Company executed notes payable (“Salon Notes”) totaling \$120,000 with certain former members of the Salon. These notes are unsecured, with no interest through December 31, 2020. After 2020, interest on the notes is 9.9%. Accrued interest on the Salon Notes totaled \$11,880 at December 31, 2021. The notes and accrued interest were paid off in full in February 2022.

In conjunction with the acquisition of the Salon in 2020 described in Note 2, the Company assumed a note payable (“FW Note”) for \$171,316 as part of the Salon acquisition. This note is also unsecured, due December 31, 2022 and bears interest at 9.9%. Accrued interest on the FW Note totaled \$29,898 and \$11,778 at December 31, 2021 and 2020, respectively.

In June 2020, the Company borrowed \$149,900 under a Small Business Administration (“SBA”) program. The note (“SBA Note”) requires principal and interest payments of \$731 beginning 12 months from the date of the loan and accrues interest at 3.75%. The loan matures in June 2050 and is secured by all assets of the Company.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 6 - Long-Term Debt (Continued)

The principal categories of long-term debt may be summarized as follows:

	<u>2021</u>	<u>2020</u>
FCIV Note	\$ 3,000,000	\$ 2,500,000
Hunt Note	400,000	400,000
Salon Notes	120,000	120,000
FW Note	171,316	171,316
SBA Note	<u>148,155</u>	<u>149,900</u>
Total	3,839,471	3,341,216
Less: current portion	<u>694,388</u>	<u>292,809</u>
Total long-term debt	<u>\$ 3,145,083</u>	<u>\$ 3,048,407</u>

Future maturities for the above notes for the five years succeeding December 31, 2021, and thereafter are as follows:

2022	\$ 694,388
2023	3,003,189
2024	3,311
2025	3,437
2026	3,568
Thereafter	131,578

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 7 - Payroll Protection Program (PPP)

Both in 2020 and 2021, Lash and Salon entered into Loan Agreement and Promissory Note (SBA Loan) pursuant to the Paycheck Protection Program (PPP) under the recently enacted Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) administered by the U.S. Small Business Administration. Lash received PPP loan proceeds totaling \$201,430 and \$201,400 during 2021 and 2020, respectively. Salon received PPP loan proceeds totaling \$73,905 and \$81,167 during 2021 and 2020, respectively.

The PPP loans carry a 1.00% interest rate and are subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act. The loans may be prepaid by the Company at any time prior to maturity with no prepayment penalties. The loans contain customary events of default relating to, among other things, payment defaults and breaches of representations and warranties. Subject to certain conditions, the loans may be forgiven in whole or in part by applying for forgiveness pursuant to the CARES Act and the PPP. The amount of loan proceeds eligible for forgiveness is determined on a formula based on a number of factors, including the amount of loan proceeds used by the Company during the 24 weeks after the loan origination for certain purposes, including payroll costs, interest on certain mortgage obligations, rent payments on certain leases, and certain qualified utility payments, provided that, among other matters, at least 60% of the loan amount is used for eligible payroll costs, the maintenance or rehiring of employees, and maintaining salaries at certain levels. In accordance with the requirements of the CARES Act and the PPP, the Company used the proceeds from the loans primarily for payroll costs. No assurance can be given that the Company will be granted forgiveness of the loans in whole or in part. If it is determined that any of these expenses will not be forgiven, the amounts would become payable under the terms listed above.

During the year ended December 31, 2021, the Company applied and received loan forgiveness related to the Company’s PPP loans received in 2020. The Company has applied for formal forgiveness related to the PPP loans received in 2021, but as of March 18, 2022 had not yet received formal acceptance related to forgiveness. The PPP loan proceeds were recognized in the consolidated statements of operations during the years ended December 31, 2021 and 2020 in the year that the loans were received.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 8 - Related Party Transactions

On January 1, 2020, the Company's majority member, ALP Ventures, LLC ("ALP") contributed certain net liabilities to the Company from ALP's wholly-owned entity, The Lash Lounge Franchise, LLC ("TLLF").

The Company and TLLF are under common ownership and control and as a result the net assets contributed are recorded at historical cost and the excess of the net book value of liabilities assumed over the assets contributed is recorded as initial investment from members in members' equity at January 1, 2020. The transaction was not initially recorded in this manner, see Note 12 for disclosures of prior period adjustment related to the transaction.

The following is a summary of net assets (liabilities) contributed on January 1, 2020:

Assets:	
Cash	\$ 1,702,234
Accounts receivable	239,515
Prepaid and other assets	25,946
Property and equipment	150,883
Deferred franchise costs	<u>5,723,618</u>
Total assets	7,842,196
Liabilities:	
Accounts payable and accrued liabilities	667,929
Deferred franchise revenue	6,361,651
Long-term debt	<u>2,900,000</u>
Total liabilities	<u>\$ 9,929,580</u>
Initial investment from members	<u>\$ (2,087,384)</u>

The Company had accounts payable due to Franworth, LLC ("Franworth"), a related party through common ownership, with the minority member of the Company, totaling \$286,101 and \$462,390 at December 31, 2021 and 2020, respectively. The Company has a service agreement with Franworth related to management and accounting services to the Company. The Company also leases certain employees of the Company from Franworth. The Company pays Franworth \$50,000 per month in exchange for these services.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 9 - Lease Agreements

The Company is obligated under an operating lease agreement for office and training space in Southlake, Texas that expires in 2026. The Company also leases Salon's franchise location in Ann Arbor, Michigan that expires in 2027. Rent expense for the year ended December 31, 2021 and 2020 totaled \$165,466 and \$139,451, respectively.

Future minimum lease payments under the operating lease agreement are as follows as of December 31, 2021:

2022	\$	121,287
2023		124,509
2024		127,797
2025		131,199
2026		111,225
Thereafter		43,848

Note 10 - Operating Agreement

The Company's operating agreement includes three types of membership units, Class A, B and C Units. Class A and B units have full voting rights and Class C units are nonvoting.

As of December 31, 2021, the Company had issued 2,040 of Class A units and 1,960 Class B units. No Class C units had been issued as of December 31, 2021.

Note 11 - Franchise Information

The following is a summary of the franchise activity for franchises for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Franchises open at beginning of period	109	99
Franchises opened during the period	9	17
Franchises closed during the period	<u>(9)</u>	<u>(7)</u>
Franchises open at end of period	<u>109</u>	<u>109</u>

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 12 - Prior Period Adjustment

During the year ended December 31, 2021, the Company discovered that it had not properly recorded the initial investment from members as a common control transaction under generally accepted accounting principles in the United States of America. Goodwill had been recorded as part of the transaction at January 1, 2020 when it should have been treated as a component of the initial investment from members under business combinations for commonly controlled entities.

The following table provides a reconciliation of amounts previously reported and the resulting impacts from the prior period adjustments to correct the error:

	<u>As Previously Reported</u>	<u>Prior Period Adjustment</u>	<u>As Adjusted</u>
<u>December 31, 2020</u>			
Operating expenses	\$ <u>7,367,878</u>	\$ <u>(353,791)</u>	\$ <u>7,014,087</u>
Net loss	\$ <u>(2,294,396)</u>	\$ <u>353,791</u>	\$ <u>(1,940,605)</u>
Members' deficit	\$ <u>(1,043,870)</u>	\$ <u>(3,184,119)</u>	\$ <u>(4,227,989)</u>
Goodwill	\$ <u>3,599,406</u>	\$ <u>(3,184,119)</u>	\$ <u>415,287</u>

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

Note 13 - Uncertainty

The accompanying consolidated financial statements have been prepared assuming that the Company will continue operations, which contemplates the realization of assets and liabilities in the normal course of business. The Company incurred net earnings (loss) of \$219,621 and (\$1,940,605) for the years ended December 31, 2021 and 2020, respectively. The Company also had working capital deficits of \$657,500 and \$1,335,539 at December 31, 2021 and 2020, respectively.

The Company experienced a significant disruption in business from the outbreak of the COVID-19 coronavirus in the United States which directly contributed to the net loss experienced in 2020 and resulting working capital deficits. The Company continues to monitor developments related to COVID-19, including government requirements, recommendations, and opportunities for assistance for small businesses. In addition, the Company has taken several steps to strengthen its financial position and balance sheet, preserve cash and maintain financial liquidity and flexibility, including reviewing operating expenses and evaluating purchases.

At December 31, 2021, Franworth, LLC was the minority member of the Company and has historically provided the necessary working capital to meet the Company's short-term obligations and the necessary capital to offset the net operating losses incurred by the Company. Franworth, LLC has pledged to continue its financial support and management believes that these actions will enable the Company to continue its operations through March 18, 2022.

*** * * End of Notes * * ***

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Consolidated Financial Statements and
Independent Auditor's Report

December 31, 2020

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

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The Board of Directors
The Lash Franchise Holdings, LLC
Ann Arbor, Michigan

Independent Auditor's Report

We have audited the accompanying consolidated financial statements of The Lash Franchise Holdings, LLC and Subsidiary (the Company), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of operations, members' (deficit) and cash flows for the year then ended, and the related summary of significant accounting policies and notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Lash Franchise Holdings, LLC and Subsidiary as of December 31, 2020, and the consolidated results of their operations and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



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Independent Auditor's Report (continued)

Emphasis of Matter

As discussed in Note 10 to the financial statements, there has been significant disruption in business as a result of the outbreak of the COVID-19 coronavirus (COVID-19) in the United States, including the temporary closure of franchisee salons affiliated with the Company during portions of 2020. Although the United States is beginning to return to the pre-COVID-19 environment, the Company cannot reasonably estimate the duration and severity of COVID-19, which could have a material adverse impact on the Company's business, results of operations, financial position and cash flows in the year ended December 31, 2021. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 10. Our opinion is not modified with respect to this matter.

Mize CPAs Inc.
Certified Public Accountants

Overland Park, Kansas
April 30, 2021

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Consolidated Balance Sheet
December 31, 2020

	<u>Assets</u>	
Current assets:		
Cash	\$	338,498
Accounts receivable - trade		226,126
Current maturities of notes receivable		20,237
Current portion of deferred commission expense		904,402
Other current assets		9,294
Total current assets		1,498,557
Fixed assets:		
Leasehold improvements		49,074
Furniture and fixtures		83,836
Computer equipment		14,294
		147,204
Less accumulated depreciation		57,577
Net fixed assets		89,627
Other assets:		
Notes receivable, less current maturities		8,346
Deferred commission expense, less current portion		2,956,727
Site development, net of accumulated amortization of \$8,737		4,366
Mobile app development, net of accumulated amortization of \$22,515		45,029
Goodwill - \$4,004,525, net of accumulated amortization of \$405,119		3,599,406
Trademarks		4,359
Deposits		10,088
Total other assets		6,628,321
Total assets	\$	8,216,505
<u>Liabilities and Members' (Deficit)</u>		
Current liabilities:		
Current maturities of long-term debt	\$	292,809
Current portion of deferred franchise revenue		1,033,060
Accounts payable		427,236
Accrued payroll and bonus		135,500
Accrued rent		39,114
Accrued interest		277,333
Other accrued liabilities		150,000
Amounts due to related parties		462,390
Total current liabilities		2,817,442
Long-term liabilities:		
Long-term debt, less current maturities		3,048,407
Other long-term liabilities		25,000
Deferred franchise revenue, less current portion		3,369,526
Total long-term liabilities		6,442,933
Total liabilities		9,260,375
Members' (deficit)		(1,043,870)
Total liabilities and members' (deficit)	\$	8,216,505

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Consolidated Statement of Operations
Year Ended December 31, 2020

Revenues:	
Franchise fee revenue	\$ 2,740,398
Royalty fees	1,834,339
Technology fees	119,800
Salon service revenue	352,691
Miscellaneous revenue	103,306
Total revenues	5,150,534
Expenses:	
Management fees	559,499
Broker and commission fees	2,470,301
Salon expenses, including goodwill amortization of \$40,000	464,872
Franchise development	1,001,331
Franchisee training	62,413
Salaries, payroll taxes and benefits	1,488,997
Professional services	217,459
General and administrative	132,152
Rent, utilities and equipment	199,681
Depreciation	12,684
Amortization, including goodwill amortization of \$365,119	388,508
Bad debt expense	31,286
Marketing and brand support	338,695
Total expenses	7,367,878
Loss from operations	(2,217,344)
Other income (expense):	
Interest expense, including salon interest expense of \$1,539	(367,119)
(Loss) on disposition of fixed assets	(2,500)
Extinguishment of Paycheck Protection Program note payable	282,567
Other income	10,000
Total other (expense)	(77,052)
Net (loss)	\$ (2,294,396)

The accompanying summary of significant accounting policies
and notes are an integral part of these statements.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Consolidated Statement of Members' (Deficit)
Year Ended December 31, 2020

Initial investment at January 1, 2020	\$ 1,450,526
Distributions for year ended December 31, 2020	(200,000)
Net loss for year ended December 31, 2020	<u>(2,294,396)</u>
Members' (deficit) at December 31, 2020	<u>\$ (1,043,870)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Consolidated Statement of Cash Flows
Year Ended December 31, 2020

Cash flows from operating activities:	
Net (loss)	\$ (2,294,396)
Adjustments to reconcile net (loss) to net cash	
(used in) operating activities:	
Depreciation and amortization	447,621
Loss on disposition of fixed assets	2,500
Extinguishment of Paycheck Protection Program note payable	(282,567)
(Increase) in accounts receivable	(3,944)
Decrease in other current assets	9,807
Decrease in deferred commission expense	1,862,489
Proceeds from Paycheck Protection Program note payable	282,567
Increase in accounts payable and accrued expenses	466,738
(Decrease) in deferred franchise revenue	(1,959,065)
Net cash (used in) operating activities	<u>(1,468,250)</u>
Cash flows from investing activities:	
Advances on note receivable	(34,750)
Payments on note receivable	23,500
Purchase of subsidiary	(180,000)
Net cash (used in) investing activities	<u>(191,250)</u>
Cash flows from financing activities:	
Increase in amounts due to related parties	337,085
Distributions to member	(200,000)
Proceeds from long-term debt	149,900
Net cash provided by financing activities	<u>286,985</u>
(Decrease) in cash	<u>(1,372,515)</u>
Cash at beginning of year	-
Cash purchased with investment acquisitions	<u>1,711,013</u>
Cash at end of year	<u>\$ 338,498</u>
Supplemental cash flow information:	
Cash paid for interest	<u>\$ 123,000</u>

The accompanying summary of significant accounting policies
and notes are an integral part of these statements.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Summary of Significant Accounting Policies Year Ended December 31, 2020

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Lash Franchise Holdings, LLC (Lash) and its wholly owned subsidiary, TLL Investment Salon Ann Arbor, LLC (Salon). All significant intercompany accounts and transactions have been eliminated. For purposes of these financial statements, the term “the Company” refers to the consolidated group or any member of the consolidated group.

Nature of Operations

Lash was formed as a Delaware Limited Liability Company in 2018 for the purpose of marketing the rights to operate salons providing eyelash extensions and other health, beauty and fashion related services and products. Lash accounted for 93.2% of consolidated sales in 2020.

The Salon provides eyelash extensions and other health, beauty and fashion related services and products in Ann Arbor, Michigan and was acquired by Lash on January 1, 2020. See Note 1. The Salon accounted for 6.8% of consolidated sales in 2020.

The accounting policies of Lash and the Salon conform to accounting principles generally accepted in the United States of America.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on their assessment of their credit history with customers having outstanding balances and current relationships with these customers, management has concluded that realization losses on balances outstanding at yearend will be immaterial. Accordingly, no reserve for uncollectible amounts has been recorded at December 31, 2020.

Fixed Assets

Fixed assets are recorded at cost. Expenditures for additions and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged against income in the period incurred. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Management has reviewed the carrying values of fixed assets and determined there is no impairment.

Depreciation is calculated for the consolidated financial statements using the straight-line method over the estimated useful lives of the assets. Useful lives of assets are estimated to be five to ten years.

Income Taxes

The Company files income tax returns in the United States federal jurisdiction and various state jurisdictions. There are currently no examinations of the Company’s income tax returns in progress.

The Company has elected to be taxed as a partnership under the provisions of the Internal Revenue Code and similar state income tax laws. Under these provisions, the Company does not pay federal or state corporate income tax on its taxable income. Instead, taxable income or loss is reported to the members for inclusion in their respective income tax returns and no provision for federal or state income taxes is included in these statements.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Summary of Significant Accounting Policies Year Ended December 31, 2020

Goodwill

The Company has elected to account for goodwill using the accounting alternative available to private companies under Accounting Standards Update 2014-02 (ASU 2014-02), Intangibles and Other (Topic 350): Accounting for Goodwill. Accordingly, goodwill is amortized over ten years. The Company has elected to test goodwill at the entity level and testing for impairment is triggered when an event occurs that indicates that the fair value of the entity may be less than its carrying amount. Management has determined that goodwill is not impaired at December 31, 2020.

National Advertising Fund

The Company has established a National Advertising Fund (NAF) to market and advertise the services offered by the salons owned by the franchisees. As stipulated in the franchise agreement, the franchisees pay a royalty fee, which includes a marketing fee, based on the gross revenues of the salon. The marketing fees received from the franchisees are included in royalty fees revenue on the consolidated statement of operations. The use of the amounts received by the NAF is restricted to advertising, product development, public relations, merchandising and administrative expenses and programs to increase sales and further enhance the public reputation of the Company brand. The Company expensed as incurred total advertising expense of \$338,695 during the year ended December 31, 2020, which is included in marketing and brand support in the statements of operations.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Notes to the Consolidated Financial Statements Year Ended December 31, 2020

1. Company Formation and Organization

Effective January 1, 2020, the owner of The Lash Lounge Franchise, LLC (TLLF) and a significant creditor of TLLF elected to terminate TLLF and reorganize as The Lash Franchise Holdings, LLC (Lash) by exchanging contributed equity of \$50,000 and certain debt of \$1,400,526 in TLLF for 100% of the equity of Lash and the book value of the net assets of TLLF, plus goodwill of \$3,537,910. This goodwill consists primarily of increased revenues and profits from expected growth in the franchise system and a related increase in franchise system revenues. Other significant assets and liabilities acquired in this transaction included deferred commission expense of \$5,700,000, cash of \$1,700,000, deferred franchise revenue of \$6,400,000 and long-term debt of \$2,900,000.

In addition, on January 1, 2020 Lash acquired 100% of the outstanding equity of the Lash Lounge salon in Ann Arbor, Michigan for cash and notes payable of \$180,000 and \$291,316, respectively. Goodwill acquired in this transaction of \$466,615 consists primarily of expected future profits of the salon. There were no other significant assets or liabilities acquired in this transaction.

2. Cash

The Company maintains cash balances at financial institutions whose accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to established limits. At times, the amounts on deposit exceed FDIC limits. The Company has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash balances.

3. Related Party Transactions

FranWorth, LLC (FranWorth), an affiliate of the minority owner of the Company, has an agreement with the Company to provide certain management and accounting services for the Company. The Company pays FranWorth \$50,000 per month in exchange for the services provided by FranWorth as long as the Company maintains certain liquidity requirements. FranWorth management fee expense for the year ended December 31, 2020 was \$600,000. At December 31, 2020, the Company had a payable to FranWorth of \$455,893 related to fees for services provided by FranWorth and funds advanced to the Company by FranWorth. This balance is included in amounts due to related parties.

The Salon is a franchise location in operation at December 31, 2020 which is owned by Lash. At the recommendation of FranWorth, this franchisee does not pay royalties to the Company.

The Company has a payable of \$6,497 to the majority owner of the Company for reimbursable expenses at December 31, 2020. This balance is included in amounts due to related parties.

4. Franchise Information

During 2020 the Company sold 13 franchises and 25 franchises were taken back for a total of 337 franchises sold and available to open at December 31, 2020. Of the franchises sold, 113 salons were open with 17 opened and 7 closed in 2020.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Notes to the Consolidated Financial Statements Year Ended December 31, 2020

5. Notes Receivable

TLLF issued a note receivable to a franchisee in April 2018 in the amount of \$26,333. The note was to be paid in three equal installments of \$8,778 beginning six months after the opening of the franchisee's second franchised location and continue every six months thereafter until paid in full. If the note was paid on or before the maturity date of April 30, 2020, no interest would be assessed. If the note was not paid in full on or before the maturity date, then interest would be charged at a rate of 9.9%. The opening of the franchisee's second franchised location occurred in November 2018. At December 31, 2020, the balance of the note receivable was \$17,333. On February 25, 2021, the note was refinanced. The refinanced note is payable in 23 monthly installments of \$817 with no interest due if paid in full on or before December 31, 2022. If not paid in full on or before December 31, 2022, interest will be charged on the note at a rate of 9.9%. The maturities of the note receivable have been reflected using the terms of the refinanced note agreement.

The Company issued a note receivable to a franchisee in May 2020 in the amount of \$34,750. The note is to be paid in two installments. The first installment of \$23,500 was paid in 2020 and the second installment of \$11,250 was paid March 1, 2021.

The aggregate maturities of the notes receivable are as follows at December 31, 2020:

2021	\$	20,237
2022		<u>8,346</u>
	\$	<u>28,583</u>

6. Notes Payable

In April 2019, TLLF borrowed funds from a third-party in the amount of \$400,000. The note was secured by a first priority lien on all assets of the Company and payable in 17 monthly payments of interest only, with interest calculated at 12% per annum. All outstanding interest and principal was due at maturity on October 29, 2020. The note was extended in November 2020 and all unpaid interest and principal is now due at maturity on June 30, 2022 with monthly interest payments through maturity. At December 31, 2020, the balance of the note payable was \$400,000.

In November 2019, TLLF borrowed funds from a third-party in the amount of \$2,500,000. The note was payable in 35 monthly payments of \$25,000 of interest only, with interest calculated at 12% per annum, and all outstanding interest and principal due at maturity on November 26, 2022. The note was secured by a first priority lien on all assets and convertible to equity with certain stipulations at the option of the lender based on certain formulas provided by the note agreement. Effective January 11, 2021, this note was amended, restated and extended and is now due at maturity on December 31, 2023. All other terms remain the same as with the original note except allowable borrowings on this note have been increased to \$3,000,000 and interest is now at 8% with monthly interest payments until maturity when all unpaid interest and principal are due. At December 31, 2020, the balance of this note payable was \$2,500,000.

In conjunction with the acquisition of the Salon described in Note 1, the Company executed notes payable totaling \$120,000 with certain former owners of the Salon. These notes are unsecured with no interest through December 31, 2020. After 2020, interest on the notes is 9.9%. The notes are due on December 31, 2021. At December 31, 2020, the balance of these notes payable was \$120,000. In addition to these notes, the Company also assumed a note payable for \$171,316 to an affiliate of FranWorth as part of the Salon acquisition. This note is also unsecured, due December 31, 2021 and bears interest at 9.9%.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Notes to the Consolidated Financial Statements Year Ended December 31, 2020

6. Notes Payable (continued)

In June 2020, the Company borrowed \$149,900 from the SBA. Interest at 3.75% and principal is due in monthly installments of \$731 beginning 12 months from the date of the loan for 29 years. This loan is secured by all assets of the Company.

Future maturities for the above notes payable are as follows at December 31, 2020:

2021	\$ 292,809
2022	403,072
2023	2,503,189
2024	3,311
2025	3,437
Thereafter	<u>135,398</u>
	<u>\$ 3,341,216</u>

7. Lease Agreements

The Company is obligated under a lease agreement for office space and training space in Southlake, Texas. This lease expires in March 2026. Future minimum lease payments under this operating lease follows:

2021	\$ 82,449
2022	84,511
2023	86,609
2024	88,780
2025	90,995
Thereafter	<u>22,888</u>
	<u>\$ 456,232</u>

The Company also leases warehouse space in Ann Arbor, Michigan from a related party that has some common ownership with the minority owner. This lease requires monthly lease payments of \$5,000 and automatically renews annually each January 1. Total rent expense for the year ended December 31, 2020 was \$139,451.

8. Revenue and Cost Recognition

Franchise Fees

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property, and all other services the Company provides under the franchise agreement (FA). These rights and services are highly interrelated, not distinct within the contract, and therefore accounted for under Accounting Standards Update 2014-09 (ASU 2014-09), Revenue from Contracts with Customers as a single performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each FA. Under ASU 2014-09, initial and renewal franchise fees, as well as transfer fees, are deferred and recognized as revenue on a straight-line basis over the term of the respective FA. The Company's FAs consist of an obligation to grant the franchisee the right to open a salon. When the franchisee signs an FA, these rights are generally for three years and are amortized to revenue accordingly. When the salon is opened, the remaining FA balance is recognized over the term of the FA, generally 10 years. The Company requires the entire FA fee to be paid upon execution of the agreement and it is non-refundable. Commissions related to the sale of the FAs are also deferred. This expense is then recognized on a straight-line basis over the term of the FA.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

8. Revenue and Cost Recognition (continued)

Royalty Fees

Royalties, including franchisee contributions to the NAF, are calculated as a percentage of club membership and training fees. Under the terms of the FA, advertising contributions paid by franchisees must be spent on advertising, marketing and related activities. The franchise royalties, as well as NAF contributions, represent sales-based royalties that are related entirely to the performance obligation under the franchise agreement and are recognized as franchise sales occur.

Salon service revenue and other revenue

The Salon provides various health, beauty and fashion services and recognizes revenue related to these services when the service is provided. Other revenue consists of technology fees and training fees collected by Lash from franchisees monthly and as training is provided, respectively.

Below is a breakdown of when revenue from contracts with customers is recognized:

Revenue earned over time	\$ 2,740,398
Revenue earned at a point in time	<u>2,410,136</u>
	<u>\$ 5,150,534</u>

Contract assets consist of deferred expense resulting from commission amounts incurred when the franchise rights are sold by a third party. The Company classifies these contract assets as deferred commission expense in the balance sheet. The following table reflects the change in contract assets during 2020:

Balance at January 1, 2020	\$ 5,723,618
Commissions paid in 2020	607,810
Expense recognized during 2020	<u>(2,470,301)</u>
Balance at December 31, 2020	<u>\$ 3,861,127</u>

The following table illustrates estimated expenses expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2020.

2021	\$ 904,402
2022	590,132
2023	458,935
2024	425,603
2025	360,111
Thereafter	<u>1,121,944</u>
	<u>\$ 3,861,127</u>

Contract liabilities consist of deferred revenue resulting from initial and renewal franchise fees paid by franchisees, as well as transfer fees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement. The Company classifies these contract liabilities as deferred franchise revenue in the balance sheet. The following table reflects the change in contract liabilities during 2020:

Balance at January 1, 2020	\$ 6,361,651
Franchises sold in 2020	781,333
Revenue recognized during 2020	<u>(2,740,398)</u>
Balance at December 31, 2020	<u>\$ 4,402,586</u>

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Notes to the Consolidated Financial Statements Year Ended December 31, 2020

8. Revenue and Cost Recognition (continued)

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2020.

2021	\$ 1,033,060
2022	686,820
2023	530,948
2024	492,356
2025	406,433
Thereafter	<u>1,252,969</u>
	<u>\$ 4,402,586</u>

Substantially all accounts receivable trade of \$222,182 at December 31, 2019 were collected in 2020.

9. Paycheck Protection Program

On April 29, 2020, Lash was granted a loan from Central Bank of the Midwest for \$201,400 and on May 4, 2020, the Salon was granted a loan from Fifth Third Bank for \$81,167. These loans bear interest at 1% and were granted pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security (CARES) Act which was enacted on March 27, 2020. If the loan proceeds are fully utilized to pay qualified expenses over the covered period, as defined by the PPP, the full amount of the PPP loan may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the Company during the covered period as compared to a baseline period.

The full amount of the Lash loan was forgiven on December 23, 2020, and management believes it has met all the conditions for PPP loan forgiveness for the Salon loan. In consideration of these facts, management decided that the PPP loans should be accounted for as government grants which analogizes with International Accounting Standards 20 (IAS 20), Accounting for Government Grants and Disclosure of Government Assistance. Under the provisions of IAS 20, a forgivable loan from a governmental entity is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. In addition, in accordance with the provisions of IAS 20, government grants shall be recognized in profit or loss on a systematic basis over the periods in which the Company recognizes costs for which the grant is intended to compensate (i.e. qualified expenses). Consequently, the Company has recognized forgiveness of all PPP funding during the periods when qualified expenses were incurred and has presented the PPP funds as other income in the consolidated statement of operations for the year ended December 31, 2020.

10. Uncertainty

As a result of the significant disruption in business from the outbreak of the COVID-19 coronavirus in the United States, management believes future operations could be negatively impacted. There is considerable uncertainty regarding the duration and financial impact of the disruption, and the effects on the Company's business, results of operations, financial position and cash flows cannot be reasonably estimated at this time.

The Company continues to monitor developments related to COVID-19, including government requirements, recommendations, and opportunities for assistance for small businesses. In addition, the Company has taken several steps to strengthen its financial position and balance sheet, preserve cash and maintain financial liquidity and flexibility, including reviewing operating expenses, evaluating purchases, renegotiating more favorable loan terms and obtaining the Paycheck Protection Program loans described in Note 11.

THE LASH FRANCHISE HOLDINGS, LLC AND SUBSIDIARY

Notes to the Consolidated Financial Statements
Year Ended December 31, 2020

10. Uncertainty (continued)

As the COVID-19 pandemic is complex and continually evolving, the Company's plans as described above may change.

11. Subsequent Events

The Company has evaluated subsequent events through April 30, 2021, the date the consolidated financial statements were available to be issued.

On February 25, 2021, under the Consolidated Appropriations Act, which was signed into law on December 27, 2020, Lash received a second Paycheck Protection Program loan from Central Bank of the Midwest for \$201,430 and the Salon received a second Paycheck Protection Program loan from Fifth Third Bank for \$73,905. A loan forgiveness application must be submitted within ten months after the end of the covered period. Any amounts not forgiven, will bear interest at 1% and are payable over a five-year period.

THE LASH LOUNGE FRANCHISE, LLC

Financial Statements and
Independent Auditor's Report

December 31, 2019 and 2018

THE LASH LOUNGE FRANCHISE, LLC

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The Board of Directors
The Lash Lounge Franchise, LLC
Fort Worth, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of The Lash Lounge Franchise, LLC (the Company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, member's (deficit) and cash flows for the years then ended, and the related summary of significant accounting policies and notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lash Lounge Franchise, LLC as of December 31, 2019 and 2018, 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.



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Independent Auditor's Report (continued)

Emphasis of a Matter

As discussed in Note 9 to the financial statements, there has been significant disruption in business as a result of the outbreak of the COVID-19 coronavirus in the United States, including the temporary closure of all franchisee salons affiliated with the Company. At this point, the Company cannot reasonably estimate the duration and severity of COVID-19, which could have a material adverse impact on the Company's business, results of operations, financial position and cash flows in the year ending December 31, 2020. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 9. Our opinion is not modified with respect to this matter.

Mize CPAs Inc.

Certified Public Accountants

Overland Park, Kansas
April 17, 2020

THE LASH LOUNGE FRANCHISE, LLC

Balance Sheets
December 31,

	2019	2018
<u>Assets</u>		
Current assets:		
Cash	\$ 1,702,234	\$ 29,427
Accounts receivable - trade	222,182	75,655
Current maturities of note receivable	17,333	17,556
Current portion of deferred commission expense	1,962,790	-
Other current assets	15,858	11,429
Total current assets	3,920,397	134,067
Fixed assets:		
Leasehold improvements	49,074	49,074
Furniture and fixtures	38,836	38,836
Franchise store equipment	2,500	2,500
Computer equipment	14,294	14,294
	104,704	104,704
Less accumulated depreciation	30,964	18,156
Net fixed assets	73,740	86,548
Other assets:		
Note receivable, less current maturities	-	8,777
Deferred commission expense, less current portion	3,760,828	-
Site development, net of accumulated amortization of \$7,863 and \$6,989 at December 31, 2019 and 2018, respectively	5,240	6,114
Mobile app in development	67,544	52,834
Trademarks	4,359	4,359
Deposits	10,088	14,870
Total other assets	3,848,059	86,954
Total assets	\$ 7,842,196	\$ 307,569
<u>Liabilities and Member's (Deficit)</u>		
Current liabilities:		
Current maturities of long-term debt	\$ 400,000	\$ -
Current portion of deferred franchise revenue	2,147,156	446,115
Accounts payable and accrued expenses	556,337	343,465
Gift card liability	-	17,246
Current portion of amounts due to related parties	111,591	553,712
Total current liabilities	3,215,084	1,360,538
Long-term liabilities:		
Amounts due to related parties, less current portion	955,293	-
Long-term debt, less current maturities	2,945,233	445,233
Deferred franchise revenue, less current portion	4,214,495	-
Total long-term liabilities	8,115,021	445,233
Total liabilities	11,330,105	1,805,771
Member's (deficit)	(3,487,909)	(1,498,202)
Total liabilities and member's (deficit)	\$ 7,842,196	\$ 307,569

The accompanying summary of significant accounting policies
and notes are an integral part of these statements.

THE LASH LOUNGE FRANCHISE, LLC

Statements of Operations
Years Ended December 31,

	2019	2018
Revenues:		
Franchise fee revenue	\$ 2,687,399	\$ 6,381,335
Royalty fees	1,777,189	648,325
Total revenues	4,464,588	7,029,660
Expenses:		
Management fees	691,441	778,001
Broker and commission fees	2,580,166	5,285,470
Franchise development	192,187	9,292
Franchisee training	117,323	300,826
Salaries, payroll taxes and benefits	1,334,262	708,772
Contract labor	281	105,185
Professional services	453,130	107,989
General and administrative	133,291	76,740
Rent, utilities and equipment	172,616	54,355
Depreciation and amortization	13,681	6,269
Bad debt expense	-	24,335
Marketing and brand support	365,045	380,157
Miscellaneous	451	4,675
Total expenses	6,053,874	7,842,066
Loss from operations	(1,589,286)	(812,406)
Other income (expense):		
Interest expense	(82,049)	(188)
Other income	116,029	5,200
Total other income	33,980	5,012
Net (loss)	\$ (1,555,306)	\$ (807,394)

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

THE LASH LOUNGE FRANCHISE, LLC

Statements of Member's (Deficit)
Years Ended December 31, 2019 and 2018

Member's (deficit) at December 31, 2017	\$ (690,808)
Net loss for year ended December 31, 2018	<u>(807,394)</u>
Member's (deficit) at December 31, 2018	(1,498,202)
Cumulative effect adjustment for change to new accounting standard	(434,401)
Net loss for year ended December 31, 2019	<u>(1,555,306)</u>
Member's (deficit) at December 31, 2019	<u>\$ (3,487,909)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

THE LASH LOUNGE FRANCHISE, LLC

Statements of Cash Flows
Years Ended December 31,

	2019	2018
Cash flows from operating activities:		
Net (loss)	\$ (1,555,306)	\$ (807,394)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Depreciation and amortization	13,681	6,269
(Increase) decrease in accounts receivable	(146,527)	37,177
Decrease (increase) in other current assets and deposits	353	(16,328)
Decrease in deferred commission expense	2,254,416	-
Increase in accounts payable and accrued expenses	212,873	315,296
(Decrease) in gift card liability	(17,246)	(144)
(Decrease) in deferred franchise revenue	(2,496,899)	(5,885)
Net cash (used in) operating activities	(1,734,655)	(471,009)
Cash flows from investing activities:		
Mobile app in development costs	(14,710)	(52,834)
Advances on note receivable	-	(26,333)
Payments on note receivable	9,000	-
Acquisitions of fixed assets	-	(74,311)
Net cash (used in) investing activities	(5,710)	(153,478)
Cash flows from financing activities:		
Increase in amounts due to related parties	513,172	546,623
Proceeds from long-term debt	2,900,000	-
Net cash provided by financing activities	3,413,172	546,623
Increase (decrease) in cash	1,672,807	(77,864)
Cash at beginning of year	29,427	107,291
Cash at end of year	\$ 1,702,234	\$ 29,427
Supplemental cash flow information:		
Cash paid for interest	\$ 47,296	\$ 188

The accompanying summary of significant accounting policies and notes are an integral part of these statements.

THE LASH LOUNGE FRANCHISE, LLC

Summary of Significant Accounting Policies Years Ended December 31, 2019 and 2018

Nature of Operations

The Lash Lounge Franchise, LLC (the Company) was formed as a Texas Limited Liability Company in 2009 for the purpose of marketing the rights to operate salons providing eyelash extensions and other health, beauty and fashion related services and products.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at yearend. Based on their assessment of their credit history with customers having outstanding balances and current relationships with these customers, management has concluded that realization losses on balances outstanding at yearend will be immaterial. Accordingly, no reserve for uncollectible amounts has been recorded at December 31, 2019 or 2018.

Fixed Assets

Fixed assets are recorded at cost. Expenditures for additions and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged against income in the period incurred. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Management has reviewed the carrying values of fixed assets and determined there is no impairment.

Depreciation is calculated for the financial statements using the straight-line method over the estimated useful lives of the assets. Useful lives of assets are estimated to be five to ten years.

Income Taxes

The Company files income tax returns in the United States federal jurisdiction and various state jurisdictions. The Company is generally no longer subject to federal and state income tax examinations by taxing authorities for tax years before 2016. There are currently no examinations of the Company's income tax returns in progress.

The Company has elected to be taxed as an S-Corporation under the provisions of the Internal Revenue Code and similar state income tax laws. Under these provisions, the Company does not pay federal or state corporate income tax on its taxable income. Instead, taxable income or loss is reported to the members for inclusion in their respective income tax returns and no provision for federal or state income taxes is included in these statements.

THE LASH LOUNGE FRANCHISE, LLC

Summary of Significant Accounting Policies Years Ended December 31, 2019 and 2018

Accounting Standard Update

In May 2014, the FASB issued Accounting Standards Update 2014-09 (ASU 2014-09), Revenue from Contracts with Customers. ASU 2014-09 eliminates industry-specific revenue recognition guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASU 2014-09 is that a reporting entity should recognize revenue to record the transfer of promised goods or services to customers in an amount that reflects the consideration the reporting entity expects to receive in exchange for those goods or services. ASU 2014-09 also added Subtopic 340-40, Other Assets and Deferred Costs – Contracts with Customers, to require the deferral of incremental costs of obtaining a contract with a customer. Management has adopted ASU 2014-09 effective January 1, 2019 using the modified retrospective transition method. The transition to ASU 2014-09 represents a change in accounting principle. The financial statements reflect the application of ASU 2014-09 guidance beginning in 2019, while the financial statements for the prior period were prepared under the guidance of the previous standards. The Company has recorded a \$434,401 cumulative effect adjustment to member's (deficit) on January 1, 2019 to reflect the transition to ASU 2014-09. Adoption of ASU 2014-09 also resulted in an increase to 2019 franchise fee revenue, royalty fee revenue, broker and commission fees expense and national advertising fund expenses, which are included in marketing and brand support, of \$2,082,149, \$365,045, \$2,254,416 and \$365,045, respectively, compared to reporting under previous guidance. See Note 7 for further details.

National Advertising Fund

The Company has established a National Advertising Fund (NAF) to market and advertise the services offered by the salons owned by the franchisees. As stipulated in the franchise agreement, the franchisees pay a royalty fee, which includes a marketing fee, based on the gross revenues of the salon. Subsequent to the adoption of ASU 2014-09, the marketing fees received from the franchisees are included in royalty fees revenue on the statements of operations. The use of the amounts received by the NAF is restricted to advertising, product development, public relations, merchandising and administrative expenses and programs to increase sales and further enhance the public reputation of the Company brand. The Company expensed as incurred total advertising expense, which is included in marketing and brand support in the statements of operations, of \$365,045 and \$380,157 during the years ended December 31, 2019 and 2018, respectively.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE LASH LOUNGE FRANCHISE, LLC

Notes to the Financial Statements Years Ended December 31, 2019 and 2018

1. Cash

The Company maintains cash balances at financial institutions whose accounts are secured by the Federal Deposit Insurance Corporation (FDIC) up to established limits. At times, the amounts on deposit exceed FDIC limits. The Company has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash balances.

2. Related Party Transactions

FranWorth, LLC (FranWorth) had an agreement with the Company to provide certain management and accounting services for the Company. Under the terms of the agreement, the Company paid FranWorth 50% of all initial, renewal and transfer fees, after the deduction of commissions and broker fees (if any), associated with the franchise fees. The Company also paid FranWorth 50% of all royalty fees, after the deduction of any royalties paid to brokers, area developers or master licensees. In addition to this compensation, the Company issued warrants to FranWorth to acquire 49% of all classes of the Company's membership interests. No warrants were exercised as of December 31, 2019. Services provided by FranWorth under this agreement included assisting with the development, structure and operation of the Company's franchise system. Effective November 22, 2019, the agreement with FranWorth was terminated and replaced with a new agreement. The terms of the new agreement are similar to the terms of the previous agreement except the Company now pays FranWorth \$50,000 per month in exchange for the services provided by FranWorth. FranWorth management fee expense for the years ended December 31, 2019 and 2018 was \$691,441 and \$778,001, respectively. At December 31, 2019 and 2018, the Company had a payable to FranWorth of \$716,629 and \$97,662, respectively, related to fees for services provided by FranWorth and funds advanced to the Company by FranWorth. These balances are included in amounts due to related parties. Included in the balance due FranWorth at December 31, 2019, is \$605,038 that is expected to be converted to equity when a new operating agreement with an effective date of January 1, 2020 is finalized. As a result of the FranWorth equity conversion, the warrants issued to FranWorth will not be exercised and will expire.

Two of the franchise locations in operation at December 31, 2019 and 2018 are owned by the member of the Company. Effective June 2018, at the recommendation of FranWorth, these two franchisees stopped paying royalties. Royalties from these locations amounted to 0% and 9% of the royalty fees for the years ended December 31, 2019 and 2018, respectively.

AP Dreamworks, LLC (AP) has common ownership with the Company. The Company has a payable of \$31,000 and \$59,515 at December 31, 2019 and 2018, respectively, related to funds advanced to the Company by AP. The balance at December 31, 2019 is expected to be converted to equity when the new operating agreement discussed above is finalized.

LL Products, LLC (LL) has common ownership with the Company. The Company has a payable of \$319,255 and \$290,902 at December 31, 2019 and 2018, respectively, related to funds advanced to the Company by LL and costs incurred by LL on the Company's behalf. The balance at December 31, 2019 is expected to be converted to equity when the new operating agreement discussed above is finalized.

The member of the Company has advanced funds to the Company in the amount of \$0 and \$105,633 at December 31, 2019 and 2018, respectively. These balances, as well as the balances due to AP and LL are included in amounts due to related parties.

The Company has a note payable due to the member of the Company as described in Note 5.

THE LASH LOUNGE FRANCHISE, LLC

Notes to the Financial Statements Years Ended December 31, 2019 and 2018

3. Franchise Information

As of December 31, 2018, the Company had sold 382 franchises, of which 189 were sold and 26 franchises were taken back in 2018 which left 343 franchises sold and available to open at December 31, 2018. Of the franchises sold, 61 salons were open with 45 opened and none closed in 2018.

During 2019, the Company sold 8 franchises and 2 franchises were taken back for a total of 349 franchises sold and available to open at December 31, 2019. Of the franchises sold, 103 salons were open with 45 opened and 3 closed in 2019.

4. Note Receivable

The Company issued a note receivable to a franchisee in April 2018 in the amount of \$26,333. The note is to be paid in three equal installments of \$8,778 beginning six months after the opening of the franchisee's second franchised location and continue every six months therefrom until paid in full. If the note is paid on or before the maturity date of April 30, 2020, no interest will be assessed. If the note is not paid in full on or before the maturity date, then interest will be charged at a rate of 9.9%. The opening of the franchisee's second franchised location occurred in November 2018. At December 31, 2019 and 2018, the balance of the note receivable was \$17,333 and \$26,333, respectively.

The aggregate maturities of the note receivable are as follows at December 31, 2019:

2020	<u>\$ 17,333</u>
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5. Notes Payable

The Company has borrowed funds for start-up and operating expenses from the member of the Company. Note payable to member totaled \$445,233 at December 31, 2019 and 2018. This note is unsecured and due on demand with no stated terms or interest rate. The balance of this note at December 31, 2019 is expected to be converted to equity when the new operating agreement discussed in Note 2 is finalized.

In April 2019, the Company borrowed funds from a third-party in the amount of \$400,000. The note is payable in 17 monthly payments of interest only, with interest calculated at 12% per annum, and 1 payment due at maturity on October 29, 2020 of all outstanding interest and principal. The note is secured by a first priority lien on all assets of the Company. At December 31, 2019 and 2018, the balance of the note payable was \$400,000 and \$0, respectively.

In November 2019, the Company borrowed funds from a third-party in the amount of \$2,500,000. The note is payable in 35 monthly payments of \$25,000 of interest only, with interest calculated at 12% per annum, and 1 payment due at maturity on November 26, 2022 of all outstanding interest and principal. The note is secured by a first priority lien on all assets and is convertible to equity with certain stipulations at the option of the lender. At December 31, 2019 and 2018, the balance of the note payable was \$2,500,000 and \$0, respectively.

Future maturities for the above notes payable are as follows at December 31, 2019:

2020	\$ 400,000
2021	-
2022	<u>2,945,233</u>
	<u>\$ 3,345,233</u>

THE LASH LOUNGE FRANCHISE, LLC

Notes to the Financial Statements Years Ended December 31, 2019 and 2018

6. Lease Agreements

The Company was obligated under a lease agreement for office space in Grapevine, Texas. This lease expired October 2019. The Company is also obligated under a lease agreement for office space and training space in Southlake, Texas. This lease expires in March 2026. Future minimum lease payments under this operating lease follows:

2020	\$	80,439
2021		82,449
2022		84,511
2023		86,609
2024		88,780
Thereafter		<u>113,882</u>
	\$	<u>536,670</u>

Total rent expense for the years ended December 31, 2019 and 2018 was \$127,276 and \$48,558, respectively.

7. Revenue and Cost Recognition

Franchise Fees

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property, and all other services the Company provides under the franchise agreement (FA). These rights and services are highly interrelated, not distinct within the contract, and therefore accounted for under ASU 2014-09 as a single performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each FA. Under ASU 2014-09, initial and renewal franchise fees, as well as transfer fees, are deferred and recognized as revenue on a straight-line basis over the term of the respective FA. The Company's FAs consist of an obligation to grant the franchisee the right to open a salon. When the franchisee signs an FA, these rights are generally for three years and are amortized to revenue accordingly. When the salon is opened, the remaining FA balance is recognized over the term of the FA, generally 10 years. The Company requires the entire FA fee to be paid upon execution of the agreement and it is non-refundable. Commissions related to the sale of the FAs are also deferred. This expense is then recognized on a straight-line basis over the term of the FA. ASU 2014-09 has been applied to all FAs and related commissions existing at January 1, 2019. Before the adoption of ASU 2014-09, revenues from the sale of franchise rights were recognized to the extent of the commission costs incurred to market and obtain the FA when the franchise rights were sold by a third party. The difference between the initial gross franchise fee and the commission paid was deferred until all material services and conditions under the terms of the FA were performed or offered to be performed. When franchise rights were sold by Company personnel, a portion of the franchise fee equal to the estimated cost of providing all material services and conditions required under the terms of the FA was deferred until the services and conditions were performed or offered to be performed. The remainder of the franchise fee was recorded as revenue upon sale. Deferred revenue represented payments received for franchise fees where all material services and conditions under the agreement had not been performed.

THE LASH LOUNGE FRANCHISE, LLC

Notes to the Financial Statements Years Ended December 31, 2019 and 2018

7. Revenue and Cost Recognition (continued)

Royalty Fees

Royalties, including franchisee contributions to the NAF, are calculated as a percentage of club membership and training fees. Under the terms of the FA, advertising contributions paid by franchisees must be spent on advertising, marketing and related activities. The franchise royalties, as well as NAF contributions, represent sales-based royalties that are related entirely to the performance obligation under the franchise agreement and are recognized as franchise sales occur.

Below is a breakdown of when revenue from contracts with customers is recognized:

Revenue earned over time	\$ 2,687,399
Revenue earned at a point in time	<u>1,777,189</u>
	<u>\$ 4,464,588</u>

Contract assets consist of deferred expense resulting from commission amounts incurred when the franchise rights are sold by a third party. The Company classifies these contract assets as deferred commission expense in the balance sheets. The following table reflects the change in contract assets from the date of adoption (January 1, 2019) through December 31, 2019:

Balance at January 1, 2019	\$ 7,978,034
Commissions paid in 2019	325,750
Expense recognized during 2019	<u>(2,580,166)</u>
Balance at December 31, 2019	<u>\$ 5,723,618</u>

The following table illustrates estimated expenses expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2019.

2020	\$ 1,962,790
2021	942,314
2022	578,806
2023	381,617
2024	368,127
Thereafter	<u>1,489,964</u>
	<u>\$ 5,723,618</u>

Contract liabilities consist of deferred revenue resulting from initial and renewal franchise fees paid by franchisees, as well as transfer fees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement. The Company classifies these contract liabilities as deferred franchise revenue in the balance sheets. The following table reflects the change in contract liabilities from the date of adoption (January 1, 2019) through December 31, 2019:

Balance at January 1, 2019	\$ 8,858,550
Franchises sold in 2019, net of buy-backs of \$151,500	190,500
Revenue recognized during 2019	<u>(2,687,399)</u>
Balance at December 31, 2019	<u>\$ 6,361,651</u>

THE LASH LOUNGE FRANCHISE, LLC

Notes to the Financial Statements Years Ended December 31, 2019 and 2018

7. Revenue and Cost Recognition (continued)

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2019.

2020	\$ 2,147,156
2021	1,058,827
2022	656,607
2023	432,990
2024	418,040
Thereafter	<u>1,648,031</u>
	<u>\$ 6,361,651</u>

8. Reclassification

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation.

9. Subsequent Events

The Company has evaluated subsequent events through April 17, 2020, the date the financial statements were available to be issued.

The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. In accordance with guidance from various governmental entities, and to help mitigate the spread of COVID-19, all franchisee salons were temporarily closed in March 2020. The Company has assisted franchisees in the closing process to help them preserve cash and prepare to re-open when allowed using a grand opening marketing plan. The Company continues to monitor developments, including government requirements and recommendations to evaluate possible extensions to all or part of the salon closures; however, the Company does anticipate that over 95% of locations will re-open when permitted.

The Company has also taken several steps to strengthen its financial position and balance sheet, preserve cash and maintain financial liquidity and flexibility, including reviewing operating expenses, evaluating purchases and submitting an application for a Payroll Protection Program loan offered by the Small Business Administration as permitted by the Coronavirus Aid, Relief and Economic Security (CARES) Act. Management believes these actions will enable the Company to provide strong support to the franchisees when they are able to re-open.

As the COVID-19 pandemic is complex and rapidly evolving, the Company's plans as described above may change. At this point, management cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the business, results of operations, financial position and cash flows.

GUARANTEE OF PERFORMANCE

For value received, The Lash Lounge Franchise, LLC, a Texas limited liability company (the “Guarantor”), located at 550 Reserve Street, Suite 380, Southlake, Texas 76092, absolutely and unconditionally guarantees to assume the duties and obligations of The Lash Franchise Holdings, LLC, a Delaware limited liability company (the “Franchisor”), located at 550 Reserve Street, Suite 380, Southlake, Texas 76092, under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of the Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Ann Arbor, Michigan on March 18, 2022.

GUARANTOR:

The Lash Lounge Franchise, LLC
A Texas limited liability company

By:



Meg Roberts
Chief Executive Officer and President

EXHIBIT G
LIST OF CURRENT AND FORMER FRANCHISEES

**LIST OF CURRENT FRANCHISEES
As of December 31, 2021**

Franchisees with Outlets Open

Anjanette Spencer*	4800 Whitesburg Dr. Ste. 40	Huntsville	AL	35802	(256) 684-2283
Andres Manon*	5204 W. Village Pkwy.	Rogers	AR	72758	(479) 445-2802
Savannah Orr*	6791 W Happy Valley Rd.	Peoria	AZ	85383	(602) 359-1641
Pamela Percy*	15147 N. Scottsdale Rd. Ste. 120	Scottsdale	AZ	85254	(602) 549-7523
Mohamed Ahmed*	2852 Ygnacio Valley Rd	Walnut Creek	CA	94598	(510) 557-0849
Scott Barsarian*	70 El Camino	Fresno	CA	93720	(559) 906-9203
Scott Barsarian*	8961 N. Cedar Ave. Ste. 101	Fresno	CA	93720	(559) 906-9203
Mary Brueheim	180 Alamo Plaza Ste. D	Alamo	CA	94507	(925) 890-4314
Holly Cunningham	3425 Murphy Canyon Rd.	San Diego	CA	92123	(619) 651-5207
Christopher Johnson	5108 Broadway Ste. K-103	Oakland	CA	94611	(510) 693-9807
Wendy Leung*	28251 Crown Valley Pkwy, Ste F	Laguna Niguel	CA	92677	(949) 939-0396
Wendy Leung*	2376 N. Tustin St.	Orange	CA	92865	(949) 939-0396
Anita Mathew	1730-C Avenida de Los Arboles	Thousand Oaks	CA	91362	(818) 312-6221
Kristen Mcneill	1590-B Rosecrans Avenue	Manhattan Beach	CA	90266	(323) 513-5935
Mark Price*	4805 East 2nd St.	Long Beach	CA	90803	(562) 552-5212
Santosh Sabnis*	2540 Tuscany St.	Corona	CA	92881	(949) 228-6721
Mahaneeya Sarathi*	731 Pleasant Grove Blvd. Ste. 170	Roseville	CA	95678	(916) 837-8290
Mahaneeya Sarathi*	405 K St. Ste. 265	Sacramento	CA	95814	(916) 837-8290
Baylor Triplett*	3550 Rosecrans St D	San Diego	CA	92110	(858) 740-7727
Baylor Triplett*	282 N. El Camino Real Ste. A	Encinitas	CA	92024	(858) 740-7727
Kalisa Buell*	9090 Sky Ridge Ave Suite 100	Lone Tree	CO	80124	(720) 933-4652
Kevin Horn*	10431 Town Center Dr	Westminster	CO	80021	(303) 641-5506
Kevin Horn*	2424 Arapahoe Ave. Unit 290	Boulder	CO	80302	(303) 641-5506
Mark Dungey	101 Marketside Ave., Ste 403	Ponte Vedra	FL	32081	(904) 403-9896
Reena Patel*	141 South New York Ave Ste. 113	Winter Park	FL	32789	(407) 421-2052
Reena Patel*	229 Wheelhouse Ln	Lake Mary	FL	32746	(407) 421-2052
Reena Patel*	5022 Dr. Phillips Blvd.	Orlando	FL	32819	(407) 421-2052
Richelly Perez*	9517 South Dixie Highway	Pinecrest	FL	33156	(787) 380-0036
Aparna Reddy*	11966-B Pines Blvd.	Pembroke Pines	FL	33026	(954) 280-5274
Laurensia Spurgin	2270 Town Center Ave., Ste 101	Viera	FL	32940	(719) 371-5369
Julie Cartee*	1815 E. Victory Dr. Ste. 103	Savannah	GA	31404	(912) 656-7562
MJ Harmon*	3005 Old Alabama Rd Suite 70	Alpharetta	GA	30022	(770) 402-6173
Catherine G. Snyder*	4600 Roswell Road, Suite E140	Sandy Springs	GA	30342	(404) 823-3902
Michael Jania*	126 W. Chicago Ave. Ste. 2	Chicago	IL	60654	(312) 952-2150
Latash Luzum*	3690 Green Mount Crossing Drive	Shiloh	IL	62269	(618) 448-5274
Imran Lodhi	8395 E. 116th St. Ste. 153	Fishers	IN	46038	(317) 363-7589
Mark Nance	726 Adams Street, Suite 120	Carmel	IN	46032	(317) 753-1607
Chris Uhlig*	6435 W. 135th Street	Overland Park	KS	66223	(913) 669-7768
Chris Uhlig*	4155 Somerset Dr	Prairie Village	KS	66208	(913) 634-2450
Jen Kalmey*	3934 Chenoweth Square	Louisville	KY	40207	(513) 368-4799
Jeremie Ertle*	421 N. Carrollton Ave.	New Orleans	LA	70119	(504) 710-6469
Jim Blatt*	365 Revolution Dr.	Somerville	MA	02145	(339) 235-6971

Lisa Callahan	193 Boston Turnpike, Suite 6110	Shrewsbury	MA	01545	(954) 673-0702
Andrew Craze*	120-128 Medway Rd., Unit 2	Milford	MA	01757	(508) 282-9224
Kathleen Isabelle	1250 S. Washington St.	North Attleboro	MA	02760	(401) 636-1795
John Babcock*	1182 Walton Blvd	Rochester Hills	MI	48307	(614) 519-7563
John Babcock*	6911 Orchard Lake Rd.	West Bloomfield	MI	48322	(614) 519-7563
Kati Prater	856 N. Old Woodward	Birmingham	MI	48009	(720) 418-9640
Gregory LaCombe*	1728 A Clarkson Rd.	Chesterfield	MO	63017	(314) 267-5802
Yvonne Chmielowiec*	7107 Waverly Walk Ave, Ste A-4	Charlotte	NC	28277	(704) 953-7275
Yvonne Chmielowiec*	4625 Piedmont Row Dr. Ste. 135A	Charlotte	NC	28210	(704) 953-7275
Gregory Pittenger*	4233 Corners Pkwy. Ste. 220	Raleigh	NC	27617	(919) 492-7088
Gregory Pittenger*	2603 Glenwood Ave. Ste. 161	Raleigh	NC	27608	(919) 492-7088
Roc Azzarello*	349 Lake Avenue	Metuchen	NJ	08840	(609) 903-1877
Inderjit Chhatwal*	423 Springfield Ave.	Summit	NJ	07901	(917) 647-5257
Inderjit Chhatwal*	1130 Town Center Way	Livingston	NJ	07039	(917) 647-5257
Brian Mclaughlin*	3535 US Highway 1	Princeton	NJ	08540	(917) 579-4560
Naresh Nookala*	601 Texas Rd. Ste. S2	Old Bridge	NJ	08857	(732) 801-9078
Naresh Nookala*	105 Broad St.	Red Bank	NJ	07701	(732) 801-9078
James Rappolt*	538 Shoppes Blvd.	North Brunswick	NJ	08902	(732) 543-6126
James Rappolt*	100 Reaville Ave.	Flemington	NJ	08822	(732) 543-6126
James Rappolt*	336 Chimney Rock Rd	Bound Brook	NJ	08805	(732) 543-6126
Brooke Baldwin*	5901 Wyoming Blvd. NE	Albuquerque	NM	87109	(505) 379-9741
Mallika Golz*	7385 South Rainbow Blvd.	Las Vegas	NV	89139	(702) 281-5645
Elizabeth Mancuso	13915 S. Virginia St. Unit 108	Reno	NV	89511	(570) 575-6494
Jaime Waggoner*	2280 Paseo Verde Pkwy.	Henderson	NV	89052	(702) 305-1370
Andrei Kisselev*	35 Hamilton Street	Dobbs Ferry	NY	10522	(914) 602-8155
Stephen Pearson*	2359 Central Park Ave	Yonkers	NY	10710	(914) 384-1230
Dennis Baughman*	19920 Detroit Rd.	Rocky River	OH	44116	(440) 554-5779
Daryl Halvacs*	2021 Polaris Parkway	Columbus	OH	43065	(614) 512-9574
Joel Pietrantozzi*	252 Crocker Park Blvd.	Westlake	OH	44145	(216) 577-6267
Andres Manon*	8205 E. Regal Ct.	Tulsa	OK	74133	(479) 445-2802
Kim Fjeldsted*	2260 NE Allie Ave	Hillsboro	OR	97124	(503) 819-2176
Cathy Maloney*	4888 NW Bethany Blvd. Ste. K-4	Portland	OR	97229	(503) 830-5828
Sandro Pitari*	365 Second Street	Lake Oswego	OR	97034	(727) 421-7672
Sandro Pitari*	617 NW 23rd Ave.	Portland	OR	97210	(727) 421-7672
Sandro Pitari*	12930 SE 162nd Avenue	Happy Valley	OR	97086	(727) 421-7672
John Babcock*	990 Dekalb Pike	Blue Bell	PA	19422	(614) 519-7563
John Babcock*	909 E. Willow Grove Ave	Wyndmoor	PA	19038	(614) 519-7563
Nick Florentino*	2802 S Eagle Road	Newtown	PA	18940	(484) 431-1461
Paul Jeffers*	82 E. Lancaster Ave. Store C-3A	Paoli	PA	19301	(610) 489-8155
Paul Jeffers*	222 East Main St.	Collegeville	PA	19426	(610) 202-7403
Matt Kurowski	5510 Carlisle Pike	Mechanicsburg	PA	17050	(443) 322-6696
Marcus Stevens	100 Evergreen Dr. Ste. 113	Glen Mills	PA	19342	(302) 562-7415
Curt Lindenberger*	1000 Chapel View Boulevard	Cranston	RI	02920	(508) 380-4414
Julie Aram	4117 Hilsboro Pike, Suite 102	Nashville	TE	37215	(615) 513-5554
Dallas Embry	681 S. White Station Road	Memphis	TE	38119	(601) 433-9249
Sarah Otero*	3046 Columbia Avenue	Franklin	TE	37064	(312) 560-6089
Erin Bender	4801 W. Park Blvd., Suite 421	Plano	TX	75093	(214) 725-2953

Noelle Boyle*	3300 Bee Cave Rd., #630	Austin	TX	78746	(512) 694-3265
Noelle Boyle*	1911 Aldrich Street, Suite 140	Austin	TX	78723	(514) 694-3265
Noelle Boyle*	1335 E Whitestone Blvd.	Cedar Park	TX	78613	(512) 694-3265
Carla Bravo*	750 Richland Blvd.	Prosper	TX	75078	(214) 960-9292
Natesh Chandrashekar*	10300 Louetta	Houston	TX	77070	(832) 421-6696
Avery Cowan*	1411 Keller Parkway	Keller	TX	76248	(817) 657-4191
Paul Fletcher*	930 Watters Creek Blvd	Allen	TX	75013	(214) 549-9885
Paul Fletcher*	6465 E. Mockingbird Lane #372	Dallas	TX	75214	(214) 549-9885
Mary Gibler*	3004 Yale Street	Houston	TX	77018	(281) 961-5405
Mary Gibler*	4015 Washington Ave	Houston	TX	77007	(281) 961-5405
Yvonne Hemphill	5801 Long Prairie Road, Ste 830	Flower Mound	TX	75028	(682) 888-8038
Jason Landry*	120 S. Denton Tap Road, Suite 450	Coppell	TX	75019	(817) 706-3625
Cynthia Mackinnon*	4580 Kingwood Drive	Kingwood	TX	77345	(281) 658-1670
Michael Silas*	5355 Dallas Parkway, Ste 635	Frisco	TX	75034	(214) 215-8838
Amanda Vu*	12525 Memorial Dr.	Houston	TX	77024	(817) 247-7533
Danee Waddill*	17619 LaCantera Pkwy, Ste 211	San Antonio	TX	78257	(210) 846-4100
Danee Waddill*	20811 US Hwy 281 Suite#406	San Antonio	TX	78258	(210) 846-4100
Carla Morelli	9294 South Village Shop Drive	Sandy	UT	84094	(801) 916-2539
Richard Eastern*	7430 164th Ave. NE Ste. B135	Redmond	WA	98052	(206) 612-5541
Richard Eastern*	240 Bellevue Way NE	Bellevue	WA	98004	(206) 612-5441

*These franchisees are also multi-unit developers.

Franchisees with Franchise Agreements Signed but Outlet Not Opened

* These franchisees are also multi-unit developers.

Owner	Street Address	City	ST	Zip	Phone
Linda Fraser*	3832 N. 35th St.	Phoenix	Arizona	85018	(602) 733-9219
Mohamed Ahmed*	2043 East Rd. #309	Concord	California	94520	(510) 557-0849
Roderick Henley*	PO Box 452496	Los Angeles	California	90045	(715) 815-1419
Melissa Jimenez*	1301 Crofton Court	Healdsburg	California	95448	(707) 695-9253
Kian Lim*	3051 Alpine Court	Freemont	California	94555	(510) 240-0329
Tina Patel	2711 N. Sepulveda Blvd, Ste 326	Manhattan Beach	California	90266	(310) 740-0008
Corinne Tran*	516 Villa Centre Way	San Jose	California	95128	(408) 610-0643
Kalisa Buell*	18149 E. Ida Drive	Centennial	Colorado	80115	(720) 933-4652
Jesse Peoples	520 Ava Way NE	Washington	DC	20017	(202) 210-4219
Robert 'Mike' Board*	18936 Crooked Lane	Lutz	Florida	33548	(813) 787-9994
Falguni Joshi	28945 Revaro Lane	Wesley Chapel	Florida	33543	(972) 439-2542
Brook Kwak	6235 Cypress Chase Drive	Windemere	Florida	34786	(407) 454-1522
Richelly Perez*	1000 Brickell Plaza, Unit 3502	Miami	Florida	33131	(787) 380-0036
Michael Pothetos*	9200 Cattail Run	Parkland	Florida	33076	(954) 675-1913
Cassandra Wheatley*	235 Britten Pass	Alpharetta	Georgia	30009	(281) 253-7432
Brian Bandarra*	253 E. Arboretum Cir.	Wheaton	Illinois	60189	(630) 926-2862
Michael Jania	1769 Winnetka Ave.	Northfield	Illinois	60093	(630) 881-8721
Sarah Ruhl*	1910 W. Sunnyside Ave., Apt. 1E	Chicago	Illinois	60640	(312) 560-6089
Jay Dieckmann*	108 N Barker Court	Valparaiso	Indiana	46385	(812) 521-2042
Jim Blatt*	770 Boylston Street, Apt 7i	Boston	Massachusetts	02199	(339) 235-6971
Jess Bailie*	4870 Kings Row	Shelby Township	Michigan	48316	(586) 489-8597

Leonel Sanchez*	9146 West Tuscola Rd.	Frankenmuth	Michigan	48734	(989) 274-9401
Ken Massey*	174 Liberty Corner	Far Hills	New Jersey	07931	(908) 300-0527
Sue Mazursky*	16 Clydesdale Rd.	Scotch Plains	New Jersey	07076	(917) 968-1249
Sam Nasab*	76 2nd Street	Elmwood Park	New Jersey	07407	(201) 693-7722
Brian McCleave*	1827 Darmoor lane	Delaware	Ohio	43015	(614) 270-0107
Navroz Ali*	4403 Rolling Field Lane	Sugar Land	Texas	77479	(832) 212-6634
Thomas Coulter*	29502 Jarvis Bay Pass	Kay	Texas	77494	(713) 829-1868
Jada Henderson	112 McKinley Dr.	Burleson	Texas	76123	(817) 448-4808
Stephanie Summers*	4326 Glenwick Lane	Dallas	Texas	75205	(214) 228-6510
Robert 'Kyle' Wendel*	6902 Comanche Bend	Montgomery	Texas	77316	(281) 627-9877

* These franchisees are also multi-unit developers.

LIST OF FORMER FRANCHISEES
As of December 31, 2021

The following are franchisees who have been terminated, canceled, not renewed, or have otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the date of issuance of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Owner	Street Address	City	ST	Zip	Mobile
Robin Kirksey	806 Glider Ave.	Los Angeles	CA	90045	(310) 597-5889
Christopher Lund	1638 Abilene Circle	Rocklin	CA	95765	(916) 297-2431
Parinda Mekara	928 Wright Ave.	Mountain View	CA	94043	(650) 387-8396
Veronica Pelayo	7471 S. Clinton St.	Englewood	CO	80112	(818) 419-1353
Stephanie Zeiler	2056 N. Riverboard Rd.	Milwaukee	WI	53212	(202) 262-6063

*These franchisees never opened.

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

EXHIBIT H
**LIST OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS**

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	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	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington St., Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Department of Attorney General Consumer Protection Division Franchising Unit 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 373-1837
MINNESOTA	Minnesota Department of Commerce 85 Seventh Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21 st Fl New York, New York 10005 (212) 416-8222
NORTH DAKOTA	North Dakota Securities Department 600 East Blvd. Avenue State Capitol, Fifth Floor Dept. 414 Bismarck, North Dakota 5805 (701) 328-4712

STATE	STATE ADMINISTRATOR
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920 (401) 462-9585
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid, 2 nd Floor Pierre SD 57501 (605) 773-3563
TEXAS	Statutory Document Section Secretary of State P.O. Box 12887 Austin, Texas 78711
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, Virginia 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 (360) 902-8760
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4 th Floor Madison, Wisconsin 53703 (608) 266-3364

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

STATE	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California90013
ILLINOIS	Illinois Attorney General 500 South Second Street Springfield, Illinois62706
INDIANA	Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204
MICHIGAN	Michigan Department of Labor & Economic Growth Commercial Services & Corporations Bureau 611 West Ottawa Street Lansing, Michigan48909
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD21202-2020 (410) 576-6360
MINNESOTA	Minnesota Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, Minnesota55101 (651) 539-1600
NEW YORK	Secretary of State of the State of New York One Commerce Plaza 99 Washington Avenue Albany, New York11231
RHODE ISLAND	Director of Business Regulation Division of Banking and Securities 233 Richmond Street, Suite 232 Providence, RI02903-4232 (401) 222-3048
TEXAS	Anna Phillips 7300 Vanguard Court Colleyville, Texas 76034
VIRGINIA	Clerk, State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 1 st Floor Richmond, Virginia23219

STATE	AGENT FOR SERVICE OF PROCESS
WASHINGTON	Director, Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507
WISCONSIN	Wisconsin Commissioner of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703

EXHIBIT I

STATE EFFECTIVE DATES

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J
RECEIPTS

Receipt

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 The Lash Franchise Holdings, 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, or sooner if required by applicable state law.

Applicable state laws in (a) Michigan requires us to provide you the disclosure document at least 10 business 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 and (b) New York and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business 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.

If The Lash Franchise Holdings, 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 (as listed in Exhibit H to this disclosure document). The Lash Franchise Holdings, LLC authorizes the respective state agencies identified on Exhibit H to receive service of process for it in the particular state.

The franchisor is The Lash Franchise Holdings, LLC, 4370 Varsity Dr. Suite G, Ann Arbor, MI 48108. Its telephone number is 817-442-LASH (5274)

Issuance Date: March 18, 2022

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
Anna Phillips	550 Reserve St. Suite 380, Southlake, TX, 76092	817-442-5274
Meg Roberts	106 E. Liberty Rd., Ste 310, Ann Arbor, MI 48104	734-430-0236
Julia Berman	106 E. Liberty Rd., Ste 310, Ann Arbor, MI 48104	734-604-4769
Christina Chambers	3636 Julie Ct, Wheatfield, NY 14120	770-310-1783

I received a Disclosure Document with an issuance date of March 18, 2022. State registration effective dates are listed on the State Registrations page contained in the Disclosure Document. The Disclosure Document included the following Exhibits:

- Exhibit A – State Specific Appendix
- Exhibit B – Franchise Agreement and all Attachments
- Exhibit C – Development Agreement
- Exhibit D – General Release (Sample Form Only)
- Exhibit E – Table of Contents of Confidential Operations Manual
- Exhibit F – Financial Statements
- Exhibit G – List of Current and Former Franchisees
- Exhibit H – List of State Administrators and Agents for Service of Process
- Exhibit I – State Effective Dates
- Exhibit J – Receipts

Dated: _____

Dated: _____

Printed Name

Printed name

Signed, individually and as an officer of
_____(a Corporation)
_____(a Partnership)
_____(a Limited Liability Company)

Signed, individually and as an officer of
_____(a Corporation)
_____(a Partnership)
_____(a Limited Liability Company)

[KEEP THIS PAGE FOR YOUR RECORDS]

Receipt

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- Exhibit H – List of State Administrators and Agents for Service of Process
- Exhibit I – State Effective Dates
- Exhibit J – Receipts

Dated: _____

Dated: _____

Printed Name _____

Printed name _____

Signed individually and as an officer of
_____(a Corporation)
_____(a Partnership)
_____(a Limited Liability Company)

Signed, individually and as an officer of
_____(a Corporation)
_____(a Partnership)
_____(a Limited Liability Company)

[Please return this completed form to The Lash Franchise Holdings, LLC by Fax: (734) 808-0066, E-mail: franchise@thelashlounge.com; or Regular Mail: 4370 Varsity Dr. Suite G, Ann Arbor, MI 48108.]