FRANCHISE DISCLOSURE DOCUMENT

BCC FRANCHISING, LLC
A Delaware Limited Liability Company
~~Terminal Tower 50 Public Square, 29th Floor~~
~~Cleveland, OH 44113~~
550 Reserve Street, Suite 380
Southlake, TX 76092
(503) 548-4990
www.bishops.co

We offer qualified individuals and entities a franchise for the right to independently own and operate a distinctive retail hair care outlet that operates under the BISHOPS mark and features haircutting, coloring and barbering services provided to clients by a staff of trained, licensed professionals (each, a "Store"). We also offer a multiple purchase addendum under which qualified individuals and entities may operate multiple BISHOPS franchises within a specific territory.

The total investment necessary to begin operation of a franchised Store ranges from $278,500 to $489,000. This includes $39,500 that must be paid to us or our affiliates. ~~For franchises purchased with~~The total investment necessary to begin operation under the multiple purchase addendum~~, multiply the estimated initial investment range times the number of franchises purchased.~~ is $314,000 to $548,500. This includes $~~24~~75,000 to $~~35,500 for each additional franchise~~99,000 that must be paid to us or our affiliate~~ for each additional franchise purchased~~. You must develop at least two and no more than three units under the multiple purchase addendum.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact us at ~~Terminal Tower 50 Public Square, 29th Floor, Cleveland, OH 44113~~550 Reserve Street, Suite 380, Southlake, Texas 76092 or (503) 548-4990.

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

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

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

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Issue Date: April 18, 2024, as amended November 4, 2024

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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 E.
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 C 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 Bishops business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Bishops franchisee?	Item 20 or Exhibit E 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.

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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 A.

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.

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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 us by mediation, arbitration or litigation in Ohio. Out of state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may cost you more to mediate, arbitrate or litigate in Ohio than in your home state.

2. **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.

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

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.

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Exhibits:

A. List of State Franchise Administrators/Agents for Service of Process
B. Franchise Agreement (and Exhibits, including the Multiple Purchase Addendum)
C. Financial Statements
D. Multi-State Addendum
E. List of Franchisees and Franchisees That Left Our System
F. Operations Manual Table of Contents
G. Sample Termination and Release Agreement
H. Confirmation of Additional Terms and Representations Addendum
I. Receipts

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

To simplify the language of this Disclosure Document, the Franchisor is referred to in this Disclosure Document as "we," "us" or "our." We refer to the person interested in buying the franchise as "franchisee," "you" or "your." If you are a corporation, partnership, limited liability company or other entity, the terms "franchisee," "you" and "your" also refer to your owners.

The Franchisor

We were organized under the laws of Delaware as a limited liability company on March 3, 2022, under the name BCC Franchising, LLC. Our principal business address is ~~Terminal Tower 50 Public Square, 29th Floor, Cleveland, OH 44113~~550 Reserve Street, Suite 380, Southlake, Texas 76092, and our telephone number is (503) 548-4990. We only do business under our corporate name and our proprietary marks, including the mark BISHOPS.

We grant franchises for the right to independently own and operate Franchised Businesses (Stores) that are distinctive retail hair care outlets that feature haircutting, coloring and barbering services provided to clients by a staff of trained and independently-licensed professionals. These Franchised Businesses operate under the mark BISHOPS and any other proprietary marks we designate in the future (the "Proprietary Marks"), and also operate utilizing our proprietary business system described more fully below.

We first began offering franchises for the right to operate a Franchised Business in May 2023. We do not conduct business or sell franchises in any other line of business and, except as provided in this Item, we are not otherwise engaged in any other business activity. We have never conducted a business of the type to be operated by the franchisee or any other line of business and have not offered franchises in any other line of business.

Our agents for service of process are listed in Exhibit A to this Disclosure Document.

Our Parent, Predecessors and Affiliates

Our predecessor is Bishops Franchising, LLC, an Oregon limited liability company formed on March 12, 2007, under the name BBS Holdings Group, LLC. Our predecessor changed its name to Bishops Franchising, LLC on July 22, 2008. Our predecessor's principal address is ~~2132 NE Alberta~~550 Reserve Street, ~~Portland, Oregon 97211~~Suite 380, Southlake, Texas 76092. Our predecessor owned and operated the Bishops® franchise system and offered Bishops® franchises from March 2007 to March 2022.

Our parent, BCC Services Intermediate Holding Company d/b/a Head to Toe Brands, is a Delaware corporation, and its principal business address is ~~Terminal Tower 50 Public Square, 29th Floor, Cleveland, Ohio 44113.~~550 Reserve Street, Suite 380, Southlake, Texas 76092. Our parent only does business under its corporate name. It does not offer franchises in any line of business and is not otherwise engaged in any other type of business activity.

Our parent's parent company is BCC Services Holding Company, a Delaware corporation, and its principal business address is ~~Terminal Tower 50 Public Square, 29th Floor, Cleveland, Ohio 44113.~~550 Reserve Street, Suite 380, Southlake, Texas 76092. Our parent only does business under its corporate name. It does not offer franchises in any line of business and is not otherwise engaged in any other type of business activity.

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BCC Services Holding Company is directly or indirectly controlled by Riverside Micro-Cap Fund VI, L.P. and Riverside Micro-Cap Fund VI-A, L.P. which are managed by The Riverside Company, a global private equity fund focused on investing in and acquiring growing businesses and it maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111.

We are affiliated with The Lash Franchise Holdings, LLC ("Lash") and its predecessor has offered franchises under the mark "Lash Lounge" since March 2010. Lash's principal business address is ~~4370 Varsity Drive~~550 Reserve Street, Suite ~~G, Ann Arbor, MI 48108~~380, Southlake, Texas 76092. A Lash Lounge franchise offers permanent and temporary eyelash and eyebrow extensions and other eye enhancing services. As of December 31, 2023, Lash had 127 Lash Lounge franchises in the United States.

We are also affiliated with Frenchies, LLC ("Frenchies"). Frenchies has offered franchises since April 2015 under the mark "Frenchies Modern Nail Care". Frenchies' principal business address is ~~2679 West Main, #363, Littleton, CO 80120.~~550 Reserve Street, Suite 380, Southlake, Texas 76092. A Frenchies Modern Nail Care franchise offers hand and foot care. As of December 31, 2023, Frenchies had 23 franchisees operating in the United States.

Through various private equity funds managed by The Riverside Company the following portfolio companies of The Riverside Company offer franchises in the United States:

Evive Brands

Executive Home Care Franchising, LLC ("Executive Care") has offered franchises under the mark "Executive Home Care" since June 2013. Executive Home Care's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Executive Home Care franchise offers in-home comprehensive care and medical services to home care clients, and supplemental healthcare staffing services to institutional clients. As of December 31, 2023, Executive Care had 21 franchises operating in the United States.

B & P Burke, LLC ("B&P") has offered franchises under the mark "Grasons" since May 2014. B&P's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A Grasons franchise offers estate sale and business liquidation services. As of December 31, 2023, B&P had 31 franchises operating in the United States.

ALL Franchising, LLC ("ALL") and its predecessors have offered franchises under the mark "Assisted Living Locators" since May 2006. ALL's principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Assisted Living Locators franchise assist seniors and their families in locating assisted living facilities, memory care communities, nursing homes, senior care homes and independent living senior communities. As of December 31, 2023, ALL had 134 franchises operating in the United States.

Brothers Parsons Franchising LLC ("Brothers") and its predecessor have offered franchises under the mark "The Brothers that just do Gutters" since July 2015. Brothers' principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 8525. A "The Brothers that just do Gutters" franchise provides gutter installation, maintenance, cleaning, repair, and related services and products. As of December 31, 2023, Brothers had 93 franchises operating in the United States.

Best Life Brands

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Blue Moon Franchise Systems, LLC ("Blue Moon") has offered franchises under the mark "Blue Moon Estate Sales" since August 2013. Blue Moon's principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Blue Moon franchise sells personal property as well as the provision of consignment sales for those who are downsizing, relocating, or are deceased. As of December 31, 2023, Blue Moon had 109 franchises in operation in the United States.

Boost Franchise Systems, LLC ("Boost") has offered franchises under the mark "Boost Home Healthcare: since July 2021. Boost's principal business address is 900 Wilshire Drive, Suite 102,Troy, MI 48084. A Boost franchise offers intermittent care ordered by a doctor and performed by a home health aide and other licensed healthcare providers to patients of all ages with acute and chronic long term complex health conditions within the patient's residence or within health care facilities. As of December 31, 2023, Boost had 6 franchises in operation in the United States.

ComForCare Franchise Systems, LLC ("ComForCare") and its predecessor has offered franchise under the mark "ComForCare Home Care" since April 2021. ComForCare's principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A ComForCare Home Healthcare franchise offers (i) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (ii) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (iii) private duty nursing services. As of December 31, 2023, ComForCare had 230 franchises operating in the United States.

CarePatrol Franchise Systems, LLC ("CarePatrol") and its predecessor has offered franchises under the "CarePatrol" mark since April 2009. CarePatrol's principal address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A CarePatrol franchise offers senior living placement, referral, and consulting services to families. As of December 31, 2023, CarePatrol had 172 Care Patrol franchises operating in the United States.

Next Day Access, LLC ("Next Day") has offered franchises under the "Next Day Access: mark since 2012. Next Day's principal business address is 3150 Stage Post Drive, Suite 101. Bartlett, TN 38133. A Next Day Access franchise offers ramps and other products and accessories that enhance the life of physically disabled or challenged persons. As of December 31, 2023, Next Day had 27 franchises operating in the United States.

Threshold Brands

PHP Franchise, LLC ("PHP") has offered plumbing service franchises under the mark "Plumbing Paramedics" and heating and air conditioning installation and service franchises operating under the mark "Heating + Air Paramedics" since November 2021. PHP's principal business address is 750 E. 150th Street. Noblesville, IN 46060. As of December 31, 2023, PHP had 5 Plumbing Paramedics and 5 Heating + Air Paramedics franchises operating in the United States.

Maid Pro Franchise, LLC ("MaidPro") has offered franchises under the "Maid Pro" mark since February 1997. MaidPro's principal business address is 77 North Washington Street, Boston, MA 02114. A Maid Pro franchise offers home cleaning services for residential and commercial customers. As of December 31, 2023, MaidPro had 238 franchises operating in the United States.

FlyFoe, LLC d/b/a Patio Patrol ("Patio Patrol") has offered franchises since February 2018. Patio Patrol's principal business address is 77 North Washington Street, Boston, MA 02114. A Patio Patrol franchise

offers residential and commercial mosquito, wasp, fly, tick control and other general pest control services. As of December 31, 2023, Patio Patrol had 7 franchises operating in the United States.

Men In Kilts US, LLC ("MIK") has offered franchises under the mark "Men in Kilts" since March 2019. MIK's principal place of business is 77 North Washington Street, Boston, MA 02114. A Men in Kilts franchise offers window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. As of December 31, 2023, MIK had 20 franchises operating in the United States.

Pestmaster Franchise Network, LLC ("Pestmaster") and its predecessor has offered franchises under the "Pestmaster" mark since June 2021. Pestmaster's principal business address is 9716 South Virginia Street, Suite E, Reno, NV 89511. A Pestmaster franchise offers structural and agricultural pest control and related services. As of December 31, 2023, Pestmaster had 52 franchises operating in the United States.

USA Insulation Franchise, LLC ("USA Insulation") has offered franchises under the "USA Insulation" mark since March 2006. USA Insulation's principal business address is 17700 Saint Clair Avenue, Cleveland, OH 44110. A USA insulation franchise offers residential insulation services. As of December 31, 2023, USA Insulation had 100 franchises operating in the United States.

Granite Garage Floors Franchising, LLC ("Granite") has offered franchises under the mark "Granite Garage Floors" since June 2013. Granite's principal business address is 110 Mansell Circle, Suite 375, Roswell, GA 30075, A Granite Garage Floors franchise sells and installs residential garage floor coating systems. As of December 31, 2023, Granite had 44 franchises operating in the United States.

Mold Medics Franchising LLC ("Mold Medics") has offered franchises under the "Mold Medics" mark since December 2020. Mold Medics' principal business address is 811 Washington Avenue, Carnegie, PA 15106. A Mold Medics franchise offers mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products. As of December 31, 2023, Mold Medics had 1 franchise operating in the United States.

Sir Grout Franchising, LLC ("Sir Grout") has offered franchises under the "Sir Grout" mark since August 2007. Sir Grout's principal business address is 77 North Washington Street, Boston, MA 02114. A Sir Grout franchise offers grout and tile cleaning, sealing, caulking and restoration services and other services. As of December 31, 2023, Sir Grout had 62 franchises operating in the United States.

Miracle Method LLC ("Miracle") and its predecessors have offered franchises under the "Miracle Method" mark since September 1996. Miracle's principal business address is 4310 Arrowswest Drive, Colorado Springs, CO 80907. A Miracle Method franchise offers refinishing and restoration of bathtubs, sinks, showers, tiles, countertops, and similar surfaces. As of December 31, 2023, Miracle Method had 194 franchises and 2 master franchises operating in the United States.

EverSmith Brands

U.S. Lawns, Inc. ("U.S Lawns") has offered franchises under the mark "U.S. Lawns" since August 1986. U.S. Lawns' principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A U.S. Lawn franchise offers outdoor commercial property and landscaping services. As of its last fiscal year, U.S. Lawns had 208 franchises operating in the United States.

milliCare Franchising, LLC ("milliCare") and its predecessors have offered franchises since January 2011. milliCare's principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A milliCare franchise offers cleaning and maintenance of floor coverings and interior finishes and related

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services under the mark "milliCare Floor & Textile Care." As of December 31, 2022, milliCare had 56 franchises operating in the United States.

Kitchen Guard Franchising, Inc. ("Kitchen Guard") has offered franchises s under the mark since August 2023. Kitchen Guard's principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A Kitchen Guard franchise offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services. As of December 31, 2023, there were no Kitchen Guard franchises operating in the United States.

Except as provided above in this Item, we do not have any affiliates that must be disclosed in this Disclosure Document.

The Franchised Business

Your Franchised Business (Store) will be authorized to provide haircutting, coloring and barbering services to customers at competitive pricing in a unique environment that blends creative design and music, cutting edge style. In operating your Franchised Business, you will be required to provide the foregoing services, along with any other services and products we authorize (collectively, the "Approved Products and Services"), with the highest level of customer service in a consistent, clean and friendly environment for your guests.

Your Franchised Business will be operated using our Proprietary Marks and in accordance with our proprietary operating system, which includes our valuable know how, information, trade secrets, methods, confidential operations manual (the "Operations Manual") and other proprietary manuals we may loan to you (collectively, the "Manuals"), standards and specifications, sales techniques, merchandising, marketing, advertising, inventory management systems, marketing and sales programs, fixture and furniture selection, staffing guidelines and other research and development connected with the establishment and operation of a Store (collectively, the "System"), which we may modify from time to time as we deem appropriate in our sole discretion.

Upon your request and your obtaining of the proper licensing, we may permit you to offer alcoholic beverages at your Franchised Business to your clientele. With that said, our standard franchise offering assumes that you will not be offering or selling alcohol from your Franchised Business. As such, please note that Item 7 of this Disclosure Document does not account for the costs you might incur in connection with acquiring and maintaining the appropriate license to offer and/or sell alcoholic beverages to any customers.

In order to own and operate a Franchised Business, you must enter into our current form of franchise agreement that is attached as Exhibit B to this Disclosure Document (the "Franchise Agreement"). If the franchisee is a business entity (for example, a corporation, partnership or limited liability company), then all of the individuals that have any type of ownership interest in the franchisee entity, as well as their spouses, must sign our form of personal guaranty (attached as an Exhibit to the Franchise Agreement) where each owner agrees to be personally bound by, and personally guarantee the entity's obligations under, all terms of the Franchise Agreement (the "Personal Guaranty"). If the franchisee is an individual, then the franchisee's spouse will be required to execute the Personal Guaranty unless the spouse also signs the Franchise Agreement directly.

We may also offer the right to open multiple Stores within a specified territory. There is no minimum or maximum number of units to be developed. However, if you desire to open multiple Stores, you must show the financial and management capability to build out, open, and operate the number of Stores desired and

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the desired territory must be legally and contractually available in accordance with federal and state law and with our contractual commitments with other Bishops™ franchises, and in compliance with our franchise placement, market, development, and demographic criteria, standards and guidelines. You must sign our standard franchise agreement for each franchise in your specified territory and a "Multiple Purchase Addendum". Upon establishing each outlet under the development schedule of the Multiple Purchase Addendum, you may be required to sign the then-current form of franchise agreement which may differ from the current franchise agreement included with this disclosure document. Under the Multiple Purchase Addendum, there is a reduced Initial Franchise Fee for each additional franchise, after your first, but the entire Initial Franchise Fee for each franchise must be paid together upon signing. You must also comply with a franchise development schedule outlined in the Multiple Purchase Addendum.

We are consistently seeking ways to evolve and improve.

Market and Competition

The market for hair care services is well-developed and competitive. You will compete with a range of hair care salons and barbershops. There are a number of local independent hair care salons and barbershops throughout the U.S. that may offer a similar range of products and services as your Franchised Business, as well as other franchise chains such as Rudy's, Floyd's, SuperCuts, Sport Clips and similar concepts.

Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

Industry-Specific Regulations

Each state requires that barbers or stylists providing haircuts, shaves, and related services have a current license valid in that state. Owners of barbershops are not typically required to be licensed unless they personally provide these services. With that said, you must investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating a BISHOPS franchise and you should consider both their effect and cost of compliance.

Also, depending on the laws and regulations of the state where your Store is located, you may have the ability to furnish complimentary alcoholic beverages to customers as they wait and/or as services are performed. However, offering alcoholic beverages at your Store is not required and is not part of our standard franchise offering. The laws and regulations governing the furnishing of alcoholic beverages to customers vary dramatically from area to area, as does the cost, procedures, and other requirements for obtaining necessary licensing. In addition, state Dram Shop laws give rise to potential liability for injuries that are directly or indirectly related to the furnishing and consumption of alcohol. You may not furnish (complimentary or for sale) food or beverages of any kind to your customers without our express prior written approval. If we do approve, you must, at your own cost and expense, investigate any attendant legal obligations and assume all obligations for full compliance with the same.

You must consult with your own attorney to ensure that the laws of the state where your Franchised Business is located permits you to provide the Approved Products and Services from your Store. It is your sole responsibility to investigate any regulations in your area, including those related to the establishment and operation of a BISHOPS Store generally.

Please be advised that you must investigate and comply with all of these applicable laws and regulations. You are responsible for complying with all applicable laws and regulations. We have not researched any of these laws to determine their applicability to your Franchised Business.

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ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer of our Parent: ~~-~~Meg Roberts

~~Ms.~~Meg Roberts has served as the Chief Executive Officer of our parent, Head to Toe Brands, since March 2024. Meg has served as president of our affiliate Lash, and its predecessor, since July 2018. ~~Previously, from September 2012 to August 2018, Meg served as President of Molly Maid, Inc. in Ann Arbor, Michigan.~~

Chief ~~Executive~~Operations Officer~~: Leigh Feldman~~ of our Parent: Kristin Kidd

~~Mr. Feldman~~Kristin Kidd has ~~been our Chief Executive Officer and Brand President in Portland, Oregon since April 2022. Mr. Feldman~~ served as the Chief ~~Marketing~~Operations Officer ~~for~~of our ~~predecessor Bishops Franchising, LLC~~parent, Head to Toe Brands, in ~~Portland, Oregon from February 2018 to March 2022. He~~Southlake, Texas since June 2024. Kristin served as Vice President~~/Group Account Director~~ of Operations for The Lash Loungs from December 2021 to June 2024. She serves as Director of Operations for ~~Rebel Industries in Portland, Oregon and Los Angeles, California~~The Lash Loungs from ~~May 2012 to March~~April 2018~~. He also~~ to December 2021.

Brand Leader: Allison Steimel

Allison Steimel has served as our Brand Leader since July 2024. Allison served as Senior Director of ~~Media/PR and Brand Partnerships~~Operations for ~~Moonshine, LLC in Portland, Oregon~~Cambridge Spa Group, directing Massage Envy and European Wax locations, in Austin, Texas from ~~January 2014~~June 2019 to ~~August 2018~~June 2024.

Vice President of ~~Operations: Jeff Stevens~~Development: Zach Munroe

~~Mr. Stevens has been our Senior Director of Operations in Charlotte, North Carolina since April 2022. From June 2021 to May 2022, he served as Franchise Business Coach for Burn Boot Camp in Cornelius, North Carolina. From November 2020 to April 2021, he served as Director of Marketing/Development for Treehouse World in West Chester, Pennsylvania. From September 2019 to March 2020, he served as Franchise Business Consultant for Aunt Anne's in Lancaster, Pennsylvania. From November 2015 to September 2019, he was self-employed as a Franchise Business Consultant in Pittsburgh, Pennsylvania.~~

Zach Munroe has served as the Vice-President of Development for our parent, Head to Toe Brands, in Southlake, Texas since June 2024. Zach served as Vice President of Growth for SVN International Corp in Boston, Massachusetts from October 2020 to June 2024. He served as Director of Franchise Development for Burn Boot Camp in Charlotte, North Carolina from January 2018 to July 2020.

Board Member: Aakeem Andrada

~~Mr.~~Aakeem Andrada has served as our Board Member, and that of our parent, since February 2024. Aakeem has also served as a board member of our affiliates Frenchies since November 2023 and Lash Lounge since March 2024. In addition, ~~Aakeemhas~~Aakeem has served as a board member of Performance Systems Integration, LLC in Portland, Oregon since July 2020. He has served as an Analyst, Associate, and Senior Associate at the Riverside Company in Santa Monica, California since June 2018.

Board Member: Tom Silk

~~Mr.~~Tom Silk has served as our Board Member, and that of our parent, since April 2023. Tom has served as a board member of our affiliates Franchisees since November 2023 and Lash Lounge since March 2024. In addition, Tom has served as Chairman for TES Solutions in Cleveland, Ohio since September 2022. Previously, Tom served as CEO for WorkStride in New York, New York from January 2013 to April 2022.

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ITEM 3
LITIGATION

No litigation must be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee (the "Initial Franchise Fee") of $39,500 for the right to operate the Franchised Business. If you desire to concurrently purchase more than one franchise, the Initial Franchise Fee is discounted as outlined in the following table:

# of Franchises	Initial Franchise Fee	Discount
1	$39,500	-
2	$75,000	$4,000
3	$99,000	$19,500

You must meet our criteria and qualify to purchase multiple franchises, including increased financial and business management criteria and qualifications, and you must concurrently purchase the multiple franchises together and pay the entire Initial Franchise Fee for all franchises up front.

We offer a $5,000 discount off the Initial Franchise Fee for the first franchise purchased by an honorably discharged veteran of the United States military. To be eligible to pay the reduced initial franchise fees for multiple franchises, you must pay to us the entire Initial Franchise Fee upfront for each franchise when you sign the relevant franchise agreements and Multiple Purchase Addendum.

If you are an existing salon owner and you convert an existing salon to a Bishops™ franchise, we will waive the entire Initial Franchise Fee and we reserve the right to grant to you up to $25,000 towards conversion buildout costs. To be eligible for this grant, you must meet our standards, specifications and qualification for new franchisees and you must already have an operational salon with a valid lease and hired employees. We issue the grant as a reimbursement for properly-documented conversion buildout costs after the salon is fully converted and ready to open and fully operate as a Bishops™ franchise location.

If you are an existing stylist or salon manager, we offer a discounted Initial Franchise Fee where the total fee is $10,000.

You are not eligible for the discounted or waived Initial Franchise Fee if you are introduced to us through a franchise broker, consultant, or other referral source to which we must pay a commission.

If you are an existing franchisee of ours, you must be fully compliant under all agreements with us and in good standing and you must qualify financially to open an additional franchised store. The Initial Franchise

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Fee is payable in a lump sum due upon the signing of the Franchise Agreement. This fee is deemed fully earned when paid and is non-refundable.

Except as described above, the Initial Franchise Fee is uniform for all franchisees.

ITEM 6
OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	An amount equal to the greater of: (1) $250 per week; or (2) the percentage of weekly Gross Sales identified below: 7% if Gross Sales are $0 - $9,500; 6.75% for $9,501-$11,775; 6.5% for $11,776 - $13,775; 6.25% for $13,776-$15,775; 6% for $15,776-$18,775; 5.75% for $18,776 and above	On Tuesday of each week based on the Gross Sales generated by the Franchised Business during the preceding Business Week (Monday through Sunday).	The Royalty Fee for each week is based on the percentage royalty fee amount multiplied by the entire amount of Gross Sales for that week. Your Royalty Fee will begin once your Franchised Business opens. The minimum Royalty Fee payment requirement is temporarily reduced to $100 per week for the first 6 months after opening. We may require you to pay your Royalty Fee and other reoccurring amounts via electronic funds transfer ("EFT"). You must timely upload your monthly profit & loss statement and other required information and reports to our required software or reporting mechanism. See Notes 1, 2 and 3, including definition for "Gross Sales".
Local Advertising Requirement	Currently, 1% of the Gross Sales of your Franchised Business (your "Local Advertising Requirement")	As incurred	All advertising materials must be approved by us prior to use/publication. We may require you to provide us with monthly reports detailing your local advertising expenditures. We reserve the right to increase your Local Advertising Requirement to 2% of your Gross Sales.
Creative/Brand Fund ("the "Fund")	Currently, 1% of the Gross Sales of your Franchised Business (your "Fund Contribution")	Same interval and manner as your weekly Royalty Fee.	We have established and currently maintain a Fund designed to promote/market/advertise our brand, Proprietary Marks and System. We reserve the right increase the Fund Contribution to an amount equal to 2% of Gross Sales. We may collect your Fund Contribution in the same manner as we collect your Royalty Fee. See Notes 1, 2 and 3.

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Name of Fee	Amount	Due Date	Remarks
Renewal Fee	$2,500	90 days prior to renewal.	There are other conditions that you must meet in order for us to approve your renewal request. We reserve the right to waive this fee if you are in good standing during the entire term of the Franchise Agreement and at the time of renewal.
Initial Training Fee (for additional or replacement attendees)	Currently, FREE while virtual training is provided. We reserve right to charge if done in person at amount not to exceed $2,500.	At time of training	We will provide our Initial Training Program for up to two (2) individuals tuition-free, but you will be required to pay our then-current replacement initial training fee for additional or replacement personnel that attend the Initial Training Program. You will be required to pay this training fee if we require any personnel to repeat the Initial Training Program and/or any replacement personnel are required to attend the Initial Training Program. You will also be responsible for all expenses incurred in attending the Initial Training Program, such as travel, lodging and salary for your employee.
Training or On-Site Assistance Fee	Currently, FREE while virtual training is provided. We reserve right to charge if done in person at amount not to exceed $500 per day plus any costs or expenses incurred.	At time of training	While most of our ongoing training and support is conducted remotely through telephone and digital means at no charge, we may require you and your Designated Manager (if any) to attend: (i) up to five (5) days of refresher/additional training in a given year ("Additional Training"); and (ii) up to five (5) days of remedial training that we have the right to require you to attend in complete if you are not operating your Shop in compliance with the Franchise Agreement or our Manuals ("Remedial Training"). We will not charge you our then-current training fee (the "Training Fee") in connection with any Additional Training that we require, but we reserve the right to charge our then-current training fee in connection with any (1) Additional Training that you request, or (2) Remedial Training. You will be responsible for all costs and expenses that you and your trainees incur in connection with attending any Additional Training or Remedial Training.

Name of Fee	Amount	Due Date	Remarks
			We may also charge you this Training Fee if we are required to provide on-site assistance at your Franchised Business at your request, in which case you will also be responsible for the costs and expenses we incur in connection with providing such on-site assistance. We will not charge you a Training Fee in connection with any day-to-day assistance we provide to you remotely via the telephone, e-mail, Skype or related channel or for any Additional Training that we require that you have not requested.
Transfer Fee	$7,500	Payable prior to obtaining our consent to your proposed transfer.	There are other conditions that you and the proposed transferee must meet in order for us to approve any proposed transfer/assignment.
Relocation Fee	$5,000	Before our approval of the relocation.	You may not relocate the Franchised Business to any location other than the Premises without our prior written consent for a location that meets our then-current site selection criteria for the premises of a Bishop's store and pay the Relocation Fee.
Technology Fee	Currently $125 per month	Monthly.	We collect a Technology Fee in connection with costs we incur in establishing and maintaining an intranet, extranet, online portal, website, online advertising tools, mobile application and/or any other technology for use in connection with the Franchised Business. The amount of the fee may depend on the services used and number of users.
POS System Support	Third party vendor then-current fee, which is currently between $200 and $300 per month	As invoiced.	You are required to pay a fee to a third-party vendor for system support related to the point-of-sale system you are required to use in connection with the operation of the Store. The amount of the fee depends on the services used and number of users.

Name of Fee	Amount	Due Date	Remarks
Remedial Training Fee	Currently, FREE while virtual training is provided. We reserve right to charge if done in person at amount not to exceed $500 per day for each trainer we provide (the "Additional Training Fee").	As incurred.	In addition to our then-current Remedial Training Fee, you must reimburse us for any expenses we incur in providing on-site or other special assistance to you or your personnel as a response to your request for additional training and/or any training we require you to attend in order to cure a default of the Franchise Agreement. This fee will not be charged in connection with: (i) minor, day-to-day assistance that we provide over the phone or via email, subject to our availability; (ii) any additional training that we require but you have not requested. Please see Item 11 of this Disclosure Document for additional information.
Audit Fees	Actual cost of Audit.	Upon billing after audit.	Payable if audit reveals that you have underreported the Gross Sales of your Franchised Business by 2% or more for any designated reporting period. See Note 4.
Collection Charges	Actual cost of collection. Will vary according to circumstance.	Upon demand.	You must pay all collection charges associated with our efforts in collecting any amounts owed to you or us under the Franchise Agreement.
Advertising Cooperative Fee	If collected, ~~no more than~~up to the then-current Local Advertising Requirement, which is currently 1% of Gross Sales	Upon Demand	Payable to us if we assign your Franchised Business to a Regional Advertising Cooperative. Any payment for a Regional Advertising Cooperative will be credited against your Local Advertising Requirement. If there is ~~an Affiliate-Owned~~any franchisor-owned or affiliate-owned Store in your Cooperative, then we and/or our Affiliate will be able to vote on all matters that you and the other Cooperative members have the right to vote on.
Fees on Default and Indemnity	Attorneys' fees, costs, interest, audit costs, default fees.	Upon demand.	Payable in addition to other payments to us.

Name of Fee	Amount	Due Date	Remarks
Costs and Attorneys' Fees	Actual costs. Will vary according to circumstance.	Upon demand.	You must reimburse us for our attorneys' fees and any court costs that we are forced to incur in connection with enforcing or protecting our rights under your Franchise Agreement.
Indemnification	Actual costs. Will vary according to circumstance.	Upon demand.	You must reimburse us for our attorneys' fees and other costs that we incur in connection with any third-party claims brought against us that arise out of, or are related to, the operation of your Franchised Business.
Insurance	Actual costs. Will vary according to circumstance.	Upon demand.	If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so. Otherwise, these payments are made directly to you third-party insurance provider.
Late Payment Interest	1.5% per month or highest commercial contract interest rate applicable laws permit	Upon demand.	Payable on all delinquent payments that are due to us for more than 30 days. See Note 5.
Late Reporting Fee	$10 per day	Upon demand.	We may charge this fee for each day the report is outstanding if you fail to submit any given report, financial or otherwise, to us as required by the Franchise Agreement.
Dishonored Check Charge	$50	Upon demand.	Payable if a check you provide to us is returned or dishonored by the bank, or if your EFT Account does not have sufficient funds to cover amounts you owe under the Franchise Agreement as they become due and owing to us.
Step-In Rights Management Fee	All expense, debts, and liabilities we incur during our operation of your Franchise, including our reasonable administrative, personnel, and travel costs.	As incurred	Payable only if we exercise our Step-In Rights to temporarily operate your Franchised Business in an effort to prevent interruption of the Franchised Business that would cause harm to your franchise or our franchise system and lessen their value (See Section 13(H) of the Franchise Agreement).
Conference Attendance Fee	Currently $500	As incurred.	We may schedule and hold an annual conference, as we deem advisable in our sole discretion, and require that you attend such conference. You will be responsible for the costs and expenses you incur in connection with any annual conference/convention (lodging, travel, meals, etc.), and we reserve the right to charge you our then-current attendance/registration fee.

Name of Fee	Amount	Due Date	Remarks
New Product or Supplier Testing	Currently, FREE. We reserve right to charge an evaluation fee for incurred costs up to $500.	As incurred	If you propose an alternate supplier or product/service that we have not already authorized for use in connection with your Franchised Business, you may be required to pay our then-current evaluation fee, which is currently $500, and/or reimburse us for the actual costs we incur in connection with evaluating your proposal. Please see Item 8 of this Disclosure Document for additional information.

Explanatory Notes

Generally. Except as otherwise stated in this Item, all fees listed in this Item 6 Chart are imposed by, and payable to, us and are uniformly imposed on all of the franchisees in our System. These fees are payable in U.S. dollars and are non-refundable unless otherwise stated in this Item.

1. **Royalty Fee and Other Fees.** Your Royalty Fee, as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Franchised Business (your "EFT Account"). You must provide us with the details of your EFT Account prior to opening and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as an Exhibit to our current form of Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account.

2. **Collection Interval.** We reserve the right to change the interval at which we collect your Royalty Fee, Fund Contribution and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, we may collect these recurring fees on a monthly rather than weekly basis. Regardless, you are required to provide us with a weekly Gross Sales report detailing your Gross Sales from the preceding Business Week, along with your calculated Royalty Fee, Fund Contribution (if appropriate) and other information that we reasonably require (the "Gross Sales Report") on Monday of each week. We may also require you to use a Computer System and/or related software that provide us with automatic access to such Gross Sales Reports.

3. **Definition of Gross Sales.** "Gross Sales" means the total revenue generated by your Franchised Business, including all revenue generated from the sale and provision of any and all gift cards and other Approved Products and Services at or through your Franchised Business and all proceeds from any business interruption insurance related to the non-operation of your Franchised Business, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. "Gross Sales" does not include (a) tips received by stylists and other practitioners at the Franchised Business, (b) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, or (c) the value of any allowance issued or granted to any client of the Franchised Business that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Services.

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4. **Right to Inspect/Audit.** We have the right to inspect your books and other financial information associated with your Franchised Business during the term of the Franchise Agreement. If we conduct an audit and it reveals that you have underreported your Gross Sales by two percent (2%) or more, than we may require you to (a) pay the costs we incur in connection with conducting the audit of your Franchised Business (including any fees paid to auditors and/or attorneys), and/or (b) provide us with annual audited financial statements regarding the operation of your Franchised Business.

5. **Interest on Late Payments.** Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full.

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ITEM 7
Estimated Initial Investment

TABLE 1: YOUR ESTIMATED INITIAL INVESTMENT (Single Unit)

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[1][2]	$39,500	$39,500	Lump sum	Upon execution of the Franchise Agreement	Us
Leasehold improvements[3] [4]	$100,000	$150,000	Per contract terms	During construction and at completion	General contractor, landlord, suppliers
Furniture, Fixtures, Equipment[5]	$40,000	$85,000	Per contract terms	Per contract terms	Approved suppliers
Inventory	$5,000	$15,000	Per vendor terms	Before opening	Designated vendor and/or approved suppliers
Artwork & Signs[6]	$7,000	$16,000	Per contract terms	Before opening	Approved sign manufacturer
Small equipment and supplies	$4,000	$7,500	Per contract terms	Before opening	Approved suppliers
Point of sale and network system[7]	$3,000	$6,000	Per contract terms	Before opening	Approved suppliers
Architectural and legal fees	$5,000	$10,000	Per contract	Per contract	Architects and attorneys
Security, utility deposits, three months' rent [8]	$10,000	$30,000	Lump sum	Per contract	Landlord and utility companies
Additional Funds – 8-12 Months [9]	$60,000	$120,000	As incurred	As incurred	Varies
Grand Opening [10]	$5,000	$10,000	Lump Sum	Within 12 Weeks of Opening the Store	Approved Supplier
Total[11]	**$278,500**	**$489,000**			

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TABLE 2: YOUR ESTIMATED INITIAL INVESTMENT (Multiple Purchase Addendum)

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
First franchise (See 'single unit' table above) (12)	$278,500	$489,000	Varies	Varies	Varies
Additional Initial Franchise Fees for 1-2 additional locations(12)	$35,500	$59,500	Lump sum	Upon execution of the Multiple Purchase Addendum	Us
Total(11)	**$314,000**	**$548,500**			

Explanatory Notes

1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

2. The amount shown for the Initial Franchise Fee is reduced to $10,000 if you are an existing stylist or salon manager. The entire Initial Franchise Fee is waived if you are an existing salon owner and you convert your existing salon to a Bishops™ franchise. All other amounts in the above chart represent estimates, based on our predecessor's and its franchisees' and affiliate's fifteen years of experience in opening BISHOPS Stores in various markets throughout the United States.

3. Stores are typically located in retail shopping centers or other high-traffic areas in trade areas that match the demographic profile of our customers and range in size from 800 to 1,500 square feet. Any location you lease will have to be built-out to our specifications. These costs vary significantly from locale to locale, and your initial cash outlay will depend on the condition of the premises site and whether you choose to purchase or lease the site for your Store and whether you choose to locate the Store in a strip shopping center or high traffic area. We anticipate that conversion locations will incur costs at the lower end of the estimated range of costs. Mall locations are typically more expensive to build-out than strip center locations, so leasehold improvement expenses in an enclosed mall location may be higher. Costs will likely be higher if your space does not have certain basic required elements and involves ceiling work.

4. This estimate does not include tenant improvement reimbursement from your landlord. We anticipate that you may be able to receive a tenant reimbursement of between $20,000 and $80,000 from your landlord. The reimbursement, if any, that you negotiate with your landlord maybe higher or lower. If you are an existing salon owner and you convert an existing salon to a Bishops™ franchise, we reserve the right to grant to you up to $25,000 towards conversion buildout costs. To be eligible for this grant, you must meet our standards, specifications and qualification for new franchisees and you must already have an operational salon with a valid lease and hired employees. We issue the grant as a reimbursement for properly-documented conversion buildout costs after the salon is fully converted and ready to open and fully operate as a Bishops™ franchise location.

5. The estimate for equipment includes amounts for Store décor, including promotional materials, you must also buy from us or an approved vendor prior to Store opening and laptop computer.

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We anticipate that conversion locations will incur costs at the lower end of the estimated range of costs.

6. Municipal code and lease restrictions on signage may increase the cost of your signs.

7. You must purchase and utilize only the required point of sale system and the supporting networking hardware. See Item 11.

8. Assumes a lease deposit equal to one month's rent. Utility deposits vary from locale to locale. The low end includes a rent abatement period of an average of three months for buildout and construction.

9. These figures are based on the experience of our management team with our predecessor since 2018 and with us since 2022 and our franchisees' experience in opening franchised stores since 2007. The figures assume you will need the indicated amounts for wages, employee training, insurance premiums, debt service, legal and accounting fees and other expenses during the initial phase of your Store's operation, which we estimate to be 8-12 months. These figures also include the salary, travel, lodging, meal and incidental expenses for one person to attend our required training program, and the pre-opening wages of hourly employees if required to attend in person training. You may incur additional expenses in starting up your Store. These figures do not include any costs or fees associated with obtaining licensing to furnish alcoholic beverages to your customers on a complimentary basis, which is further described in Item 1 of this Disclosure Document.

10. You must purchase a Grand Opening Package from an Approved Supplier before you open your Store. The package includes digital advertisements, brochures and other promotional materials you will need to announce and promote your Store's grand opening. You must spend between $5,000 and $10,000 in the initial advertising and Grand Opening of your Store within 12 weeks of opening of the Store. We will typically designate the exact amount you must expend on your Grand Opening within 30 days of the date you secure a Premises through a discussion with our Operations and Marketing departments.

11. We do not offer financing for any portion of your initial investment.

12. If you purchase multiple franchises under the multiple purchase addendum, ~~multiply~~refer to Table 2. The Initial Franchise Fee for your first unit is counted in the ~~estimated~~"Estimated Initial Investment (Single Unit)" table. Your initial ~~investment range times~~franchise fees are discounted by $4,000 for the ~~number of franchises purchased. There is~~ second and $19,000 for the third unit. You will pay all initial franchise fees upon signing the multiple purchase addendum. You must purchase and develop at least two and no ~~minimum number of~~more than three units ~~required to be purchased or developed~~under the multiple purchase addendum.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Franchised Business in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Franchised Business and System. We may periodically change our

System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Products and Services

You may only market, offer, sell and provide the Approved Products and Services at your Franchised Business in a manner that meets our System standards and specifications. We will provide you with a list of our then-current Approved Products and Services, along with their standards and specifications, as part of the Manuals or otherwise in writing prior to the opening of your Franchised Business. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your Franchised Business other than our Approved Products and Services, or use any item in connection with your Franchised Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an "Approved Supplier"), which may include us or our Affiliate. We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate.

Currently, we have Approved Suppliers for the following items: (i) inventory; (ii) furniture, fixtures, and equipment; (iii) lighting; (iv) other furnishings; (v) merchandise; (vi) gift cards (vi) POS system; (vii) uniforms; (viii) initial marketing and promotional materials; (ix) in-store camera; and (x) site-selection assistance.

We may develop proprietary products for use in your Franchised Business, including private-label products that bear our Proprietary Marks, and require you to purchase these items from us, our parent or other affiliate(s).

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item. We may provide our standards and specifications for our Approved Products and Services directly to our Approved Suppliers, and may provide these standards and specifications to an alternative supplier you propose if: (i) we approve the supplier in writing as outlined more fully in this Item; and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.

As of the Issue Date of this Disclosure Document: (i) neither we nor any of our affiliates or our parent are an Approved Supplier for any items you are required to purchase in connection with your Franchised Business; and (ii) none of our officers own an interest in any of our Approved Suppliers. We reserve the right to designate us or our parent or affiliates as an Approved Supplier with respect to any item you must purchase in connection with your Franchised Business in the future.

Required Purchases and Right to Derive Revenue

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The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases." We estimate that your Required Purchases will account for approximately 75% to 95% of your total costs incurred in establishing your Franchised Business, and approximately 25% to 50% of your ongoing costs to operate the Franchised Business after the initial start-up phase. Please be advised that these percentages do not include your lease payments you make in connection with your Premises.

We and our parent and other affiliate(s) reserve the right to derive revenue or other compensation from any of the purchases (items or services) that our System franchisees are required to make in connection with the Franchised Business, including from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Business in the System, such as rebates, commissions, or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. In 2023, we generated revenue from our franchisees' required purchases and from vendor rebates in the amount of $147,031, which was 7.5% of our total revenue of $1,966,206. This information comes from internally-prepared GAAP financial statements and reports. Our affiliate did not receive any such revenue. We currently have contracts for and intend to receive revenues and rebates from certain equipment and beauty and hair product suppliers based on a percentage of the purchases made by our franchisees for certain inventory purchases. As of the date of this disclosure document, 9 of 15 approved beauty and hair product suppliers pay to us such rebates based on a percentage of franchisee purchases in varying amounts, ranging from 3-5% to 10-15% to 5-20% to 25% of franchisee purchases; some of the rebate percentages increase as the collective dollar amount of purchases made by our franchisees from the specific supplier increases during a given calendar quarter or year. Other than the right to receive the rebates listed above, we currently do not receive credits, fees, or any payments from approved suppliers, but we reserve the right to do so in the future. We reserve the right to negotiate volume purchasing and discount arrangements in the future and to require you to participate in these programs. We do not provide material benefits to a franchisee for using designated or approved sources.

Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Franchised Business that are not Approved Products and Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Franchised Business; or (ii) purchasing from a non-approved supplier. You must pay our then-current supplier or non-approved product evaluation fee when submitting your request. We do not currently charge any evaluation fee, but reserve the right to do so in the future (in an amount not to exceed $500 per request). We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 120 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (but are not required to)

make it available to you upon request. Each supplier that we approve of must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Proprietary Marks. The revocation of a previously-approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

Gift Cards

You must offer our gift certificates and the gift card program in your Store, and you must purchase your certificates from our approved supplier. Although not currently required, we reserve the right to require you to honor any gift cards for payment of services at your Store, even if the gift card was purchased at another BISHOPS Store. Currently, only the Gross Sales earned when a gift certificate or gift card is used at your Store will factor into the amount of your Royalty Fee (as opposed to when the gift certificate/gift card is purchased). We reserve the right to change this policy from time-to-time.

Customer Service Policies

You are required to follow all customer service policies, including re-do policies, as we identify and modify them from time to time. Currently, you are required to honor any request for a re-do of services at your Store in accordance with the re-do policy as set forth in the Manuals or otherwise in writing by us, which currently limits the obligation to provide re-do services when the original services were performed at your Store.

Purchasing Cooperatives

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the BISHOPS businesses in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of approved suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We do not currently have a purchasing cooperative with any third-party vendors, but reserve the right to create more purchasing cooperatives in the future.

Advertising

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Business if we have not prepared or approved them during the 12 months prior to the date of your proposed use.

Approved Location and Lease

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You must obtain our approval of the location of your Franchised Business (the "Premises") for your Franchised Business before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Premises before you execute the contract or lease, and we may condition our approval of any such lease on you and your landlord's execution of our prescribed form of Collateral Assignment of Lease (attached as Exhibit C to our current form of Franchise Agreement). You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Franchised Business at the Premises. We approve locations on a case-by-case basis, considering factors such as size, appearance, and other physical characteristics of the site, demographic characteristics, traffic patterns, competition from other businesses in the area (including other Bishops™ locations) and other commercial characteristics, such as purchase price, rental obligations and other lease terms. We will assist you with a list of site criteria to help you locate a suitable one. Our approval of the site, however, does not and cannot provide any guarantee or representation that the site of your Store will be successful.

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

In developing and operating your Store, you must use only the fixtures, furnishings, equipment and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance. As of the effective date of this Disclosure Document, we have designated approved suppliers for fixtures, furnishings, equipment, and décor for developing your Store. These approved suppliers are the only ones that meet our specifications and standards for these items, and you must purchase these items from these approved suppliers.

You may only display at your Store the signs, emblems, lettering, logos and display materials that we approve in writing. We have the right to install all required signs at the Store premises at your expense, although our current practice is to require you to install the signs.

Insurance

You must purchase and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing. The insurance will include, at a minimum, the following:

1. "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Your property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

2. Workers' compensation that complies with the statutory requirements of the state in which the Franchised Business is located and employer's liability coverage with a minimum limit

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of $100,000; or, if higher, the statutory minimum limit as required by state law. You cannot exclude owner operators;

3. Comprehensive General Liability Insurance and Professional Liability Insurance (EPLI)against claims for bodily and personal & advertising injury, discrimination, wrongful termination, professional misconduct, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or your conduct of business, with a minimum liability coverage of $1,000,000.00 per occurrence or $2,000,000.00 in the aggregate for Professional Liability and General Liability and umbrella coverage of $1,000,000 or, if higher, the statutory minimum limit required by state law.

4. If applicable with respect to a vehicle used in connection with the Franchised Business or displaying the Proprietary Marks, automobile liability insurance for any vehicles owned or hired by the Franchised Business, with a combined single limit of at least $1,000,000.00, or, if higher, the statutory minimum limit required by state law; and

5. Such insurance as necessary to provide coverage under the indemnity provisions set forth in the Franchise Agreement.

We may modify the insurance requirements as we deem appropriate in our reasonable discretion. We do not have an Approved Supplier for insurance, but you must furnish us with certificates of insurance (or, at our request, copies of all insurance policies), evidencing the existence and continuation of the insurance coverage required by the Franchise Agreement. All policies must contain a waiver of subrogation in our favor, and must name us and any additional parties we designate as additional insureds (except with regards to workers' compensation insurance).

Computer Hardware and Software

You must purchase any and all computer hardware, software and peripherals in accordance with our System standards and specifications. We may require you to purchase any of these items from one of our Approved Suppliers. Your Premises must have Internet Wi-Fi access that your customers can access. We may require you to purchase any of these items from one of our Approved Suppliers, and we currently have an Approved Supplier in connection with the software you must use at your Franchised Business (and maintenance/support associated with this software).

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement and Multiple Purchase Addendum ("MPA")	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 2, 5, and 6	Item 11
b.	Pre-opening purchases/leases	Sections 5 and 6	Items 7, 8, 11

	Obligation	Section in Franchise Agreement and Multiple Purchase Addendum ("MPA")	Disclosure Document Item
c.	Site development and other pre-opening requirements	Sections 2, 5, and 6	Items 6, 7, 11
d.	Initial and ongoing training	Sections 5 and 6, MPA Section 5	Item 11
e.	Opening	Sections 5 and 6, MPA Section 3	Item 11
f.	Fees	Sections 3, 4, 9, and 13(E), MPA Section 1	Items 5, 6, 7, 11
g.	Compliance with standards and policies/Confidential Operations Manual	Sections 5, 6, 7 and 8	Items 6, 11
h.	Trademarks and proprietary information	Section 7	Items 13, 14
i.	Restrictions on products/services offered	Sections 5 and 6	Items 8, 11, 16
j.	Warranty and customer service requirements	Section 6	Not Applicable
k.	Territorial development and sales quotas	Sections 2 and 6	Item 12
l.	Ongoing product/service purchases	Sections 5, 6 and 8	Items 8, 16
m.	Maintenance, appearance and remodeling requirements	Section 6	Items 8, 11
n.	Insurance	Sections 6 and 11	Items 6, 11
o.	Advertising	Sections 4, 5, 6, and 9	Items 6, 11
p.	Indemnification	Section 11	Item 9
q.	Owner's participation/ management/staffing	Section 6	Item 15
r.	Records and reports	Sections 4, 6, and 10	Items 6, 9, 21
s.	Inspections and audits	Section 5 and 10	Items 6, 11, 21
t.	Transfer	Section 13	Item 17
u.	Renewal	Section 3	Item 17
v.	Post-termination obligations	Sections 14(B) and 16, MPA Section 4	Item 17
w.	Non-competition covenants	Section 14	Item 17
x.	Dispute resolution	Sections 19 and 21	Item 17

ITEM 10
FINANCING

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

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS and TRAINING

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

A. Pre-Opening Obligations

Prior to the opening of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We will provide site selection guidelines and assistance (as described more fully below in this Item 11), as we deem appropriate in our discretion, in connection with selecting the Premises for each of your Franchised Business(es). We will also review, and subsequently approve/reject, any proposed lease or purchase agreement for each location that you propose as a Premises for any Franchised Business. If you and we cannot agree on a site, we may terminate the franchise agreement and your initial fee will be forfeited (Franchise Agreement, Sections 2(B) and 5(E));

2. Designate the site for the Premises or provide advice about selecting and analyzing a site for your location. Site selection is your responsibility, but we will assist you by considering population density, traffic patterns, and proximity of the proposed site to other Bishops™ locations or any other reasonable criteria. We do not typically own the premises or lease the premises to a franchisee. Once you secure a Premises that we approve for a Franchised Business, we will define your Designated Territory for that Franchised Business and include its boundaries in a Data Sheet attached as an Exhibit to your Franchise Agreement. (Franchise Agreement, Section 2(D)); You must lease, sublease or purchase the Premises within 9 months after signing the Franchise Agreement. We will give you an evaluation of each site reasonably proposed. We have the right to send a representative to assist in site selection. If you and we cannot agree on the site selection, you cannot terminate the Franchise Agreement due to failure to agree on site selection, however, we may terminate the Franchise Agreement for failure to designate a location within 9 months of signing the Franchise Agreement. (See Sections 2 and 6 of the Franchise Agreement.)

3. Approve, if it meets our standards and specifications for approval, plans submitted for the design of your Franchise. Construction or remodeling, if needed, should begin as soon as possible after signing the Franchise Agreement. You must complete all construction and buildout and open the Franchised Business to the public within one year after signing the Franchise Agreement. You must purchase fixtures, furnishings, equipment and interior signage and interior design services from our approved vendor/supplier of these items. We provide you a list of our then-current designated and approved suppliers and written specifications for these items. We do not deliver or install these items for you. Upon request, we will assist in the development and planning of any construction or remodeling with respect to sign specification and colors and Store layout and design. We do not assist with, and you are responsible for, compliance with all local ordinances, codes, permits, and other requirements relating to the plans. You must pay for construction or remodeling and all other costs associated with compliance and permits. Our approval means the site and plans meet minimum specifications and is not a warranty for their appropriateness. (See Section 6 of the Franchise Agreement.)

4. We will provide you with online access to, or otherwise loan you a copy of, our confidential and proprietary Manuals. You must operate your Franchised Business in accordance with the Manuals and all applicable laws and regulations. The Manuals may be amended or modified by us to reflect changes in the System. You must keep the Manuals confidential and current, and you may not copy any part of the Manuals. You are required to keep a copy of the Manuals at your Premises, and if there is a dispute relating to the contents of the Manuals, then the master copy (which we maintain at our corporate headquarters) will control. We reserve the right to disclose updates to the Manuals in writing in any manner, including electronic means such as e-mail, our website and any intranet or extranet that we establish in connection with the System. The table of contents for our Operations Manual as of the Issue Date of this Disclosure Document is attached to this Disclosure Document as Exhibit G and is a total of approximately 170 pages. Please note, however, that certain portions of the Manuals will be set forth on the Bishops Team Site and you will be solely responsible for ensuring compliance with these "online" portions of the Manuals as well. (Franchise Agreement, Section 5(D));

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5. We will provide you with a list of our Required Items and Approved Suppliers (to the extent we have designated them), either as part of the Manuals or otherwise in writing. (Franchise Agreement, Section 5(D));

6. We will review and approve the proposed layout and design of your Premises as well the equipment, furniture and fixtures used in connection with your Franchised Business, as we deem appropriate and advisable in our discretion. (Franchise Agreement, Section 6(D)); and

7. We will provide you and up to one (1) additional individual you designate as your Designated Manager with our Initial Training Program designed to provide instruction and education on our System methods and techniques related to establishing and operating your Franchised Business. We require that your operating principal and your Designated Manager, if applicable, attend the Initial Training Program. Your payment of the Initial Franchise Fee will cover the tuition associated with you and one (1) additional trainee to participate in our Initial Training Program, and you will be responsible for all costs and expenses you (and other attendees) incur in connection with attending or otherwise participating in our Initial Training Program (including any travel, lodging, meals and other expenses associated with attending those portions of the program that are provided from our designated training facility in Portland, Oregon or other location we designate). The details of our Initial Training Program are set forth in the Chart below.

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TRAINING PROGRAM

Subject	Hours of Classroom Training[1]	Hours of On-the-Job Training	Location[2]
Bishops Brand, Business Concept and Development	0.5	1	Portland, Oregon, or other location we designate.
Site selection, leasing, construction and pre-opening planning	3	5	Portland, Oregon, or other location we designate.
Point of Sale System	3	2	Portland, Oregon, or other location we designate.
Store Operations	5	9	Portland, Oregon, or other location we designate.
Preparation and Equipment	2	3	Portland, Oregon, or other location we designate.
Internal Accounting Systems	1	1	Portland, Oregon, or other location we designate.
Marketing, Advertising and Business Development	2	3	Portland, Oregon, or other location we designate.
TOTALS	**16.5 hours**	**24 hours**	

Our Initial Training Program is scheduled and held on an as needed basis depending on the number of franchisees requesting training in a particular time frame and our training personnel's availability. We generally require 30 days' advance notice to schedule a training session. Typically, there will be three days of training at a training facility and five days of on-site training, which includes training of your initial staff. The Initial Training Program is subject to change without notice to reflect updates in the materials, methods and Manuals, as well changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained. Our training supervisor and his years of experience within the industry and years with our System are listed below. Our training managers may utilize other employees to assist them with all aspects of training.

You must complete Initial Training within 30 days of signing your Franchise Agreement, unless we agree otherwise in writing. Failure by you or any other required attendee to complete these portions of the Initial

Training Program within this time period is grounds for terminating your Franchise Agreement. (Franchise Agreement, Sections 5(A) and 6(O)).

Our training program will be supervised by ~~Leigh Feldman and Jeff Stevens. Mr. Feldman has been our CEO and Brand President since April 2022 and before that served as the Chief Marketing Officer for our predecessor for 4 years. He has experience specific to the franchise industry since 2004. Mr. Stevens has served as our Vice President of Operations since April 2022 and has worked as a franchise business coach and franchise business consultant for 7 years.~~Allison Steimel. Ms. Steimel has been our Brand Leader since July 2024. We reserve the right to appoint and substitute other individuals to assist in providing training, but all of our training personnel will have at least one year experience in the subject matters that they teach. We will provide you online access to or loan you a copy of our proprietary instructional materials prior to or upon your attendance at our Initial Training Program, which may include our Manuals and certain other instructional materials that we develop. You, or another person that successfully completes our Initial Training Program, will be required to train all other personnel that works at your Franchised Business. (Franchise Agreement, Sections 6(O) and 6(P)).

If you wish to have more than two individuals attend the Initial Training Program, we will train these individuals, subject to the availability of our training staff, at our corporate headquarters or any other location we may select and we reserve the right to charge our then-current training tuition fee for the Initial Training Program, which is currently $0. We reserve the right to increase the fee up to $2,500 per trainee. If you, your Designated Manager (if applicable) or other trainee you designate fails to complete the Initial Training Program to our satisfaction, that person may re-attend or you may send a replacement to our next available Initial Training Program session, provided there is availability. We may charge our then-current training tuition rate for these individuals to re-attend the Initial Training Program as well. In any event, you are solely responsible for all expenses incurred related to your and your employee's attendance at our Initial Training Program, including transportation to and from the training site, lodging, meals and employee wages. (Franchise Agreement, Section 5(A) and 6(P)).

B. Site Selection

You must assume all costs, liabilities, expenses and responsibility for: (i) locating, obtaining and developing a Premises for your Franchised Business; and (ii) constructing, equipping, remodeling and/or building out the Premises for use as a Franchised Business, all in accordance with our System standards and specifications. We may provide you with our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we believe is advisable. Our guidelines for site selection may require that you conduct or use our designated vendor or Approved Supplier, at your expense, an evaluation of the demographics of the market area for the location. We may then use these factors in determining the suitability of your proposed site for the Premises of your Franchised Business. We may require you to use our Approved Supplier for site-selection assistance. (Franchise Agreement, Sections 5(E) and 6(A)).

In deciding whether to approve a site, we may also consider, among other things: (i) demographic characteristics, traffic patterns, allowed design and building, parking, visibility, allowed signage, and the predominant character of the neighborhood surrounding the proposed site; (ii) competition from other businesses selling similar haircare products and services within the area and the proximity of the site to these businesses, as well as the nature of all other businesses in proximity to the proposed site; (iii) zoning restrictions, soil and environmental issues, and other commercial characteristics; and (iv) the size, appearance, and other physical characteristics of the proposed site.

We must also have the opportunity to review and approve/reject any lease or purchase agreement for a proposed Premises before you enter into such an agreement. We may condition our approval on a number of conditions, including: (i) an agreement by you and the landlord of the Premises to enter into our prescribed form of Collateral Assignment of Lease; and (ii) receiving a written representation from the landlord of the Premises that you will have the right to operate the Franchised Business, including offering and selling the Approved Products and Services, throughout the term of your Franchise Agreement. Under the Collateral Assignment of Lease, we will have the option, but not the obligation, to assume or renew the lease for the Premises (the "Lease") for all or part of the remaining term of the Lease if you are in material default of your Franchise Agreement and/or Lease and/or fail to timely cure that default. (Franchise Agreement, Sections 5(E) and 6(A); Exhibit C to Franchise Agreement).

We will use reasonable efforts to approve or reject any proposed location (and corresponding lease/purchase agreement) within 30 days of the date you provide us with all requested materials. If we determine that an on-site evaluation is necessary, then you must: (i) submit to us in the form we specify a description of the site prior to our representative conducting its on-site evaluation, including evidence that the site satisfies our site selection guidelines and any other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site; and (ii) reimburse us for the expenses incurred in connection with such an evaluation. If we do not provide our specific approval of a proposed location within this 30-day period, the proposed location will be deemed rejected. Our approval only means that the site meets our minimum requirements for a Franchised Business. (Franchise Agreement, Section 5(E)).

You must secure a Premises that we approve within 12 months of executing your Franchise Agreement for that Franchised Business or we may terminate that Franchise Agreement. (Franchise Agreement, Section 6(A)).

C. Time to Open

Except as provided in this Item, you must open and commence operations of your Franchised Business within 18 months of the date you execute your Franchise Agreement for that Franchised Business. (Franchise Agreement, Section 6(D)). We estimate that it will take between 9 to 18 months to open your Franchised Business from the time you execute your Franchise Agreement. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable Premises, to obtain financing, to obtain the permits and licenses for the construction and operation of the Franchised Business, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Franchised Business, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Franchised Business, including purchasing any inventory or supplies needed prior to opening. If you do not open or operate your Franchised Business within this 18 month period, then we may terminate your Franchise Agreement (unless we agree to extend your opening deadline in a writing signed by both parties) (Franchise Agreement, Section 6(D)).

With that said, we will provide you with a reasonable extension of time not to exceed 120 days to complete the build-out/construction of your Franchised Business and open to the public, provided: (i) you have already executed a lease for, or otherwise obtained, a Premises that we approve for that Franchised Business; and (ii) you notify us of your need for such an extension no less than thirty (30) days prior to expiration of the 18 month timeline to open and commence operations described above. Such an extension will not affect any of your other obligations under the Franchise Agreement. (Franchise Agreement, Section 6(D)).

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If you are simultaneously purchasing more than one franchise, we may extend the opening requirements for the additional franchises per the following development schedule: (Multiple Purchase Addendum – Section 3)

1st Franchise	18 months
2nd Franchise	36 months
3rd Franchise	54 months

D. Post-Opening Obligations

After the opening of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We may offer, and require you and your Designated Manager to attend, additional training programs and/or refresher courses, as we deem necessary in our sole discretion ("Additional Training"). While you have the option to attend any Additional Training we offer, subject to the availability of our classes, we may require that you and your Designated Manager attend up to 5 days of Additional Training each year at our headquarters or other location we designate. You will be required to pay our then-current Additional Training Fee for any Additional Training you and your employees request to attend and any Remedial Training that we require. Currently, Additional Training is offered without charge. We reserve the right to charge if done in person at an amount not to exceed $500 per day for each trainer we provide. You will also be solely responsible for all expenses incurred in attending Additional Training. (Franchise Agreement, Section 5(C));

2. We may provide you with continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Franchised Business. We may provide this assistance by telephone, facsimile, intranet communication, Skype, Zoom, Microsoft Teams, FaceTime, or any other communication channel, as we deem advisable and subject to the availability of our personnel. Certain of this advice and consultation may be provided based on certain reports, guest satisfaction surveys and other brand quality measurements we impose in connection with the operation of your Franchised Business, and such advice/consultation will be subject to your timely provision of any reports we require you to submit. (Franchise Agreement, Section 5(G)).

3. We may also provide you with additional on-site assistance, subject to the availability of our field representatives and, upon our request, payment of our then-current Additional Training Fee. (Franchise Agreement, Section 5(G));

4. We will approve or deny any advertising/marketing materials you wish to use in connection with your Franchised Business as described more fully below in this Item 11 under the heading "Advertising and Marketing." (Franchise Agreement, Section 5(H)). We do not have any obligation to assist you in establishing prices, however we may set general pricing guidelines, including promotional or minimum prices for any particular approved product or service. As an independence contractor, you may exercise flexibility in meeting competition with respect to pricing. (Franchise Agreement, Section 6(T));

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5. We will approve or disapprove your requests to: (i) purchase and/or offer non-approved products or services in connection with the Franchised Business; and (ii) make Required Purchases from suppliers other than our then-current Approved Suppliers. (Franchise Agreement, Section 6(L));

6. We may schedule and hold a franchise conference, as we deem advisable in our sole discretion, to discuss the current state of the System, improvements to the System, hold discussion forums for System franchisees and recognize certain franchisees. In the event we schedule a conference, we may require you to attend for up to five (5) days each year. You will responsible for the costs and expenses you incur in connection with any franchise conference and you will be required to pay our then-current attendance/registration fee (Franchise Agreement, Section 5(N));

7. We will display the contact information of your Franchised Business on the website that we or our designee maintains to advertise and promote the BISHOPS brand, our Proprietary Marks and other Store locations, provided you are in compliance with the terms of your Franchise Agreement. Please see below in this Item 11 under the heading "Advertising and Marketing" for further information. (Franchise Agreement, Sections 5(D), 5(I) and 9(G));

8. We currently administer and maintain a System-wide advertising and marketing fund (the "Fund") for the benefit of the System. (Franchise Agreement, Sections 5(J) and 9(E));

9. We may, as we deem appropriate in our discretion, establish and maintain a website portal that will be accessible by BISHOPS franchisees, which may be used for purposes of (a) providing updates, supplements and supplemental information that will constitute part of one (1) or more Manual, (b) providing webinars and other training, including portions of our Initial Training Program, (c) providing advertising templates or other marketing/promotional materials, as well as information related thereto, and (d) otherwise communicate with our franchisees regarding the brand, System and/or specific operational/promotional aspects of a Franchised Business (collectively, the "Bishops Team Site"). (Franchise Agreement, Section 5(D));

10. We may conduct, as we deem advisable in our sole discretion, inspections of the premises and audits of the Franchised Business and your operations generally to ensure compliance with our System standards and specifications. We may also prepare written reports outlining any recommended or required changes or improvements in the operations of a BISHOPS franchise, as we deem appropriate in our sole discretion, and detail any deficiencies that become evident as a result of any inspection or audit. (Franchise Agreement, Section 5(K));

11. We may supplement, revise or otherwise modify the Manuals and/or the Bishops Team Site as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail and our System-wide intranet. (Franchise Agreement, Section 2(G)); and

12. We may: (i) research new haircare services, products and equipment and methods of doing business and provide you with information we have developed as a result of this research, as we deem appropriate in our sole discretion; and (ii) create and develop additional products and services to be offered or provided as Approved Products and Services at BISHOPS Stores, including proprietary products and services that may be sold under the trademarks we designate. (Franchise Agreement, Section 6(G)).

E. Advertising

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All advertising and promotion that you use in connection with your Franchised Business must be approved by us and conform to the standards and requirements that we specify. We may make available to you from time to time, at your expense, certain promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our System, provided these activities do not contravene regulations and laws of appropriate governmental authorities. (Franchise Agreement, Section 9(A)). You will be required to purchase and display any signage in certain parts of your Franchised Business that have high visibility for purposes of notifying customers and prospective customers of seasonal specials/promotions regarding our Approved Products and Services. (Franchise Agreement, Section 6(N)).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding 12 months, then you must submit the materials you wish to use to us for our prior written approval at least 20 days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved and you may not use such materials. Once approved, you may use the proposed materials for a period of 90 days, unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously-approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time. (Franchise Agreement, Section 9(B)). Except as otherwise provided in this Item, we are not required to spend any amount on advertising in your Designated Territory.

You may not use all or any portion of our Proprietary Marks as part of your company name and, without our prior written consent, as part of your trade name or "d/b/a". You may not modify the Proprietary Marks with words, designs or symbols, except those that we license to you. You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the term "Bishops" or any similar phrase.

Local Advertising. We advertise our Stores primarily through local direct mail, community involvement, newspaper and magazine advertisements, charitable events, and Bishops gift cards and free haircut cards. We expect that you will follow the same pattern. We require that franchisees spend at least 2% of their Gross Sales on local advertising and promotions (the "Local Advertising Requirement"). (Franchise Agreement, Section 9(D)).

Grand Opening Advertising. In addition to the Local Advertising Requirement, you will be required to expend between $5,000 and $15,000 in connection with the opening of the Franchised Business within six (6) weeks of opening. You must purchase a Grand Opening Package from an Approved Supplier before you open your Store. The package includes banners, brochures and other promotional materials you will need to announce and promote your Store's grand opening. We will typically designate the exact amount you must expend on your Grand Opening within 30 days of the date you secure a Premises. (Franchise Agreement, Section 9(C)).

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System-wide Marketing Fund. We have established a System-wide creative brand fund (the "Fund") for the benefit of the System and BISHOPS brand generally. We currently require that you contribute to this Fund at the same time and same manner that we collect your Royalty Fee in an amount equal to one percent (1%) of the Gross Sales of your Franchised Business during the preceding Business Week (the "Fund Contribution"). We reserve the right to increase your Fund Contribution to up to two percent (2%) of the Gross Sales of your Franchised Business. We will administer and use the Fund to meet certain costs related to maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System. We will designate all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may also be used to cover the costs and fees associated with: preparing and producing video, audio, and written materials and electronic media; website maintenance and development, internet advertising, administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, website, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Fund may be used for advertising materials/campaigns in printed materials or on radio or television for local, regional or national circulation, internet regional or national advertising, as we deem appropriate in our discretion. We and/or a regional or national advertising agency may be used to produce all advertising and marketing. (Franchise Agreement, Section 9(E)).

We will account for the Fund contributions separately from our other funds and not use the Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund contributions. The Fund is not our asset or a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Fund contributions to pay costs before spending the Fund's other assets. We will not use Fund contributions for advertising that principally is a solicitation for the sale of franchises, except that we may use/display the phrase "Franchises Available" on any and all advertising/marketing that is covered by the Fund. We will prepare an unaudited, annual statement of Marketing Fund collections and costs and give it to you upon written request. We may incorporate the Marketing Fund or operate it through a separate entity if we deem appropriate. Any company-owned or affiliate-owned Stores will contribute to the Fund in the same manner that each franchised Store is required to contribute.

We are not required to spend any of your Fund Contributions in the Designated Territory you are granted under your Franchise Agreement, and we will provide you with an accounting of the Fund within 120 days after our fiscal year end (upon your written request). We are not required to have the Fund audited, but we may do so and use the Fund Contributions to pay for such an audit. If we do not spend all Fund Contributions in a given year, we may rollover any excess contributions into the Fund for use during the following year. We will have the right to modify or discontinue the Fund, as we deem appropriate in our sole discretion. (Franchise Agreement, Section 9(E)).

Summary of Fund Contributions and Fund Expenses for Fiscal Year 2023

Expenses:	Social Media	$7,452	3.5%
	Public Relations	$10,500	4.9%
	Search Advertising and Admin	$37,800	17.6%
	Display Advertising and Admin	$28,573	13.3%

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Marketing Payroll and Admin	$93,601	43.6%
Graphic Design and Creative Asset Production	$12,000	5.5%
SEO and Technical Writing	$25,000	11.6%
Total Expenses:	**$214,926**	**100.0%**
Brand Development Fund Contributions:	$206,179	100%
Excess of Expenses Over Contributions:	($8,747)	

Advertising Council. Currently, we have not established an advertising council (the "Advertising Council"), but we reserve the right to do so in the future. If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Fund (if established in the future). At our discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve an Advertising Council (if created) at any time. (Franchise Agreement, Section 9(F)).

Regional Advertising Cooperatives ("Cooperatives"). We reserve the right to establish, change, dissolve, or merge one or more regional advertising cooperatives that are comprised of a geographical market area that contain two or more Stores ~~(whether a Franchised Business or affiliate-owned) (each a "Cooperative").~~in our sole discretion (whether a Franchised Business or affiliate-owned) (each a "Cooperative"). We have the right to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative, and to determine whether a Cooperative is applicable to your Franchised Business. Any cooperative will be organized, formed, and operated according to written governing documents which we must approve in advance in writing. Any company owned franchises within the designated cooperative geography designation will participate in the cooperative on the same basis as franchised businesses. We also have the power to form, change, dissolve and/or merge Cooperatives. If a Cooperative is established applicable to your Franchised Business, then you must participate in and contribute to the Cooperative. Membership in the Cooperative is established and determined by us. If we assign your Franchised Business to a Cooperative we establish, you must work with the other Store owners in your Cooperative and us to develop and implement regional advertising campaigns designed to benefit all the Stores within the geographical boundaries of the Cooperative. If at any meeting of the franchises in any Cooperative, 75 percent of the franchises vote to contribute to a regional advertising program, all franchises within that Cooperative will be obligated to make a contribution to a regional advertising fund in the amount established by the vote. Each company-owned location will have one vote, the same as each franchisee-owned location. If there is an Affiliate-Owned Store in your Cooperative, then our Affiliate will be able to vote on all matters that you and the other Cooperative members have the right to vote on and will contribute at the same rate as you. Any amounts contributed to the Cooperative will not exceed and will be ~~created~~credited against the Local Advertising Requirement, which is currently 1% of Gross Sales. We have not established any Cooperatives as of the Issue Date of this Disclosure Document. (Franchise Agreement, Section 9(H)).

Online Directories. As another means of advertising, you must ensure that the Franchised Business is listed in appropriate Internet-based telephone directories that we designate. You must ensure that your Franchised Business has a dedicated telephone line that is not used for any other purpose.

F. Computer System

We have the right to specify or require that you use certain brands, types, makes, and/or models of computer hardware and software in connection with the Franchised Business, including without limitation (i) a laptop

or other computer that meets our System specifications and is capable of running accounting software such as QuickBooks and/or tenant scheduling software; (ii) printers and other peripheral hardware/devices; and (iii) camera equipment necessary to maintain a physical, electronic or other security system for the Franchised Business that we designate (collectively, the "Computer System"). We may also require you to use designated software in connection with the Computer System and Franchised Business (the "Required Software"). (Franchise Agreement, Sections 4(C) and 6(K)).

The current minimum hardware requirements for your Computer System are as follows: an in-Store computer that has Internet access; a laptop computer (also with Internet Access); an in-Store video camera; an in-Store audio system; and a printer. We must approve of all of the foregoing hardware before it is used in connection with your Franchised Business, and none of the foregoing hardware may be used for any other purpose other than operating your Franchised Business. You will also need to maintain Internet access via DSL or cable broadband connection. (Franchise Agreement, Sections 4(C) and 6(K)).

If you already have computer hardware and/or software that meet our then-current standards for a Computer System and/or Required Software, then you may use these items in connection with your Franchised Business provided you obtain our approval. Otherwise, we estimate the costs to purchase our current Computer System to be between $3,000 and $6,000. You must keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as we direct from time to time in writing. We estimate that you will spend approximately $2,400 to $3,000 annually on maintenance and support contracts for your Computer System, which includes (a) the software license for your Required Software (see Items 6 and 8 of this Disclosure Document), and (b) any upgrades to the Computer System.

You must have the components necessary to ensure that the entire Premises of the Franchised Business has access to the Internet via Wi-Fi connection. We may require that: (i) you comply with our standards and specifications for Internet access and speed; and (ii) the Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to us. We will also have the right to, at any time without notice, electronically and independently connect with your Computer System to monitor or retrieve data stored on the Computer System (or for any other purpose we deem necessary). The data generated or stored on the Computer System may include financial, performance, customer, and business data. There are no contractual limitations on our right to access the information and data on any component of your Computer System. We may also require you to use a Computer System and/or related software that is administered through us and provides us with automatic access to all data and reports that might be created by such Computer System and/or software, including any security camera footage. (Franchise Agreement, Sections 4(C) and 6(K)).

You are also required to participate in any System-wide area computer network, intranet system, or extranet system that we implement, and may be required to use such networks or system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete certain components of any ongoing training we designate. (Franchise Agreement, Sections 5(D and 9(G))).

G. Website and Internet Use

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Instagram, LinkedIn, Instagram, Pinterest, Twitter, YouTube or any other social media and/or networking

site. Any such Internet website or presence is considered "advertising" and must be approved by us prior to use, as described in this Item. If we do permit you to establish one or more of the above presences on the Internet, you must: (i) establish and operate your World Wide Web or Internet site in accordance with System standards and any other policies we designate in the Manuals or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). (Franchise Agreement, Section 9(G)).

We have the right to establish and maintain a website, that may, without limitation, promote the Proprietary Marks and/or the System (the "Website"), including the contact information of your Franchised Business. We agree to establish an interior page on our corporate website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) the Franchise Agreement governing that Franchised Business is not subject to termination. (Franchise Agreement, Section 5(I)).We have sole control over all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you. We have the right to modify our policies regarding your use of social media and Internet websites in connection with your Franchised Business as we deem necessary or appropriate in the best interest of the System. We (or our parent) are the sole registrant of the Internet domain name http://www.bishopsbs.co/, as well as any other Internet domain names that we or our affiliates register in the future. You must not register any Internet domain name that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

ITEM 12
TERRITORY

Premises and Relocation

You may only operate your Franchised Business from the Premises we approve. Once we agree on the Premises, we will designate it on the Data Sheet attached to your Franchise Agreement.

You may not relocate your Franchised Business without our written consent, which we will not unreasonably withhold provided: (i) the new location is located within your Designated Territory and meets our then-current criteria for a Premises and does not infringe upon the Designated Territory of any other current Franchisee in the system; and (ii) you pay our then-current relocation fee (if any). When considering a request for relocation, we may take into account the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate. We will not unreasonably withhold or approval of your relocation request, provided the location meets our site selection criteria.

Franchise Agreement: Designated Territory

Once we approve and you have secured the Premises of your Franchised Business, we will define the geographical area around the Premises where we will not own or operate, or license a third party the right to own or operate, a Store that utilizes the Proprietary Marks and System (the "Designated Territory") on the Data Sheet attached to your Franchise Agreement. Your Designated Territory will typically be a **1.5** driving-mile radius around your Premises, unless your Franchised Business is located in a major metropolitan downtown area or similarly situated or densely populated area. If your Franchised Business is located in such an area, then your Designated Territory may be limited to the geographic area comprised

of anywhere from a radius of **5** blocks to **0.5** driving-mile around your Premises, as we deem appropriate in our discretion. The size of your Designated Territory may vary from other System franchisees based on the location and demographics surrounding your Premises.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control.

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

During the term of your Franchise Agreement, we will not open or operate, or license a third party the right to open or operate, any other Store utilizing the Proprietary Marks and System within your Designated Territory. Your Designated Territory cannot be modified except by mutual written agreement signed by both parties.

If you are simultaneously purchasing more than one franchise, we reserve the right to provide you a larger territory, depending on the locations that you want to specifically reserve and their proximity to each other. We only extend the territory to contiguous trade areas and define such territory by a driving-mile distance from the first franchise location into contiguous trade areas or by a particular city, postal code, or other political subdivision, or by particular boundaries such as roads or rivers or other designations. (See Section 2 of the Multiple Purchase Addendum).

Limitations on Soliciting and Other Activities Outside of Your Designated Territory; Revenue Sharing

There are no territorial restrictions from accepting business from customers that reside/work or are otherwise based outside of your Designated Territory if these customers contact you and/or visit your Franchised Business. You may solicit prospective customers outside of your Designated Territory, provided (a) these prospective customers do not reside within the territory granted to another franchisee or Store and (b) you obtain our prior written consent. You may not use alternative channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make any sales inside or outside of your Designated Territory.

We reserve the right to require you to honor any gift cards for payment of services at your Store, even if the gift card was purchased at another BISHOPS Store at the rates we specify from time to time in the Manuals or otherwise in writing. Please note that if a customer purchases a gift card or gift certificate from a given BISHOPS Store and subsequently redeems such gift card or membership at a different BISHOPS Store, then the revenue associated with that customer's transaction will be allocated between the two (2) locations at issue (consistent with our then-current policy).

Reserved Rights

We, our parent, and our other affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement: (i) establish and operate, and license any third party the right to establish and operate, other Stores and Franchised Businesses using the Proprietary Marks and System at any location outside of your Designated Territory; (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Territory; (iii) use the Proprietary Marks and System, other such marks we designate, to distribute our Approved Products and/or Services in any alternative channel of

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distribution, within or outside the Designated Territory (including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc.); (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside your Designated Territory; (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement; and (vi) own and operate Stores in "Non-Traditional Sites" including, but not limited to, shopping centers, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, both within or outside your Designated Territory.

The Franchise Agreement does not grant you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our parent, our other affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Designated Territory. We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to operate Stores at Non-Traditional Sites, either directly or through our parent, our other affiliates, licensees, or designees, and you will not be entitled to any compensation as a result of our operation of Stores at Non-Traditional Sites.

Additional Disclosures

The Franchise Agreement does not provide you with any right or option to open and operate additional Franchised Businesses. Each Franchised Business you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our parent have established, or presently intend to establish, other franchised or company-owned businesses that sell our Approved Products and Services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

ITEM 13
TRADEMARKS

We grant you a limited, non-exclusive license to use our primary mark BISHOPS and certain other Proprietary Marks in connection with the operation of your Franchised Business only at your Premises and within your Designated Territory, provided you use these Proprietary Marks as outlined in your Franchise Agreement(s) and our Manuals. You do not obtain any additional rights to use any of our Proprietary Marks.

Our predecessor's affiliate, Bishop's Barbershop, LLC, registered the following Proprietary Marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date
BISHOPS	2948057	May 10, 2005

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BISHOPS	5684147	February 26, 2019
	5429857	March 20, 2018
	5429858	March 20, 2018

These marks and registrations were assigned to our parent in March 2022. The first Bishops mark registration has been renewed. We have worked, and will continue to work, with our parent to ensure that our parent files all affidavits and other documents with the USPTO to maintain the federal registration described above. Our parent entered into a license agreement with us that is effective as of March 2022, under which we were granted a perpetual, worldwide license to use, and sublicense third parties the right to use, the Proprietary Marks in connection with the System and BISHOPS franchises (the "License Agreement"). Other than this License Agreement, there are no agreements in effect that significantly limit our right to use, or license the use of, the Proprietary Marks that are material to the franchise. In the event this License Agreement is terminated, your rights to use the Proprietary Marks will not be materially altered.

As of the Issue Date of this Disclosure Document, there is no litigation pending arising out of our Proprietary Marks, and we are not aware of any superior rights in, or infringing uses of, our Proprietary Marks that could materially affect your right to use these marks. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Proprietary Marks, nor are there any pending infringement, opposition or cancellation proceedings, or any material litigation, involving the Proprietary Marks.

You must immediately notify us, in writing, if you become aware of any unauthorized use of our Proprietary Marks or other proprietary information, and you must permit us to participate in any litigation involving you and our Proprietary Marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third-party claims that are brought against you that arise solely out of your authorized use of any Proprietary Marks in the manner we prescribe, provided you immediately notify us of the proceeding (within 3 days) and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to you engaging counsel. We will not reimburse you for disputes where we challenge your use of our Proprietary Marks.

You must modify or discontinue using any of the Proprietary Marks, and add new names, designs, logos or commercial symbols to the Proprietary Marks as we instruct. We may, at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change, and will be given a reasonable time to conform to our directions (including changing signage, marketing displays, trade dress and other advertising), at your sole expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or pending patent applications or registered copyrights that are material to the franchise. We claim common law copyright and trade secret protection for several aspects of the franchise System including our Manuals, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our proprietary materials. Should you become aware that any unauthorized third party is using any of our proprietary materials, we request that you notify us of such unauthorized use. We may revise our System and any of our proprietary materials in our discretion, and may require that you cease using any outdated proprietary material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, proprietary materials, methods and other techniques and know-how concerning the operation of the Franchised Business (the "Confidential Information"). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

You must require your Designated Manager and any personnel having access to any of our Confidential Information to sign our then-current form of Confidentiality and Non-Competition Agreement that is attached to the Franchise Agreement as Exhibit "E", under which these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of any Franchised Business, you will promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact 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 rights related to any such concept, process or improvement. In the event that these provisions in the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

We may revise any of our copyrighted materials at our discretion, and may require that you cease using any outdated item or portion of the Manuals.

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

While we recommend that you personally participate and manage the day-to-day operations of your Franchised Business, we may no representation as to the time commitment required by or anticipated for

our franchisees. You may hire a Designated Manager to manage daily operations with our approval. Both you and your Designated Manager will be required to complete the Initial Training Program to our satisfaction (prior to undertaking any management responsibilities). You Designated Manager should have business operations, retail, and salon coordination experience. We will not unreasonably withhold our approval of any Designated Manager you propose, provided the Designated Manager has completed our Initial Training Program and otherwise demonstrated that they have a good handle on our System standards and specifications for daily operations of a BISHOPS Store. If the franchisee is a business entity, we do not require the Designated Manager to own an interest in the entity, but the Designated Manager must sign our prescribed form of Confidentiality and Non-Competition Agreement. If you own multiple franchises, the managing owner or Designated Manager of each franchise must successfully pass our training.

your Franchised Business must, at all times, be managed and staffed with at least one (1) individual who has successfully completed our Initial Training Program. In the event that you operate more than one Franchised Business, you must have a properly trained Designated Manager at each Store you own and operate. You must keep us informed at all times of the identity of any personnel acting as Designated Manager, and obtain our approval before substituting a new Designated Manager at any of your locations.

It is important to note that we are not your employer and that you will have the right to control all decisions related to recruiting, hiring or firing any personnel, including any stylists or other specialized/licensed personnel that must be independently licensed to perform certain of the Approved Services at your Store. you use to perform the Approved Services at your Store.

If you are an individual, then your spouse will also be required to sign the Franchise Agreement or, in the alternative, form of Personal Guaranty attached to the Franchise Agreement as an Exhibit (the "Guaranty"). If you are a business entity (limited liability company, corporation, partnership, etc.), then (a) each of your shareholders/members/partners (the "Owners"), as applicable, must sign the Guaranty, and (b) at our option, the spouses of each such Owner must sign the Guaranty.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer the Approved Products and Services that we expressly authorize through your Franchised Business, and may only offer these products and services at the Premises and in the manner prescribed in your Franchise Agreement and our Manuals. We may supplement, revise and/or modify our Approved Products and Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. We may permit certain franchisees to offer additional products and services specific to their local market. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

If we discontinue any Approved Product or Service offered by the Franchised Business, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us). You may not use the Premises of your Franchised Business for any other business purpose other than the operation of your Franchised Business.

Currently, not every franchisee within our system accepts gift cards. Although not currently required, we reserve the right to require you to permit redemption of any BISHOPS gift card at the rates we specify from time to time in the Manuals or otherwise in writing, and be advised that we may sell such gift cards to customers via alternative channels of distribution.

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Our Step-In Rights. As outlined in Section 13(H) of the Franchise Agreement, to prevent any interruption of the franchised business that would cause harm to the franchise and to our franchise system and lessen their value, we may step in to operate the franchise when we deem it reasonable, necessary, and practical. Reasons may include our determination that: you are incapable of operating the franchise; you are absent or incapacitated because of illness or death; you have shown the inability or consistent failure to pay when due any material equipment lease payments, suppliers, or inventory payments, taxes or assessments against the franchise or property used in connection with the franchise; any liens or encumbrances of every kind placed upon or against your business property; your business activities are having a significant negative impact on the value of our franchise system; or there are significant operational problems that cannot be simply rectified by short-term training and support.

30 days after exercising our step-in rights, we will re-evaluate your then-current status. At our reasonable discretion, we will either operate the Franchise for an additional 30-day period or turn the Franchise back over to you. In turning the Franchise back over to you, we do not waive our rights to step back in the future.

All revenue derived from our operation of the franchise will be for your account. We may pay from that revenue all expenses, debts, and liabilities we incur during our operation of the franchise. We will keep in a separate account all revenue generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for us and our representatives.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

A. Franchise Agreement

	Provision	Section in Franchise or Other Agreement	Summary
a.	Term of the Franchise	Section 3	The initial term is for 10 years commencing on the date we sign your Franchise Agreement.
b.	Renewal or extension of the term	Section 3	You have the right to be considered for two (2) additional, consecutive 10-year terms.
c.	Requirements for franchisee to renew or extend	Section 3	In order to renew (which means renewing your franchise relationship with us), you must: not have any uncured

	Provision	Section in Franchise or Other Agreement	Summary
			material defaults under your Franchise Agreement (including any monetary defaults) or any other agreement between you and us or the landlord of the Premises; not have received more than three (3) separate, written notices of material default from Franchisor with respect to this Agreement in the 12-month period preceding the renewal request date or renewal date; complete required renovation and modernization of your Franchised Business; pay us our then-current Renewal Fee; execute our then-current form of franchise agreement (which may contain materially different terms and conditions than your original franchise agreement); complete our then-current refresher training course and pay the appropriate tuition fee; you must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by us to our satisfaction; and execute a general release in our favor (as well as related parties).
d.	Termination by franchisee	Not Applicable	Not Applicable
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with "cause"	Section 15	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g.	"Cause" defined – curable defaults	Sections 15(B)(10), 15(B)(13), and 15(B)(15)	You must cure all monetary defaults under your Franchise Agreement within 10 days of being provided with notice by us, as well as the following defaults: failure to offer only those Approved Products and Services that we authorize; any purchase of any non-approved item or service for use in connection with the Franchised Business; failure to purchase any Required Item from the appropriate Approved Supplier(s); and failure to obtain/maintain any required permits or licensed.
		Section 15(B)(14)	You must cure any failure to comply with any law or regulation applicable to the operation of the Franchised Business within 15 days' notice.
		Section 15(B)(12)	You must cure any failure to provide us with access to the Computer System and/or registers at the Franchised Business within 24 hours' notice.
		Section 15(C)	Except as provided above and those defaults listed in (h) of this Item 17 Chart, you must cure all other defaults and violations of any provision of your Franchise Agreement

	Provision	Section in Franchise or Other Agreement	Summary
			or any other agreement with us or our affiliates within 30 days of being provided with notice of your default(s).
h.	"Cause" defined - defaults which cannot be cured	Section 15(A)	Your Franchise Agreement may be terminated automatically and without notice from us if: you become insolvent or make a general assignment for the benefit of creditors; a bankruptcy petition if filed by or against you and not dismissed within 30 days; a bill in equity or appointment of receivership is filed in connection with you or the Franchised Business; a receiver or custodian of your assets of property is appointed; a final judgment in the amount of $10,000 or more is entered against you and not satisfied within 60 days (or longer period if we consent); you attempt to make an invalid transfer in violation of Section 13 of your Franchise Agreement.
		Section 15(B)	Your Franchise Agreement may be terminated by us upon written notice and no opportunity to cure if: you commit and fraud or misrepresentation in connection with your Franchised Business; you or other required attendees fail to timely complete our Initial Training Program; you receive three or more notices to cure the same or similar defaults under Section 15(C) of your Franchise Agreement in any 12-month period (whether or not subsequently cured); you violate any in-term restrictive covenants; you misuse the Proprietary Marks, Confidential Information or other confidential information provided to you; misuse an proprietary software that might be developed; you fail to cure any default under any other agreement you have with our affiliates or any Approved Supplier within the appropriate cure period; you default under your lease for the Premises and fail to timely cure; you fail to open and commence operations within the required time period; you abandon your Franchised Business; you are convicted of a felony or any other crime of moral turpitude or offense that will adversely affect the System; you take any property of the Franchised Business for personal use; there are insufficient funds in your EFT Account on three or more occasions in any 12-month period; or if you commit repeated violations of any applicable law.

	Provision	Section in Franchise or Other Agreement	Summary
i.	Franchisee's obligations on termination/non-renewal	Section 16	Upon termination or early expiration of the Franchise Agreement, your obligations include: immediately discontinuing the use of the Proprietary Marks and trade dress; cease doing business in a form or manner that may give the general public the impression that you are operating a Franchised Business; pay us any outstanding amounts due to us; return of the Manuals of any other Confidential Information to us; provide us with all customer information, lists and membership agreements; cancel or, at our option, assign us all telephone/facsimile numbers and domain names (if permitted) used in connection with the Franchised Business (as well as all related listings) to us or our designee; comply with all post-term restrictive covenants; provide us with written confirmation of compliance with these obligations within 30 days.
j.	Assignment of contract by franchisor	Section 13(G)	No restrictions on our right to assign.
k.	"Transfer" by franchisee – defined	Sections 13(A) and 13(C)	Includes any transfer of Franchise Agreement, assets of the Franchised Business, or ownership change in you (as the Franchisee).
l.	Franchisor approval of transfer by franchisee	Section 13(A)	We must approve all transfers, but we will not unreasonable withhold our approval if you meet our conditions.
m	Conditions for franchisor approval of transfer	Section 13(E)	We have the right to impose the following conditions on any transfer by you: all of your obligations under the Franchise Agreement have been satisfied; you must cure all existing defaults under the Franchise Agreement; the new franchisee must meet our then-current qualifications and criteria for a new franchisee; transferee must assume all of your obligations under the Franchise Agreement; transferee must complete our training program; transferee must execute our then-current form of franchise agreement; transferee must pay our Transfer Fee and successfully complete our Initial Training Program; and you must execute a general release in our favor (as well as related parties); you must comply with all post-term obligations; you or the transferee must provide us with the executed purchase agreement; the purchase price and other terms of the assignment must not be so burdensome as to impair the transferee's success; lessors, as necessary, must consent to the assignment of the lease; transferee must obtain or maintain all necessary permits and licenses; transfer must be made in compliance with all laws; and you

	Provision	Section in Franchise or Other Agreement	Summary
			must request that we provide our then-current Franchise Disclosure Document to the transferee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 13(D)	Except in certain circumstances (death/disability or transfer from individual franchisee to business entity), you must provide us with a period of 30 days to match any third-party *bona fide* offer to purchase any interest in the Franchise Agreement or Franchised Business. If we do not exercise this right, then you will have 60 days to effectuate the transfer to the third party that made the offer on those exact terms – if the transfer does not occur or the proposed terms of the offer change in any way, then we will have another 30 days to exercise our right of first refusal.
o.	Franchisor's option to purchase franchisee's business	16(G)	We have the right, but not the obligations, to purchase all or any portion of the assets of your Franchised Business upon expiration/termination of your Franchise Agreement at the net depreciated book value.
p.	Death or disability of franchisee	Section 13(B)	You will have a period of 90 days to find a suitable legal representative that we approve to continue the operation of your Franchised Business, provided that person completes our Initial Training Program and pays the appropriate tuition fee. During this 90-day period, we may step in and operate the Franchised Business on your behalf and pay ourselves a reasonable amount to reimburse our costs associated with this operation on your behalf. We are not under any obligation to step in and operate your business during this period.
q.	Non-competition covenants during the term of the franchise	Section 14(A)	Neither you, your principals, guarantors, owners or Designated Managers, nor any immediate family member of you, your principals, guarantors, owners or Designated Managers, may: (i) own, operate, or otherwise be involved with, Competing Business (as defined in the Franchise Agreement); or (ii) divert, or attempt to divert, any prospective customer to a Competing Business.

	Provision	Section in Franchise or Other Agreement	Summary
r.	Non- competition covenants after the franchise is terminated or expires	Section 14(B)(1)	For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, Designated Managers, nor any immediate family member of you, your principals, guarantors, owners, Designated Managers, may own, operate or otherwise be involved with any business that competes with us and is involved in the licensing or franchising, or establishing of joint ventures for the operation, of any Competing Business.
		Section 14(B)(2)	For a period of two (2) years after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, Designated Managers, nor any immediate family member of you, your principals, guarantors, owners, Designated Managers, may own, operate or otherwise be involved with and Competing Business: (i) at the Premises or within your Designated Territory; (ii) within a 40-mile radius of (a) the Designated Territory or (b) any other BISHOPS Store that is open, under lease or otherwise under development as of the date the Franchise Agreement expires or is terminated . During this two-year period, these parties are also prohibited from: (i) soliciting business from customers of your former Franchised Business; (ii) contacting any of our suppliers/vendors for a competitive business purpose; or (iii) soliciting any employees of us, our affiliates or any other System franchisee to discontinue their employment.
s.	Modification of the agreement	Section 18(D)	Your Franchise Agreement may not be modified, except by a writing signed by both parties. With that said, we may modify the System and Manuals as we deem appropriate in our discretion from time to time.
t.	Integration/merger clause	Sections 18 and 22	Only the terms of the Franchise Agreement and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.

	Provision	Section in Franchise or Other Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Section 21(B) Section 21(C)	You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation. (subject to state law)
v.	Choice of forum	Section 21(E)	Subject to Sections 21(C) and (D) of the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement must be brought in the state court of general jurisdiction that is closest to our then-current headquarters, currently Cleveland, Ohio. (subject to applicable state law).
w.	Choice of law	Section 21(A)	The Franchise Agreement is governed by the laws of the state of Delaware, without reference to this state's conflict of laws principles. (subject to applicable state law).

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise, but we reserve the right to use one in the future.

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ITEM 19
Financial Performance Representations

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

The following representation includes separate sections, with tables exhibiting information concerning: (1) franchisees' average and median gross sales from January to December 2023; (2) franchisee's year-over-year percentage change in gross sales from 2023 compared to 2022; and (3) franchisees' average and median number of appointments from January to December 2023.

Table 1 states the average and median annual gross sales for the 40 Bishops® franchised outlets and different subsets of outlets that operated for the entire period from January to December 2023. Table 2 states the average and median monthly gross sales for the 40 Bishops® franchised outlets that operated for the entire period from January to December 2023. Table 3 states the year-over-year percentage change in annual gross sales for the 40 Bishops® franchised outlets that operated for the entire period from January to December 2023. The "gross sales" include a total of all sales made during the reporting period not including returns, discounts, or rebates as reported to us. The "year-over-year" percentage change in annual gross sales includes dividing 2023 annual gross sales by 2022 annual gross sales.

Table 4 states the average and median number of appointments per month for the 40 Bishops® franchised outlets that operated from January to December 2023 and that reported this information to us. The "appointments" include a total of all unique appointments or orders for services fulfilled during the reporting period as reported to us.

This information was compiled from monthly reports submitted to us by the franchisees. A total of 40 franchisees are included in this financial performance representation. In computing the numbers, 2 franchises were excluded because they were terminated or otherwise left the system and did not operate during the entire reporting period and did not report to us sufficient data.

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Table 1
Average and Median Annual Gross Sales of Bishops Franchisees
From January through December 2023

Ranking by Average Gross Sales	Total Franchisees	Average Annual Gross Sales (US$)	# (and %) of Franchisees at or above Average	Median Gross Sales (US$)	# (and %) of Franchisees at or above Median	High	Low
1st Quartile	10	$732,980	6 (60%)	$735,646	5 (50%)	$912,559	$633,609
2nd Quartile	10	$597,007	5 (50%)	$597,652	5 (50%)	$632,644	$563,160
3rd Quartile	10	$466,644	4 (40%)	$462,232	5 (50%)	$521,516	$409,253
4th Quartile	10	$355,529	6 (60%)	$365,175	5 (50%)	$402,739	$268,325
All Franchisees	40	$538,040	20 (50%)	$542,338	20 (50%)	$912,559	$268,325

Table 2
Average and Median Monthly Gross Sales of Bishops Franchisees
From January through December 2023

Month	Total Franchisees	Average Gross Sales (US$)	# (and %) of Franchisees at or above Average	Median Gross Sales (US$)	# (and %) of Franchisees at or above Median	High	Low
Jan 2023	40	$41,994	19 (48%)	$40,337	20 (50%)	$75,919	$16,197
Feb 2023	40	$38,745	18 (45%)	$37,377	20 (50%)	$64,188	$19,184
Mar 2023	40	$46,367	20 (50%)	$44,804	20 (50%)	$82,622	$22,251
Apr 2023	40	$45,576	20 (50%)	$42,799	20 (50%)	$75,869	$21,404
May 2023	40	$46,185	20 (50%)	$45,445	20 (50%)	$81,966	$23,709
Jun 2023	40	$46,614	20 (50%)	$46,253	20 (50%)	$78,910	$22,409
Jul 2023	40	$45,015	19 (48%)	$44,456	20 (50%)	$76,636	$23,717
Aug 2023	40	$48,345	20 (50%)	$48,182	20 (50%)	$76,638	$24,916
Sep 2023	40	$44,703	21 (53%)	$44,863	20 (50%)	$71,887	$23,097
Oct 2023	40	$44,526	20 (50%)	$45,745	20 (50%)	$75,076	$22,454
Nov 2023	40	$42,607	18 (45%)	$39,946	20 (50%)	$72,073	$22,747
Dec 2023	40	$47,365	19 (48%)	$46,981	20 (50%)	$80,775	$23,396

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Table 3
Percentage Change in Annual Gross Sales of Bishops Franchisees
For Calendar Years 2022 and 2023

Franchise	2022 Annual Gross Sales	2023 Annual Gross Sales	Year-over-Year Percentage Change
#1	$837,429	$912,559	8.97%
#2	$682,341	$786,013	15.19%
#3	$649,903	$755,733	16.28%
#4	$690,104	$750,183	8.71%
#5	$645,542	$736,040	14.02%
#6	$589,457	$735,252	24.73%
#7	$744,580	$715,652	-3.89%
#8	$569,957	$659,191	15.66%
#9	$577,404	$645,574	11.81%
#10	$651,271	$633,609	-2.71%
#11	$592,930	$632,644	6.70%
#12	$542,386	$627,596	15.71%
#13	$696,109	$621,198	-10.76%
#14	$557,037	$609,080	9.34%
#15	$478,549	$602,681	25.94%
#16	$509,523	$592,624	16.31%
#17	$497,086	$575,658	15.81%
#18	$597,298	$574,027	-3.90%
#19	$478,532	$571,407	19.41%
#20	$497,130	$563,161	13.28%
#21	$441,913	$521,516	18.01%
#22	$476,867	$500,317	4.92%
#23	$321,689	$495,849	54.14%
#24	$452,001	$480,129	6.22%
#25	$422,150	$465,059	10.16%
#26	$392,833	$459,407	16.95%
#27	$385,732	$458,320	18.82%
#28	$450,219	$442,843	-1.64%
#29	$438,656	$433,755	-1.12%
#30	$383,580	$409,253	6.69%
#31	$394,171	$402,740	2.17%
#32	$417,366	$401,812	-3.73%
#33	$407,461	$392,697	-3.62%
#34	$349,060	$385,788	10.52%
#35	$357,328	$368,746	3.20%
#36	$334,936	$361,569	7.95%
#37	$320,154	$348,102	8.73%
#38	$337,499	$340,474	0.88%
#39	$284,989	$285,041	0.02%
#40	$227,829	$268,325	17.77%

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Table 4
Average and Median Monthly Tickets of Bishops Franchisees
From January through December 2023

Month	Total Franchisees	Average Appointments	# (and %) of Franchisees at or above Average	Median Appointments	# (and %) of Franchisees at or above Median	High	Low
Jan 2023	40	806	16 (40%)	685	20 (50%)	1661	379
Feb 2023	40	739	18 (45%)	644	20 (50%)	1353	398
Mar 2023	40	872	18 (45%)	718	20 (50%)	1754	428
Apr 2023	40	860	16 (40%)	724	20 (50%)	1734	417
May 2023	40	870	17 (43%)	756	20 (50%)	1680	440
Jun 2023	40	879	16 (40%)	800	20 (50%)	1618	505
Jul 2023	40	851	14 (35%)	752	20 (50%)	1572	503
Aug 2023	40	892	15 (38%)	808	20 (50%)	1641	514
Sep 2023	40	840	14 (35%)	745	20 (50%)	1546	441
Oct 2023	40	837	16 (40%)	759	20 (50%)	1469	408
Nov 2023	40	809	15 (38%)	743	20 (50%)	1527	401
Dec 2023	40	870	18 (45%)	786	20 (50%)	1703	445

Written substantiation for the financial performance representation presented above will be made available to a prospective franchisee on reasonable request.

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

Other than the preceding financial performance representation, BCC Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting ~~Leigh Feldman, Terminal Tower 50 Public Square, 29th Floor, Cleveland, OH 44113~~Allison Steimel, 550 Reserve Street, Suite 380, Southlake, Texas 76092 or (503) 548-4990, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For years ended December 31, 2021, 2022, and 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	52	47	-5
	2022	47	42	-5
	2023	42	40	-2
Company-Owned*	2021	13	0	-13
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	65	47	-18
	2022	47	42	-5
	2023	42	40	-2

***** All franchised units before 2023 were offered and sold by our predecessor, Bishops Franchising, LLC. All company-owned units before 2023 were owned by our predecessor's affiliate. We became the franchisor of the Bishops™ franchise system in April 2022.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For years ended December 31, 2021, 2022, and 2023

State	Year	Number of Transfers
California	2021	1
	2022	2
	2023	1
Washington	2021	1
	2022	0
	2023	0
Total	2021	2
	2022	2
	2023	1

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Table No. 3
Status of Franchised Outlets
For years ended December 31, 2021, 2022, and 2023

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California	2021	10	0	0	0	0	0	10
	2022	10	0	1	0	0	0	9
	2023	9	0	0	0	0	0	9
Colorado	2021	6	0	1	0	0	2	3
	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
District of Columbia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Georgia	2021	3	0	0	0	0	0	3
	2022	3	0	2	0	0	0	1
	2023	1	0	0	0	0	0	1
Illinois	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Indiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Minnesota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

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State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Montana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	1
Ohio	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Oregon	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	1	8
	2023	8	0	0	0	0	0	8
Texas	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Virginia	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Washington	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Total	2021	52	0	2	0	0	3	47
	2022	47	0	3	0	0	2	42
	2023	42	0	1	0	0	1	40

***** All franchised units before 2022 were offered and sold by our predecessor, Bishops Franchising, LLC. We became the franchisor of the Bishops™ franchise system in April 2022.

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Table No. 4
Status of Company-Owned Outlets
For years ended December 31, 2021, 2022, and 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arizona	2021	2	0	0	2	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Oregon	2021	8	0	0	8	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Washington	2021	3	0	0	3	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	13	0	0	13	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

*These outlets were owned and operated by our predecessor's affiliate and sold to another system in 2021.

Table No. 5
Projected Openings as of December 31, 2023 through December 31, 2024

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Missouri	1	0	0
Washington	0	1	0
TOTALS:	1	1	0

A list of the names of all of our current BISHOPS franchisees, along with the addresses and telephones numbers of their respective franchises, are set forth in Exhibit F to this Disclosure Document.

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The name, city, state and current business telephone number (if known) of every BISHOPS franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document, are listed on Exhibit F to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three (3) fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the BISHOPS System. There are no trademark-specific organizations formed by our franchisees that are associated with the System.

ITEM 21
FINANCIAL STATEMENTS

Exhibit C contains audited financial statements for our parent's parent BCC Services Holding Company and its subsidiaries as of December 31, 2023~~.~~, as well as its (i) unaudited balance sheet as of August 31, 2024, and (ii) unaudited statement of income for the interim period beginning January 1, 2024, and ending August 31, 2024. Exhibit C also contains our audited financial statements as of April 1, 2022, and December 31, 2022. ~~BCC Services Holding Company absolutely and unconditionally guarantees to assume our duties and obligations under the franchise agreement.~~ Exhibit C also contains the signed Guarantee of Performance from BCC Services Holding Company. We and our parent's parent have not been in business for three or more years and cannot include all financial statements required of this item. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The following agreements are attached as Exhibits to this Franchise Disclosure Document:

Franchise Agreement (and Exhibits)	Exhibit B
State Specific Addenda	Exhibit D
Sample Termination and Release	Exhibit H
Confirmation of Additional Terms Addendum	Exhibit I (Page 205)

ITEM 23
RECEIPTS

Exhibit J to this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to us at ~~Terminal Tower 50 Public Square, 29th Floor, Cleveland, OH 44113~~550 Reserve Street, Suite 380, Southlake, Texas 76092 or (503) 548-4990.

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EXHIBIT A
TO THE BCC FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

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LIST OF STATE ADMINISTRATORS

California Department of Financial Protection & Innovation
TOLL FREE 1-(866) 275-2677

LA Office
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento Office
1515 K Street, Suite 200
Sacramento, CA 95814-4052
(866) 275-2677

San Diego Office
1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco Office
One Sansome St., Suite 600
San Francisco, CA 94104
(415) 972-8565

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-11
Indianapolis, IN 46204
(317) 232-6681

Kentucky Office of the Attorney General Consumer Protection Division
P.O. Box 2000
Frankford, KY 40602
(502) 573-2200

Maryland Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

Michigan Department of the Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, ~~2st~~21st FL
New York, NY 10005
(212) 416-8222

North Dakota Securities Department
State Capital, 14th Floor Dept 414
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

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Oregon Department of Consumer
and Business Services
Division of Finance and Corporate
Securities labor and Industries
350 Winter Street, NE, Room 410
Salem, OR 97310-3881
(503) 378-4140

Director, Department of Business Regulations
Rhode Island Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903-4232

South Dakota Department of Labor and Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501-2017
(605) 773-5953

Statutory Document Section
Texas Secretary of State
P.O. Box 12887
Austin, TX 78711
(512) 475-1769

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

State of Washington
Department of Financial Institutions
150 Israel Road, SW
Tumwater, WA 98501-6456
(360) 902-8760

Wisconsin Commissioner of Securities
345 W Washington Ave., 4th Floor
Madison, WI 53703
(608) 266-8550

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AGENTS FOR SERVICE OF PROCESS

California Commissioner of the Department of
Financial Protection & Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

One Sansome St., #600
San Francisco, California 94104

1515 K Street., Suite 200
Sacramento, CA 95814

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204

Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020

Michigan Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
P.O. Box 30054, 6546 Mercantile Way
Lansing, MI 48909

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651)539-1600

~~New York~~ Secretary of State
99 Washington Avenue
Albany, NY 12231
(518) 473 2492

North Dakota Securities Commissioner
State Capitol – 14th Floor Dep 414
600 E. Boulevard Avenue
Bismarck, ND 58505

Director, Department of Business Regulation
Division of Securities
Suite 232
233 Richmond Street
Providence, RI 02903-4232

Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, SD 57501-3185

Clerk of the State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, VA 23219

Director, Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501-6456

Wisconsin Commissioner of Securities
345 West Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

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EXHIBIT B
TO THE BCC FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

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Schedule A: Data Sheet
Schedule B: Form of Personal Guaranty
Schedule C: Form of Collateral Assignment of Lease
Schedule D: EFT Withdrawal Authorization Form
Schedule E: Form of Confidentiality and Non-Competition Agreement (for use by Franchisee for Management Personnel of the Franchised Business and Officers/Directors of the Franchisee)
Schedule F: Conditional Assignment of Telephone/Facsimile Numbers and Domain Names
Schedule G: Multiple Purchase Addendum

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BISHOPS
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into on this ___day of _____, 20___ ("Effective Date,") by and between: (i) BCC Franchising, LLC, a Delaware limited liability company with its principal place of business at ~~Terminal Tower 50 Public Square, 29th Floor, Cleveland, OH 44113~~550 Reserve Street, Suite 380, Southlake, Texas 76092 (the "Franchisor"); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the "Franchisee").

RECITATIONS

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique system (the "System") related to the establishment, development, opening, and operation of a business that features haircutting, coloring and barbering services provided to clients by a staff of trained and independently-licensed professionals, as well as related services and products that Franchisor authorizes (collectively, the "Approved Products and Services"), in a distinctive retail hair care outlet (each, a "Store").

B. Franchisor's System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Store; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Store; standards and specifications for the furniture, fixtures and equipment located within a Store; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for sales techniques, merchandising, marketing, advertising, inventory management systems, advertising, bookkeeping, sales and other aspects of operating a Store. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while 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 which 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 that are proprietary and confidential.

C. The System and Stores are identified by the mark BISHOPS, as well as certain other trade names, trademarks, service marks and trade dress, all of which Franchisor may modify, update, supplement or substitute in the future (collectively, 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 is in the business of granting qualified individuals and entities a franchise for the right to independently own and operate a single Store utilizing the Proprietary Marks and System at a location that Franchisor approves in writing.

E. Franchisee recognizes the benefits derived from being identified with Franchisor, appreciates and acknowledges the distinctive and valuable significance to the public of the System and the Proprietary Marks, and understands and acknowledges the importance of Franchisor's high and uniform standards of quality, appearance, and service to the value of the System.

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F. Franchisee desires to acquire a non-exclusive franchise for the right to operate a single BISHOPS Store from an approved location, and has submitted an application to obtain such a franchise from Franchisor.

G. Franchisor is willing to grant Franchisee the right to operate a Store based on the representations contained in the franchise application and subject to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. PREAMBLES, ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE

A. Franchisee acknowledges and represents that Franchisor, itself or through any officer, director, employee, or agent, has not made, and Franchisee has not received or relied upon, any oral, written, visual, express, or implied information, representations, warranties, guarantees, or promises regarding the amount of sales levels or income Franchisee might expect to earn from the franchise granted hereby, except as set forth in the Franchise Disclosure Document.

B. The business venture contemplated by this Agreement involves business risks.

C. Franchisee's success will be largely dependent upon Franchisee's ability as an independent businessperson.

D. Franchisee has received, read, and does understand this Agreement and any attachments.

E. Franchisee understands and agrees that the barbershop and hair care industry is highly competitive with constantly changing market conditions.

F. Franchisee acknowledges and agrees that Franchisor has fully and adequately explained each provision of this Agreement to Franchisee's satisfaction.

G. Franchisee has consulted with Franchisee's own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised hereby, and the prospects for such business. Franchisee either has consulted with such advisors or has deliberately declined to do so.

H. Any written inquiries made to Franchisor by Franchisee pertaining to the nature of this franchise were answered in writing to the satisfaction of Franchisee.

I. Franchisee has had the opportunity and adequate time to independently investigate, analyze, and construe both the franchise being offered hereunder and the terms and provisions of this Agreement utilizing the services of legal counsel, accountants, and other advisors (if Franchisee so elects).

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J. Any and all applications, financial statements, and representations submitted to Franchisor by Franchisee, whether oral or in writing, were complete and accurate when submitted and are complete and accurate as of the date of execution of this Agreement unless the same has been otherwise amended in writing. Franchisee states that he/she is not presently involved in any business activity that could be considered competitive in nature, unless heretofore disclosed to Franchisor in writing.

K. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right, or interest in its names or Proprietary Marks, trade secrets, methods, procedures, know-how, or advertising techniques which are part of Franchisor's business, or contest Franchisor's sole right to register, use, or license others to use such names or Proprietary Marks, trade secrets, methods, procedures, or techniques.

L. Franchisee's signature to this Agreement has not been induced by any representation inconsistent with the terms of this Agreement or inconsistent with the Franchise Disclosure Document given to Franchisee by Franchisor.

M. Franchisee represents and warrants that Franchisee is not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by Franchisee of the obligations under this Agreement and that Franchisee is not a party, and has not within the last ten (10) years been a party, to any litigation, bankruptcy, or legal proceedings other than those heretofore disclosed to Franchisor in writing.

N. Franchisee agrees and acknowledges that it is solely responsible for ensuring that: (i) it acquires and maintains all business licenses, permits and approvals, including those that are specifically required to offer and provide hair care services, including hair cutting and hair coloring and related services, that are necessary to operate the Franchised Business at the Premises (defined below) and within the Designated Territory (defined below); and (ii) the Franchised Business is otherwise operated in full compliance with all federal, state and local laws and regulations where the Franchisee is located.

O. Franchisee agrees and acknowledges that: (i) Franchisor may enter into franchise agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, including without limitation, franchise agreements for the operation of a BISHOPS Store; and (ii) the existence of different forms of agreement and the fact that Franchisor and other franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this Agreement.

2. GRANT OF FRANCHISE

A. **Grant of Franchise**. Franchisor hereby grants Franchisee, subject to the terms, conditions, and obligations of this Agreement, a non-exclusive right and license to use the Proprietary Marks and receive the other benefits of the System in connection with the establishment and operation of a single BISHOPS Store (the "Franchised Business").

B. **Approved Premises; Site Selection Area**. The Franchised Business must be operated from a single location that Franchisor reviews and approves (the "Premises"). If the parties have not agreed on a Premises as of the date this Agreement is executed, Franchisor will designate a general marketing area (the "Site Selection Area") on the data sheet attached

to this Agreement as Exhibit A (the "Data Sheet") wherein Franchisee must locate and secure the Premises as detailed more fully in Section 6(A) of this Agreement. Franchisee acknowledges and agrees that: (i) it does not have any territorial rights within the Site Selection Area; (ii) Franchisor may permit other new franchisees to search for the location of their franchised Store within the same Site Selection Area that is assigned to Franchisee under this Agreement if Franchisor determines in its discretion that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each franchised Store, and resulting Designated Territories (as defined below), within the Site Selection Area will be reviewed and rejected/granted on a first-to-propose basis.

C. **Relocation of Premises**. Once the Franchisor approves the Premises of the Franchised Business, the location will be set forth in the Data Sheet. Franchisee may only use the Premises to operate the Franchised Business. Franchisee may not relocate the Franchised Business to any location other than the Premises without Franchisor's prior written consent, which Franchisor will not unreasonably withhold, provided: (i) Franchisee secures an alternate location for the Franchised Business within the Designated Territory (as defined below) that meets Franchisor's then-current site selection criteria for the premises of a BISHOPS Store; and (ii) Franchisee pays Franchisor the then-current relocation fee, currently $5,000, prior to Franchisor's approval of the relocation.

D. **Designated Territory**. Upon locating and securing a Premises, Franchisor will designate a geographical area surrounding the Premises wherein Franchisor will not open or operate, or license a third party the right to open or operate, another BISHOPS Store utilizing the System and Proprietary Marks (the "Designated Territory"), for so long as Franchisee is in compliance with this Agreement. The boundaries of the Designated Territory, once determined by Franchisor, will be described in the Data Sheet. Franchisee acknowledges that it does not have any other territorial rights within the Designated Territory.

1. There are no territorial restrictions for a Franchisee to accept business from customers that reside/work or are otherwise based outside of the Designated Territory if these customers contact Franchisee and/or visit the Franchised Business.

2. Franchisee may not solicit prospective customers outside of the Designated Territory, unless (a) these prospective customers do not reside within the territory granted to another franchisee or other BISHOPS Store location, and (b) Franchisee obtains Franchisor's prior written consent.

E. **Rights Not Granted**. Franchisee acknowledges and agrees that this Agreement does not afford Franchisee any rights or options to open any additional Stores and that Franchisee does not have any right to sub-license or sub-franchise any of the rights granted hereunder. Franchisee may not use the Proprietary Marks or System for any purpose other than promoting and operating the Franchised Business at the Premises and within the Designated Territory. Franchisor will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Stores, each of which will be governed by a separate form of Franchisor's then-current franchise agreement.

F. **Reservation of Rights**. Notwithstanding anything contained in this Agreement, Franchisor and its affiliates hereby reserve the exclusive right to: (i) establish and operate, and license any third party the right to establish and operate, other Stores and Franchised Businesses using the Proprietary Marks and System at any location outside of the Designated Territory;

(ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location, within or outside the Designated Territory; (iii) use the Proprietary Marks and System, other such marks Franchisor may designate, to distribute the Approved Products and/or Services in any alternative channel of distribution, within or outside the Designated Territory (including the Internet, mail order, catalog sales, toll-free numbers, wholesale stores, etc.); (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks), within or outside the Designated Territory; (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in this Agreement and; and (vi) own and operate Stores in "Non-Traditional Sites" including, but not limited to, shopping centers, amusement parks, military bases, college campuses, hospitals, airports, sports arenas and stadia, train stations, travel plazas, toll roads and casinos, both within or outside the Designated Territory.

G. **Modification of System**. Franchisor reserves the right to supplement, revise or otherwise modify the System or any aspect/component thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply with any change that Franchisor makes to the System. Any change or modification that Franchisor makes to the System will not materially alter Franchisee's fundamental rights under this Agreement. Moreover, Franchisor will provide Franchisee with a reasonable amount of time to comply with any change or modification to the System once Franchisee has been notified of such change/modification in writing (via the Operations Manual or otherwise).

3. TERM AND RENEWAL

A. **Term**. Unless previously terminated pursuant to this Agreement, the term of this Agreement shall be for a period of ten (10) years ("Initial Term") commencing as of the Effective Date.

B. **Renewal**. Franchisee may submit a request to renew this Agreement for up to two (2) additional, consecutive terms of ten (10) years, and must provide each request to renew no less than six (6) months and no more than twelve (12) months prior to the end of the then-current term. Failure to provide such notice to Franchisor will be deemed an indication that Franchisee does not wish to renew the franchise relationship. Franchisor shall not unreasonably withhold its approval of such requests for renewal, provided Franchisee complies with the following conditions:

1. Franchisee must not have: (i) any uncured material defaults under this Agreement (including any monetary defaults) or any other agreement between Franchisee and Franchisor or the landlord of the Premises, either at time of Franchisee's renewal request or at the time of renewal; and (ii) received more than three (3) separate, written notices of material default from Franchisor with respect to this Agreement in the 12-month period preceding the renewal request date or renewal date.

2. Franchisee must execute Franchisor's then-current form of franchise agreement, which may contain materially different terms and conditions from those contained

in this Agreement, within thirty (30) days of the date Franchisee is provided with Franchisor's then-current form of franchise agreement.

3. Franchisee pays Franchisor a renewal fee in the amount of $2,500 at least ninety (90) days prior to the expiration of the then-current term. Franchisee will not be required to pay an additional Initial Franchisee Fee (as defined in Section 4) upon renewal.

4. Franchisee and/or the Designated Manager (as defined in this Agreement and as applicable) attends a prescribed training refresher course at least thirty (30) days before the expiration of the then-current term of this Agreement. Franchisee will also be responsible for all expenses incurred in connection with attending this refresher training.

5. Franchisee executes a general release under seal, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor and its officers, directors, shareholders, and employees in their corporate and individual capacities, including without limitation, all claims arising under any federal, state, or local law, rule, or ordinance.

6. Franchisee must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by Franchisor to the satisfaction of Franchisor.

7. Franchisee or transferee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Store within the time frame required by Franchisor, including the design, equipment, signs, interior and exterior décor items, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Franchisor's then-current System standards, specifications, and design criteria for a newly opened BISHOPS Store.

4. FEES AND PAYMENTS

A. **Fees**. In consideration of the rights and license granted herein, Franchisee shall pay the following amounts:

1. Upon execution of this Agreement, Franchisee must pay Franchisor an initial franchise fee of **$39,500** (the "Initial Franchise Fee"), which shall be deemed fully earned and non-refundable under any circumstances upon payment.

2. On or before the Tuesday (or other day Franchisor designates) of each week the Franchised Business is open and operating (and/or required to be open and operating under this Agreement), Franchisee must pay Franchisor an ongoing royalty fee (the "Royalty Fee") amounting to the greater of: (i) **$250** per week (the "Minimum Royalty Fee"); or (ii) the percentage of the Gross Sales identified in the table below (the "Percentage Royalty Fee").

Weekly Gross Sales (generated by Franchisee during the current Business Week)	**Percentage Royalty Fee** (as a percentage of the previous week's Gross Sales)
$0 - $9,500	**7%** of weekly Gross Sales
$9,501 - $11,775	**6.75%** of weekly Gross Sales
$11,776 - $13,775	**6.5%** of weekly Gross Sales
$13,776 - $15,775	**6.25%** of weekly Gross Sales
$15,776 - $18,775	**6%** of weekly Gross Sales
$18,776 and over	**5.75%** of weekly Gross Sales

Should Franchisee cross one of the Gross Sales thresholds defined above during a Business Week, the Royalty Fee payable by Franchisee for that Business Week shall be based on the Percentage Royalty Fee threshold multiplied by the entire amount of Gross Sales for that week.

For example purposes only and not as any indication of Gross Sales levels Franchisee should expect to achieve, should Franchisee generate Gross Sales of $5,000 during a Business Week, the Royalty Fee payable by Franchisee during that Business Week shall equal 7% of Gross Sales. Should Franchisee generate Gross Sales of $10,000 during a Business Week, the Royalty Fee payable by Franchisee during that Business Week shall equal 6.75% of Gross Sales. Should Franchisee generate Gross Sales of $12,000 during a Business Week, the Royalty Fee payable by Franchisee during that Business Week shall equal 6.5% of Gross Sales. Should Franchisee generate Gross sales of $15,000 during a Business Week, the Royalty Fee payable by Franchisee during that Business Week shall equal 6.25% of Gross Sales, and so forth.

Gross Sales is defined in Section 4(D), below, and the Royalty Fee is based on Gross Sales generated by the Franchised Business in the preceding week beginning Monday when the Franchised Business opens and ending Sunday when the Franchised Business closes (the "Business Week"). The Minimum Royalty Fee is temporarily reduced to **$100** per week for the first **6** months after the opening of the Franchised Business. The Royalty Fee payments received by Franchisor under this Agreement shall be under no restriction whatsoever and shall be considered general funds of Franchisor to be used for any and all purposes as Franchisor solely determines.

If the Minimum Royalty Fee is greater than the amount that would otherwise be due as calculated using the Percentage Royalty Rate identified above, Franchisee shall remit the Minimum Royalty Fee along with the required reporting data. The use of "Royalty Fee" in this Agreement shall be inclusive of the Minimum Royalty Fee.

3. At the same time and in the same manner the Franchisee is required to pay the Royalty Fee, Franchisee will be required to contribute to a creative brand fund (the "Fund") that Franchisor has established to promote the brand, Proprietary Marks and System, with such contribution being between one percent (1%) and two percent (2%) of the Gross Sales of the Franchised Business during the preceding Business Week and as described more fully in Section 9(E) of this Agreement.

4. In connection with the required computer software to be used in connection with the point-of-sale system at the Store (the "POS System"), Franchisee is required to pay the then-current fee charged by third party providers for the POS System and for POS System support.

5. Franchisee must pay to Franchisor the then-current monthly technology fee (the "Technology Fee") as consideration for certain technology-related services as Franchisor determines to provide from time to time during the term of this Agreement, including (a) website development and hosting, (b) establishing a System-wide intranet or other type of website portal for the System (a "Website Portal") of any kind, or (c) any other technology that Franchisor determines appropriate, in its discretion, for use in connection with your Franchised Business and determines to provide as part of the Technology Fee. The current Technology Fee as of the date of this Agreement is $125 per month, depending on the services used and number of users.

6. All other training/tuition fees, evaluation fees, as well as all amounts necessary to purchase marketing materials, inventory or other supplies from Franchisor or its affiliates must be paid on an ongoing basis, as described more fully in this Agreement.

B. **Method of Payment**. With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the "EFT Program"), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the "EFT Account"). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account.

C. **Access to Computer System**. Franchisor may, without notice to Franchisee, have the right to independently and remotely access and view Franchisee's computer system used in connection with the Franchised Business (the "Computer System") via the Internet, other electronic means or by visiting the Store, in order to obtain Gross Sales, tenant occupancy rates and other available information that Franchisor reasonably requests about the Franchised Business. Franchisee hereby consents to Franchisor using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor in accordance with this Agreement. Franchisee must obtain and use the Computer System hardware, software, point-of-sale system, and other components that Franchisor prescribed for use in

connection with the Franchised Business, and utilize and participate in any intranet/extranet that Franchisor establishes in connection with the System. Franchisor may require Franchisee to use a Computer System and/or related software that is administered through Franchisor and that provides Franchisor with automatic access to all data and reports that might be created by such Computer System and/or software.

D. **Gross Sales**. "Gross Sales" means the total revenue generated by your Franchised Business, including all revenue generated from the sale and provision of any and all Approved Products and Services at or through your Franchised Business and all proceeds from any business interruption insurance related to the non-operation of your Franchised Business, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. Franchisor reserves the right to require Franchisee to honor any gift cards for payment of services at the Franchised Business, even if the gift card was purchased at another BISHOPS location, in accordance with Franchisor's then-current policy. "Gross Sales" does not include (a) tips received by stylists and other practitioners at the Franchised Business, (b) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, or (c) the value of any allowance issued or granted to any client of the Franchised Business that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Services.

E. **Gross Sales Reports; Right to Modify Payment Interval**. On or before the deadline(s) set by Franchisor, Franchisee must send or submit to Franchisor using such software, technology, or reporting mechanism as designated by Franchisor from time to time in Franchisor's sole discretion, a signed Gross Sales report (a "Gross Sales Report") detailing the following information: (i) Gross Sales of the Franchised Business from the period designated by Franchisor, such as the preceding calendar month or Business Week; (ii) Franchisee's calculated Royalty Fee and Fund Contribution (if appropriate) based on the Gross Sales from the preceding period designated by Franchisor; and (iii) any other information Franchisor may require for that reporting period, such as profit & loss statement or other periodic financial statement. Franchisor may, as it deems necessary in its sole discretion, change the form and content of the Gross Sales Reports from time to time.

1. The parties agree and acknowledge that Franchisor may require Franchisee to use a Computer System and/or software in connection with the Franchised Business that provides Franchisor with automatic access to Gross Sales Reports and any other data/reports generated by such Computer System and/or software, but in no event shall such access by Franchisor affect Franchisee's obligation to provide all reports required under this Franchise Agreement unless Franchisor agrees otherwise in writing.

2. The parties agree and acknowledge that Franchisor may modify the interval at which it collects Franchisee's Royalty Fee, Fund Contribution and other recurring fees under this Agreement upon written notice (i.e., Franchisor may provide Franchisee with notice that it will be collecting these fees on a monthly rather than weekly basis). In such event, Franchisee's reporting obligations may also be modified by Franchisor accordingly.

F. **Late Payments**. If any payment due under this Agreement is not received by Franchisor by the scheduled date due, Franchisee shall be in default under this Agreement. If any

payment is overdue, Franchisee shall pay interest to the Franchisor, in addition to the overdue amount, at a rate of one and one-half percent (1.5%) per month, beginning from the date of non-payment or underpayment, until paid. Entitlement to collect such interest shall be in addition to any and all other remedies Franchisor may have. Franchisee agrees to pay Fifty Dollars ($50.00) for each check given or electronic transfer made to Franchisor that is dishonored, fails to process, or is returned.

G. **Taxes Owed by Franchisee**. No payments to be made to Franchisor by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment, or by any claim Franchisee may have against Franchisor. All taxes, charges, or assessments shall be paid by Franchisee to the taxing authorities when due, in addition to the amounts due to Franchisor.

H. **Security Interest**. Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interests in the real estate where the franchise is located (if Franchisee purchases its Premises), as well as all improvements to that real estate. Franchisee further grants to Franchisor a security interest in all furniture, furnishings, equipment, fixtures, inventory, and supplies located at or used in connection with the Franchised Business, whether now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions, and replacements therefore, as well as all cash and non-cash proceeds derived from insurance, the disposition of any such collateral to secure payment and performance of all debts, liabilities, and obligations of any kind of Franchisee to Franchisor under this Agreement, whenever and however incurred, any promissory note given by Franchisee to Franchisor, or any other agreement between them. Franchisee hereby authorizes Franchisor to file and record all financing statements, financing statement amendments, continuation financing statements, fixture filings, and other documents necessary or desirable to evidence, perfect, and continue the priority of the security interests granted herein. Franchisee agrees and understands that it must promptly execute and deliver any such documents to Franchisor upon request.

1. Notwithstanding anything contained in Section 4(I) of the Franchise Agreement to the contrary, Franchisee does not grant Franchisor any security interest in any real property associated with the Franchised Business if such real property is being leased by the Franchisee.

2. The parties agree that Franchisor will not execute on any security interest granted to Franchisor under Section 4(I) of the Franchise Agreement unless Franchisee fails to cure a material default under the Franchise Agreement within the applicable time period for cure after Franchisor has provided Franchisee with proper notice of such default(s).

I. **Inability to Operate Franchised Business**. If Franchisee is unable to operate the Franchised Business due to damage or loss to the Premises caused or created by a casualty, act of God, condemnation, or other condition over which Franchisee has no control, then Franchisor will waive the Royalty Fee due under this Agreement for a period of time that Franchisor reasonably determines is necessary for the Franchised Business to repair the damage/loss to the Premises and resume operations (or relocate the Franchised Business to a different approved location within the Designated Territory), with said waiver period not to exceed ninety (90) days commencing from the date Franchisee gives Franchisor notice of the damage or loss.

5. DUTIES OF FRANCHISOR

A. **Initial Training Program**. Franchisor shall offer and make available an initial training program (the "Initial Training Program") tuition-free for Franchisee and one additional person designated by Franchisee, provided these individuals attend at the same time and is the first Initial Training Program the Franchisee has received. If Franchisee has previously received the Initial Training Program pursuant to a separate franchise agreement, then Franchisor shall offer and make available the Initial Training Program only to Franchisee. One of the trainees must be Franchisee (or one of Franchisee's principals responsible for the Franchised Business if Franchisee is an entity) and, if applicable, the other attendee must be the individual that Franchisee appoints that will be responsible for the day to day management of the Franchised Business and that Franchisor approves (the "Designated Manager").

1. The Initial Training Program will be provided by Franchisor and its training personnel through: (i) training that will be provided at Franchisor's designated training facility; and (iii) on-site assistance that Franchisor's training personnel will provide at the Franchised Business prior to or at around the time it is opening (the "On-Site Assistance"). Franchisee will be responsible for all costs and expenses Franchisor's personnel incur in connection with providing the On-Site Assistance (including any travel, lodging, meals and other expenses).

2. The Initial Training Program will be provided subject to the schedule and availability of Franchisor's training personnel. In addition to Franchisee and its Designated Manager, Franchisee must ensure that its initial staff is available to receive and participate in the On-Site Assistance that Franchisor provides as described above.

3. In order for Franchisee to be eligible to receive the required On-Site Assistance from Franchisor, Franchisee must first: (i) purchase the Grand Opening Package, as well as submit, and obtain Franchisor's approval of, Franchisee's grand opening advertising and marketing plan for the Franchised Business; (ii) demonstrate that Franchisee has pre-paid all amounts in connection with the foregoing plan or is otherwise in a position to expend all approved or designated expenditures in connection with that plan; (iii) undertake all steps to establish and provide Franchisor with access to the EFT Account consistent with your Franchise Agreement, including providing Franchisor and/or its designee with a signed and completed copy of the authorization form attached hereto as Exhibit D, as well as any other authorizations and approvals necessary for Franchisor or its designee to access such EFT Account; (iv) demonstrate that Franchisee has obtained all required insurance coverages as set forth in this Agreement and the Operations Manual; and (v) provide Franchisor with completed and signed copies of all agreements and contracts that are attached as Exhibits to this Agreement, to the extent such documents have not been signed or need to be updated or completed at that time (collectively, the "Training Pre-Conditions").

4. Franchisor will provide the Initial Training Program to additional owners of Franchisee or managers of the Franchised Business (subject to the availability of

Franchisor's staff), provided Franchisee pays Franchisor its then-current training fee for each individual that attends in addition to the first two (2) persons (as well as any expenses incurred).

B. **Replacement Personnel Training**. Franchisor will also provide the Initial Training Program to any replacement personnel or those who attend but fail to complete the program as well, provided Franchisee pays Franchisor's then-current initial training fee (as well as any expenses incurred).

C. **Additional and Refresher Training; Remedial Training**.

1. While most of Franchisor's ongoing training and support is provided remotely via telephone and digital means, Franchisor may, as it deems appropriate in its discretion, develop additional and refresher training courses, and require Franchisee and its management to attend such courses. Franchisor will not require Franchisee and its designated attendees to pay its then-current training fee (the "Training Fee") in connection with attending additional/refresher training, unless (a) Franchisee requests such additional/refresher training, and/or (b) such additional/refresher training is provided on-site at the Premises of the Franchised Business. Franchisee will always be responsible for the costs and expenses that it and its trainees incur in connection with attending any additional/refresher training under this Agreement. Franchisor will not require Franchisee and its management to attend more than five (5) days of additional/refresher training each year.

2. If Franchisor determines that Franchisee is operating the Franchised Business in a manner that is not consistent with the terms of this Agreement or the Manuals, or if Franchisee is otherwise in material default of this Agreement, Franchisor may also require that Franchisee, its Designated Manager (if applicable) and/or other management personnel of the Franchised Business attend and complete up to five (5) additional days of training at (a) Franchisor's designated training facility, (b) the Franchised Business or (c) other location Franchisor designates, that is designed to address the default or other non-compliance issue (the "Remedial Training"). Franchisor may require Franchisee and its designated trainees to pay Franchisor its then-current training fee in connection with attending Remedial Training, and Franchisee will be responsible for the costs and expenses associated with Franchisee and any personnel attending such training.

D. **Manuals**. Franchisor will provide access to, or otherwise loan to Franchisee a copy of, its proprietary and confidential operations manuals prior to the opening of the Franchised Business, as well as any other instructional manuals as Franchisor deems appropriate (collectively, the "Manuals"). Franchisor will also provide access to or loan Franchisee a list of: (i) all furniture, fixtures, equipment, inventory, supplies and other items that Franchisee is required to purchase or lease in connection with the establishment and ongoing operation of the Franchised Business (collectively, the "Required Items"); (ii) a list of all suppliers from which Franchisee must purchase or lease any Required Items, which may be Franchisor or its affiliates (collectively, the "Approved Suppliers"); and (iii) a list of the Approved Products and Services that Franchisee is authorized to offer, sell or provide at and from the Franchised Business. The foregoing lists may be provided as part of the Manuals or otherwise in writing prior to opening, and Franchisor has the right to revise, supplement or otherwise modify these lists and the Manuals at any time upon written notice to you. Franchisor may also establish and maintain a BISHOPS website

portal (the "Bishops Team Site"), wherein Franchisor may post content that will automatically become part of, and constitute a supplement to, the Manuals, all of which Franchisee must strictly comply with promptly after such content is posted or otherwise listed on the Bishops Team Site. In the event Franchisee or its personnel saves or prints out a hard copy of any Manual, then such electronic/hard versions of said Manual must be immediately returned upon expiration or termination of this Agreement for any reason (and never used for any competitive purpose). The provisions of this Section shall survive the term of this Agreement.

E. **Site Selection Assistance**. Franchisor will provide Franchisee with site selection assistance and guidance with regards to Franchisee's selection of a Premises for the Franchised Business, including Franchisor's then-current site selection criteria, as it deems appropriate in its sole discretion. Franchisor will review and approve of any location the Franchisee proposes for the Franchised Business. Franchisor must approve of Franchisee's proposed location, as well as the lease for the Premises (the "Lease") or purchase agreement for the location, prior to Franchisee entering into any such agreement for that location to serve as the Premises of the Franchised Business. Franchisor may condition its approval of any Lease for the proposed Premises on the landlord's execution of Franchisor's form of Consent and Agreement of Landlord attached to this Agreement at Exhibit C. Franchisor will use reasonable efforts to review and approve of any proposed Premises location and corresponding Lease within thirty (30) days of receiving all reasonably requested information from Franchisee. Franchisee is required to use one (1) or more of its approved suppliers for site selection and other assistance related to securing an approved Premises.

F. **Grand Opening Advertising Assistance**. Franchisor may assist Franchisee, as it deems appropriate in its discretion, in developing and conducting the Grand Opening Advertising Program (as defined and described more fully in Section 9 of this Agreement), which program shall be conducted at Franchisee's expense.

G. **Continuing Assistance**. Franchisor may, as it deems appropriate and advisable in its sole discretion, provide continuing advisory assistance in the operation of the Franchised Business (after the Initial On-Site Training has been provided).Franchisor's determination not to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement. Franchisor may provide such assistance via telephone, fax, intranet communication, Skype or any other communication channel Franchisor deems appropriate, subject to the availability and schedules of Franchisor's personnel. In the event Franchisee requests that Franchisor provide any type of assistance or training on-site at the Franchised Business, then Franchisee may be required to pay Franchisor's then-current training tuition fee in connection with such training (in addition to reimbursing Franchisor for any costs/expenses that Franchisor's personnel incurs in connection with providing such assistance).

H. **Review of Advertising Materials**. Franchisor will review and approve/reject any advertising or marketing materials proposed by Franchisee in connection with the Franchised Business as described more fully in Section 9 of this Agreement.

I. **Website**. For so long as Franchisor has an active website containing content designed to promote the BISHOPS brand, System and Proprietary Marks (collectively, the "Website"), Franchisor will list the contact information of the Franchised Business on this Website, provided Franchisee is not in material default under this Agreement. Franchisor may also

provide Franchisee with one or more email address(es), as it deems appropriate in its discretion, which Franchisee must use only in connection with the Franchised Business.

J. **Private Label Products**. Franchisor may directly, or indirectly through Franchisor's affiliates or designated vendors, develop and provide Franchisee with private label products or other merchandise bearing the Proprietary Marks to be sold at the Franchised Business. Franchisee may be required to purchase these items from Franchisor or any other Approved Supplier Franchisor designates.

K. **Inspections of the Franchised Business and Premises**. Franchisor will, as it deems appropriate in its sole discretion, conduct inspections and/or audits of the Franchised Business and Premises to ensure that Franchisee is operating its Franchised Business in compliance with the terms of this Agreement, the Manuals and the System standards and specifications. Such inspections may include inspections of the Premises, taking photographs and/or videotape of the Store's common area, taking samples of any Approved Products for sale at the Store, interviewing and surveying Franchisee's personnel and customers, inspecting any and all books and records, and conducting mystery shop services. Franchisor is not responsible for ensuring that the Franchised Business is being operated in compliance with all applicable laws and regulations.

J. **Administration of Fund**. Franchisor will administer the Fund as it deems advisable to the System in its sole discretion as described more fully in Section 9 of this Agreement.

K. **No Assumption of Liability**. Franchisor shall not, by virtue of any approvals or advice provided to the Franchisee under this Agreement, including site selection or other approval provided under this Section 5, assume any responsibility or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and project oversight) provided by Franchisor or its nominee in relation to the selection or development of the Premises is only for the purpose of determining compliance with System standards and does not constitute a representation, warranty, or guarantee, express, implied or collateral, regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success.

L. **Delegation of Duties**. Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.

M. **Pre-Opening Obligations Acknowledgement**. If Franchisee believes Franchisor has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee shall notify Franchisor in writing within thirty (30) days following the opening of the Franchised Business. Absent such notice to Franchisor, Franchisee acknowledges, agrees and grants that Franchisor fully complied with all of its pre-opening and opening obligations set forth in this Agreement.

N. **Annual Conference**. Franchisor may establish and conduct an annual conference for all BISHOPS Store owners and operators, and may require Franchisee and its Designated Manager to attend this conference for no more than five (5) days each year. Franchisee shall pay the then-current registration fee, $500 as of the Effective Date, in connection with

any conference conducted pursuant to this Section, and Franchisee will be solely responsible for all expenses incurred in attending such conferences.

6. DUTIES OF FRANCHISEE

A. **Secure a Premises**. Franchisee must secure a Premises within the Designated Territory within nine (9) months of executing this Agreement, unless Franchisor agrees to an extension of time in writing. Franchisor will give Franchisee an evaluation of each site reasonably proposed. Franchisor reserves the right to send a representative to assist in site selection. If Franchisee is entering into a Lease for the proposed Premises, the form of Lease must be approved by Franchisor and Franchisee must ensure that both Franchisee and the party leasing the Premises to Franchisee under the Lease execute the form of Collateral Assignment of Lease attached to this Agreement as Exhibit C prior to, or at the same time, the Lease is executed. Franchisee may be required to use Franchisor's designated supplier for site selection and other assistance related to securing a Premises.

B. **Access to Franchisor for Inspection of Premises**. Upon the surrender of the Premises, Franchisee must conduct a physical inventory so that there is an accurate accounting of inventory, fixtures, furniture, supplies and equipment on hand, and shall provide a signed copy of this physical inventory to Franchisor as of the date of surrender of the Premises. Franchisor shall have the right to enter the Premises at its convenience and conduct said physical inventory on its own.

C. **Compliance with Lease**. Franchisee must comply with both the Lease and any additional leasehold covenants and regulations of the building in which the Premises is located. In the event the landlord of the Premises terminates the Lease due to Franchisee's default thereunder, this termination will also constitute a material breach of this Agreement by Franchisee. In the event Franchisor provides appropriate notice as described in Section 6(A) above and assumes control of the Premises and the operation of the former Franchised Business upon the termination or expiration of the Lease, the future operation of that Store by Franchisor shall not be as an agent of Franchisee and Franchisor shall not be required to account to Franchisee as a result thereof.

D. **Construction and Build-Out**. Franchisee must complete all construction and build-out of the Premises in a manner consistent with Franchisor's System standards, specifications and any agreed-upon plans and open the Franchised Business to the public no later than 18 months after the date this Agreement is executed. Franchisee is required to use an Approved Supplier for pre-opening project and construction management services. Franchisor must provide its prior written consent before Franchisee may open the Franchised Business, and Franchisor reserves the right to inspect the construction and/or build-out of the Franchised Business at any reasonable time prior to the opening date. Should Franchisee fail to open the Franchised Business for operation within the prescribed period (or, if applicable, within any extended period of time Franchisor approves in writing), this Agreement will be deemed terminated upon written notice from Franchisor to Franchisee without the necessity of further action or documentation by either party.

Upon request and subject to personnel availability, Franchisor may assist in the development and planning of any construction or remodeling with respect to sign specification and colors and Store layout and design. Franchisor does not assist with, and Franchisee is exclusively responsible for, compliance with all local ordinances, codes, permits, and other requirements relating to the plans. Franchisee must pay for construction

or remodeling and all other costs associated with compliance and permits. Franchisor's approval means the site and plans meet minimum specifications and is not a warranty for their appropriateness.

Notwithstanding anything contained in this Section, Franchisor will provide Franchisee with a reasonable extension of time not to exceed ninety (90) days to complete the build-out/construction of the Franchised Business and open to the public, provided: (i) Franchisee has already executed a lease for, or otherwise obtained, a Premises that Franchisor approves; and (ii) Franchisee notifies Franchisor of its need for such an extension no less than thirty (30) days prior to expiration of the 18 month timeline to open and commence operations described herein.

E. **Required Licenses and Permits**. Prior to opening, Franchisee must obtain and maintain (throughout the term of this Agreement) all required licenses, permits and approvals to establish, open and operate the Franchised Business at the Premises in the Designated Territory, including all required licenses and permits related to the offer and sale of hair care services, including hair cutting, hair coloring and related services, and the other Approved Products and Services that Franchisor authorizes Franchisee to provide at the Franchised Business.

F. **Licensing Requirements for Barbers and Stylists**. Franchisee must ensure that the applicable Approved Products and Services provided at the Franchised Business are only performed by barbers and stylists (as appropriate) that are licensed by the appropriate authorities to provide the Approved Products and Services at issue. Franchisee must also comply with any and all state laws and regulations that (i) require the examination and certification of barbers and/or stylists, and (ii) restrict the types of services that barbers and/or stylists or other Franchised Business personnel may offer.

G. **Approved Products and Services**. Franchisee must only offer and sell only the Approved Products and Services at the Franchised Business. Franchisee may not offer or provide any other products/services and must not deviate from Franchisor's System standards and specification related to the manner in which the Approved Products and Services are offered and sold, unless Franchisor provides its prior written consent. Franchisor has the right to add additional, delete or otherwise modify certain of the Approved Products and Services from time to time in the Manuals and otherwise in writing, as it deems appropriate in its sole discretion. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute. Franchisor reserves the right to require Franchisee to accept as payment for services or products any valid gift card or other such indication of prepayment or credit, no matter where such credit was issued or such prepayment was made. Franchisee shall be compensated for fulfilling prepaid services as specified in the Manual or otherwise in writing by Franchisor.

1. *Gift Card Sales.* Franchisee must sell or otherwise issue gift cards or certificates (collectively, the "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Manuals or otherwise in writing. Franchisor reserves the right to require Franchisee to fully honor all Gift Cards that are in the

form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisor via its website, Franchisee or another BISHOPS Store location.

2. *Gift Card Policies.* Franchisor reserves the right to require Franchisee to accept as payment for Approved Products and Services any valid gift card or other such indication of prepayment or credit, no matter where such credit was issued or such prepayment was made. If so required, Franchisee shall be compensated for fulfilling prepaid services at the Franchised Business as specified in the Manual or otherwise in writing by Franchisor. Franchisee must sell, issue, and redeem (without any offset against any Royalty or other amounts owed to Franchisor) Gift Cards in accordance with procedures and policies specified by Franchisor in the Manual or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other BISHOPS Store locations and for making timely payment to Franchisor, other operators of a BISHOPS Store, or a third-party service provider for Gift Cards issued from the Franchised Business that are honored by another BISHOPS Store location.

H. **Other Devices Prohibited at Premises**. Franchisee is specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, internet kiosks, public telephones (or payphones), or any other electrical or mechanical device in the Store other than those Franchisor prescribes or approves.

I. **Fixtures, Furniture, Signs and Inventory**. Franchisee must maintain at all times during the term of this Agreement and any renewals hereof, at Franchisee's expense, the Premises and all fixtures, furnishings, signs, artwork, décor items and inventory therein as necessary to comply with Franchisor's standards and specifications as prescribed in the Manuals or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Franchisor requires. Franchisor will not require Franchisee to make material renovations or refurbishments to the Premises of the Franchised Business more than once every five (5) years, unless such renovation/refurbishment is in connection with a renewal or transfer of this Agreement. The parties agree and acknowledge, however, that the limitation set forth in the preceding sentence will not apply to any request to modify the Proprietary Marks as provided for in this Agreement.

J. **Compliance with Applicable Laws**. Franchisee must at all times conduct and operate the Franchised Business in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto, including any laws and regulations related to providing hair care services, including hair cutting and hair coloring, and certification/licensing of barbers and stylists. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

K. **Required Items**. Franchisee must: (i) purchase any and all Required Items that Franchisor designates for use in connection with the Franchised Business, which may including

(without limitation) all products, supplies, inventory, fixtures, Computer System, parts, and materials required for the operation of the Franchised Business; (ii) ensure that all Required Items meet Franchisor's standards and specifications; and (iii) purchase all items Franchisor specifies from the Approved Supplier(s) that Franchise designates, which may include Franchisor or its affiliate(s). Franchisee agrees and acknowledges that Franchisor and/or its affiliates may derive revenue from the offer and sale of Required Items.

L. **Alternative Supplier Approval**. If Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, to the extent known. Franchisee must then follow Franchisor's then-current procedure for evaluating and approving such request and pay Franchisor's then-current product/supplier evaluation fee (the "Evaluation Fee"). At Franchisor's request, Franchisee must also provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied. Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement. Each supplier that Franchisor approves must comply with Franchisor's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract. Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate.

M. **Computer Issues**. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders.

N. **Promotional Materials Display (Seasonal and Otherwise)**. Franchisee must openly and prominently display franchise promotional materials provided or designated by Franchisor and participate in any ongoing System-wide sales, specials or other promotions that Franchisor designates, including without limitation, participating in any seasonal sales/promotions and displaying all designated signage in connection therewith.

O. **Initial Training Program and Other Training/Conference Attendance**. Franchisee and each of its management personnel must attend and successfully complete all training and annual conferences, including any Additional Training or Remedial Training that Franchisor requires during the term hereunder.

1. Franchisee, its Designated Manager (if applicable) and any other trainees that Franchisee designates to participate in the Initial Training Program prior to opening must attend (or otherwise participate in) and complete all portions of the Initial Training Program at least 30 days prior to opening the Franchised Business.

2. Franchisee must also cover all costs associated with the costs and expenses that Franchisee and any of its personnel incur in connection with attending any part of the Initial Training Program, including costs associated with travel, lodging, meals and personnel compensation.

3. Franchisee and, if applicable, Franchisee's Designated Manager must: (i) attend and complete any additional or refresher training the Franchisor is permitted to require Franchisee to attend each year; and (ii) attend Franchisor's annual conference if such a conference is conducted by Franchisor (and pay Franchisor's then-current registration fee).

4. Any failure to attend and complete the Initial Training Program or other training/conferences, including any Remedial or Refresher Training, described in this Section will be a material default of this Agreement and grounds for termination if not cured within the appropriate cure period set forth in this Agreement (if any).

P. **Training of Employees**. Franchisee or at least one (1) of Franchisee's personnel that has successfully completed the entire Initial Training Program must conduct training classes for, and properly train, all of Franchisee's employees on sales, advertising, maintenance of the Premises, the POS and computer system, as well as any other information that is relevant to each employee's role with the Franchised Business, including Franchisor's standards and specifications for operating the Franchised Business, as Franchisor may set forth in the Manuals or otherwise in writing. Further, at least one (1) person that has completed the Initial Training Program must manage the Franchised Business at all times.

Q. **Hours of Operation**. Franchisee shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing, and must ensure that the Franchised Business is sufficiently staffed.

R. **Image**. Franchisee shall maintain the image of the Franchised Business at all times in accordance with Franchisor's standards and specifications, including: (i) ensuring that the Premises is maintained in a clean and orderly manner; and (ii) ensuring that all equipment, furniture and fixtures remain in good, clean condition and is properly displayed. Franchisor may require Franchisee to refurbish, renovate and/or otherwise substantively modify the

interior of the Franchised Business, including the furniture, fixtures and equipment used at the Premises, no more than once every five (5) years (unless the change is required in connection with a renewal or transfer of this Agreement) so that the Premises and Franchised Business conform with Franchisor's then-current System standards and specifications for a new BISHOPS Store.

S. **Customer Lists and Data/Agreements**. Franchisee must (i) maintain a list of all of its current and former customers, as well as their purchase history, at the Premises; and (ii) make such lists and contracts available for Franchisor's inspection upon request. Franchisee must promptly return this information, which is deemed "Confidential Information" and Franchisor's exclusive property hereunder, to Franchisor upon expiration or termination of this Agreement for any reason. Franchisee acknowledges that Franchisor may have automatic access to any or all of this information via the Computer System and related software that Franchisor requires for use in connection with the Franchised Business.

T. **Promotional/Minimum Prices; Pricing Guidelines**. To the extent permitted under applicable law, Franchisee must follow Franchisor's general pricing guidelines, including any promotional or minimum prices set by Franchisor for a particular Approved Product or Service. As an independent contractor, however, Franchisee may exercise flexibility in meeting competition with respect to the pricing of certain Approved Products and Services offered at the Franchised Business. Franchisor may request information from Franchisee that has been used to substantiate any reduction or increase in pricing made by Franchisee to meet market conditions.

U. **Operation of Franchised Business and Customer Service**. Franchisee shall manage and operate the Franchised Business in an ethical and honorable manner, and must ensure that all those working at the Franchised Business provide courteous and professional services to customers and always keep its customers' interests in mind while protecting the goodwill of the Proprietary Marks, System and the Franchised Business. Franchisee must handle all customer complaints and requests for returns and adjustments, including honoring any re-do services, in a manner consistent with Franchisor's standards and specifications, and in a manner that will not detract from the name and goodwill enjoyed by Franchisor. Franchisee must consider and act promptly with respect to handling of customer complaints, and implement complaint response procedures that Franchisor outlines in the Manuals or otherwise in writing.

V. **Access to Store**. To determine whether Franchisee is complying with this Agreement, Manuals and the System, Franchisor and its designated agents or representatives may at all times and without prior written notice to Franchisee: (i) inspect the Premises; (ii) observe and monitor the operation of the Franchised Business for consecutive or intermittent periods as Franchisor deems necessary; (iii) interview or survey personnel and customers of the Franchised Business; and (iv) inspect, audit and/or copy any books, records, and agreements relating to the operation of the Franchised Business, including all financial information. Franchisee agrees to cooperate with Franchisor fully in connection with these undertakings by Franchisor (if taken). If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the operation of the Franchised Business.

W. **Personal Participation by Franchisee**. Franchisee must personally participate in the direct management operation of the Franchised Business on a full-time basis, unless Franchisee engages a Designated Manager that Franchisor approves in writing to manage

the day-to-day operations of the Franchised Business when Franchisee is not present. The Designated Manager should have business operations, retail, and salon coordination experience. If Franchisee designates a manager at any time, that manager must successfully complete the Initial Training Program prior to assuming any management responsibilities in connection with the Franchised Business. Regardless, Franchisee is solely responsible for all aspects of the operation of the Franchised Business and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the Manuals are met and kept.

X. **Credit Cards**. Franchisee must accept credit cards at the Premises to facilitate sales, including Visa, MasterCard, American Express and Discover and any other major credit cards designated by Franchisor.

Y. **Payments to Franchisor**. Franchisee agrees to promptly pay Franchisor all payment and contributions that are due to Franchisor, its affiliates or any Approved Supplier.

Z. **Employment Decisions**. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's personnel must be competent, conscientious, and properly trained. Nothing in this Agreement is intended or may be construed to create any type of employer or joint employer relationship between (a) Franchisee and/or its personnel (including any barbers, stylists or other licensed personnel), and (b) Franchisor.

AA. **Bookkeeping Software**. Franchisor may require Franchisee to use a third-party provider (other than QuickBooks) for bookkeeping services if Franchisee (i) fails to timely and accurately provide any and all required reports under this Agreement, or (ii) underreports the Gross Sales of the Store at any time.

7. PROPRIETARY MARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS

A. **Ownership of Proprietary Marks**. Franchisee acknowledges the exclusive ownership and/or right to use the Proprietary Marks by Franchisor, and Franchisee agrees that during the term of this Agreement and after its expiration or termination Franchisee will not directly or indirectly contest or aid in contesting the validity of the Proprietary Marks or the ownership or rights of the Proprietary Marks by Franchisor. Furthermore, Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Proprietary Marks shall contribute and inure to the commercial use and benefit of Franchisor, which Franchisor may claim to strengthen and further secure ownership of the Proprietary Marks.

B. **Permitted Use**. It is understood and agreed that the use by Franchisee of Franchisor's Proprietary Marks applies only in connection with the operation of the Franchised Business at the Premises, and includes only such Proprietary Marks as are now designated, or which may hereafter be designated in the Manuals or otherwise in writing as part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by the Franchisor), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.

C. **Use of Proprietary Marks in Advertising and Signage**. To develop and maintain high, uniform standards of quality and service and thereby protect Franchisor's reputation and goodwill, as well as that of the System, Franchisee agrees to:

1. Operate and advertise the Franchised Business only under the Proprietary Marks authorized by Franchisor as specified in this Agreement or the Manuals;

2. Maintain and display signage and advertising bearing the Proprietary Marks that reflects the current commercial image of the System and, upon notice from Franchisor, to immediately discard and cease use of Proprietary Marks or other imagery that has become obsolete and no longer authorized by Franchisor.

3. Upon Franchisor's request, Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or upon the Premises, a sign containing the following notice: "This business is owned and operated independently by (*name of franchisee*) who is an authorized licensed user of the trademark, BISHOPS, under a license agreement with BCC Franchising, LLC."

D. **Proprietary Marks are Sole Property of Franchisor**. Franchisee acknowledges that the Proprietary Marks, System, Manual, and all other information and items delivered to Franchisee by Franchisor pursuant to this Agreement or in furtherance of the System, including without limitation, video and audio tapes or disks, information communicated by electronic means, and intellectual property, are the sole and exclusive property of Franchisor, and Franchisee's right to use the same are contingent upon Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any of said property, except for Franchisee's rights to use the same under this Agreement for the term hereof and strictly in the manner prescribed. Franchisee agrees that it will not, during the term of this Agreement or any time thereafter, contest or challenge the sole and exclusive proprietary rights of Franchisor (and, if appropriate, Franchisor's affiliates) to the Proprietary Marks, System, Manuals, and other information, intellectual property, and items delivered or provided or to which Franchisee obtains access under this Agreement, nor shall Franchisee claim any proprietary interest in such property. Franchisee agrees that it will not adopt, display, attempt to register or otherwise use any names, marks, insignias, or symbols in any business that are or may be confusingly similar to the Proprietary Marks licensed under this Agreement.

E. **Legal Action Involving Proprietary Marks**. Furthermore, Franchisee agrees to cooperate with and assist Franchisor in connection with any legal action brought by or against either of them regarding the protection and preservation of the Proprietary Marks, System, or the Manuals and other information and intellectual property delivered to Franchisee or used by Franchisee under this Agreement.

F. **Confidential Information**. Franchisee agrees that all documents, papers, notes, and other materials, as well as work products containing or derived from the proprietary information or from the knowledge of, or in connection with, the operation of the Franchised Business, will be Confidential Information (as defined in this Agreement) that is the exclusive property of Franchisor. Franchisee agrees that it will have no proprietary interest in any work product developed or used by it that arises out of the operation of the Franchised Business. Franchisee will, from time to time as may be requested by Franchisor, do all things that may be necessary to establish or document Franchisor's ownership of any such work product, including without limitation, the execution of assignments.

G. **Improvements**. Franchisee agrees to disclose promptly to Franchisor any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Franchised Business (collectively, the "Improvements"), all of which shall be automatically and without further action owned by Franchisor without compensation to Franchisee (including all intellectual property rights therein). Whenever requested to do so by Franchisor, Franchisee will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor's interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.

H. **No Representations/Warranties**. No representation or warranty, express or implied, is made by Franchisor to the effect that the use of the System does not constitute an infringement upon the patent, copyright, or other proprietary rights of other persons. Franchisee hereby agrees that Franchisor shall have no liability to Franchisee in the event the System is held not to be secret or confidential or in the event that any infringement of others' proprietary rights occurs because of Franchisee's use of the System.

I. **Modification or Substitution of Marks by Franchisor**. If in Franchisor's reasonable determination, the use of Proprietary Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Proprietary Marks, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify, discontinue, or to use one (1) or more additional or substitute trade or service Proprietary Marks then upon notice from Franchisor, Franchisee will terminate or modify, within a reasonable time, such use in the manner prescribed by Franchisor. If Franchisor changes the Proprietary Marks in any manner, Franchisor will not reimburse Franchisee for any out-of-pocket expenses that Franchisee incurs to implement such modifications or substitutions. Franchisor is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Proprietary Mark, nor is Franchisor responsible for reimbursing Franchisee for any other costs or damages

J. **Modification or Substitution of Proprietary Marks by Franchisee**. Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Proprietary Marks unless directed by Franchisor in writing.

K. **Cease Use of Marks on Termination/Non-Renewal**. Upon termination or expiration and non-renewal of this Agreement, Franchisee agrees to immediately cease use, in any manner whatsoever, of any of the Proprietary Marks or any other Proprietary Marks or trade names that may be confusingly similar to the Proprietary Marks.

L. **Disconnection of Telephone Number on Termination/Renewal**. Franchisee acknowledges that there will be substantial confusion among the public if, after the termination or expiration and non-renewal of this Agreement, Franchisee continues to use advertisements and/or the telephone number listed in the telephone directory under the name BISHOPS or any name similar to it. Thus, effective upon the termination or

expiration and non-renewal of this Agreement, Franchisee agrees to direct the telephone company servicing Franchisee, per Franchisor's request, to disconnect the telephone number used in connection with the Franchised Business or transfer such number to Franchisor or to any person or location of Franchisor's choosing. If Franchisee fails to take these steps, Franchisee shall be deemed to have hereby irrevocably appointed Franchisor as Franchisee's attorney-in-fact for purposes of directing and accomplishing such transfer. Franchisee understands and agrees that, notwithstanding any billing arrangements with any telephone company or yellow pages directory company, Franchisor will be deemed for purposes hereof to be the subscriber of such telephone numbers, with full authority to instruct the applicable telephone or yellow pages directory company as to the use and disposition of telephone listings and numbers. Franchisee hereby agrees to release, indemnify, and hold such companies harmless from any damages or loss as a result of following Franchisor's instructions.

M. **Non-Exclusive Use of Proprietary Marks**. Franchisee understands and agrees that its right to use the Proprietary Marks is non-exclusive, that Franchisor in its sole discretion has the right to grant licenses to others to use the Proprietary Marks and obtain the benefits of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Franchisor may deem advisable where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.

N. **Acknowledgements**. With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:

1. Franchisee shall not use the Proprietary Marks as part of Franchisee's corporate or any other business name, domain name, e-mail address or any social media or social networking profile/page;

2. Franchisee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable therefor without Franchisor's prior written consent; and

3. Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for Proprietary Marks or to maintain the continued validity of such Proprietary Marks.

O. **Use Outside Scope**. Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this license without Franchisor's prior written consent is an infringement of Franchisor's exclusive right to use the Proprietary Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of Franchisor's Proprietary Marks, or take any other action in derogation thereof.

P. **Notification of Infringement**. Franchisee shall notify Franchisor within three (3) calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in

connection with any such infringement, challenge, or claim. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense or prosecution.

Q. **Indemnification Regarding Marks**. Franchisor will indemnify and defend Franchisee against any third-party claim brought against Franchisee that arises solely out of Franchisee's authorized use of the Proprietary Marks licensed under this Agreement in connection with the Franchised Business, provided: (i) such use is in full compliance with Franchisor's standards and specifications; and (ii) Franchisee notifies Franchisor in writing of this third-party claim within three (3) calendar days of receiving notice or otherwise learning of the claim. Franchisor will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Franchisor deems appropriate. Franchisee must fully cooperate with Franchisor in connection with Franchisor's defense or settlement of any third-party claim that Franchisor determines to take control of under this Section 7. Notwithstanding anything in this Section to the contrary, Franchisor's liability under this Section shall be limited to no more than the Initial Franchise Fee paid under this Agreement.

R. **Other Obligations of Franchisee**. In addition to all other obligations of Franchisee with respect to the Proprietary Marks licensed herein, Franchisee agrees:

1. To feature and use the Proprietary Marks solely in the manner prescribed by Franchisor and not use the Proprietary Marks on the Internet or otherwise online, except as approved in writing by Franchisor; and

2. To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.

8. OPERATIONS MANUALS AND CONFIDENTIAL/CONFIDENTIAL INFORMATION

A. **Compliance with Manuals**. In order to protect the reputation and goodwill of Franchisor and the System, and to maintain uniform standards of operation under Franchisor's Proprietary Marks, Franchisee shall conduct the Franchised Business in strict accordance with Franchisor's Manuals.

B. **Control of Store**. Franchisee acknowledges the Manuals provided by Franchisor to Franchisee is intended to protect Franchisor's standards, systems, names, and marks, but that such Manuals are not intended to control the day-to-day operation of Franchisee's business. Franchisee further acknowledges and agrees that Franchisee's Business will be under the control of the Franchisee at all times. Franchisee will be responsible for the day-to-day operation of the business.

C. **Confidential Information**. In connection with the operation of the Franchised Business, Franchisee will from time to time become acquainted with, work with, and even generate certain information, procedures, techniques, data, and materials that are and, by this

Agreement, will become proprietary to Franchisor. Franchisee and all persons signing this Agreement agree to keep confidential any of Franchisor's trade secrets or proprietary information as defined below and will not use such for its or their own purpose or supply or divulge same to any person, firm, association, or corporation except as reasonably necessary to operate the Franchised Business.

D. **Trade Secrets and Confidential Information**. The confidentiality requirements set forth in the preceding paragraph will remain in full force and effect during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal. Franchisor's trade secrets and proprietary/confidential information include the following:

1. The Manuals;

2. Any information or materials, whether technical or non-technical, that is used in connection with or otherwise related to the establishment and operation of a BISHOPS Store or the System that is not commonly known by, or available to, the public, including without limitation: (i) information and materials related to the architectural plans, design, layout, equipping, build-out and/or construction of a Store; (ii) methodology, protocol and System standards/specifications for the promotion, offer and sale of any Approved Product or Service, including Franchisor's policies regarding Gift Cards; (iii) information related to Franchisor's relationship with existing or prospective Approved Suppliers or other third-party vendors (whether or not Franchisee is required to use such vendors); (iv) the reservations system, as well as Computer System and related software generally, that has been customized in any manner for use by Franchisor and/or a Store; (v) marketing and advertising materials, as well as any other items that display the Proprietary Marks in any manner, as well as Franchisor's designated marketing/advertising/promotional campaigns; and (vi) any passwords, logins or other keys necessary to access Franchisee's POS system, reservation system, Computer System or related software used in connection with the Franchised Business; and

3. All information and data Franchisee collects regarding the customers and clientele of the Franchised Business at any time during the term of this Agreement;

4. Any other information that may be imparted to Franchisee from time to time and designated by Franchisor as confidential (collectively, the types of information described in this Section 8(D) will be referred to as "Confidential Information").

E. **Confidential Information as Property of Franchisor**. Franchisee acknowledges and agrees that the Confidential Information and any business goodwill of the Franchise are Franchisor's sole and exclusive property and that Franchisee will preserve the confidentiality thereof. Upon the termination or expiration and non-renewal of this Agreement, all items, records, documentation, and recordings incorporating any Confidential Information will be immediately turned over by Franchisee, at Franchisee's sole expense, to Franchisor or to Franchisor's authorized representative.

F. **Information Not Proprietary**. Excepted from Confidential Information for purposes of non-disclosure to any third parties by Franchisee and/or its Restricted Persons (as defined in Section 8(H) below) is information that:

1. Becomes publicly known through no wrongful act of Franchisee or Restricted Persons; or

2. Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Franchisor or becomes rightfully known to them without confidential restriction from a source other than Franchisor.

G. **Reasonable Efforts to Maintain Confidentiality**. Franchisee shall at all times treat the Confidential Information as confidential and shall use all reasonable efforts to keep such information secret and confidential, including without limitation, all logins/passwords/keys necessary to access any component of the Computer System or related software used in connection with the Franchised Business. The Manuals must remain at the Premises and be kept in a secure location, under lock and key, except when it is being studied by Franchisee or Franchisee's employees. Franchisee shall not, at any time without Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part.

H. **Prevention of Unauthorized Use or Disclosure**. Franchisee shall adopt and implement all reasonable procedures as Franchisor may prescribe from time to time to prevent the unauthorized use or disclosure of any of the Confidential Information. Franchisee must ensure and require that all of its officers, agents, directors, shareholders, trustees, beneficiaries, partners, employees, and independent contractors who may obtain or who are likely to obtain knowledge concerning the Confidential Information (collectively, "Restricted Persons") execute Franchisor's prescribed form of confidentiality agreement that will be in substantially the same form attached to this Agreement as Exhibit E (the "Confidentiality and Non-Competition Agreement"). Franchisee must obtain a signed copy of the Confidentiality and Non-Competition Agreement from any such person prior to, or at the same time of, that person undertaking its role and/or employment or association with Franchisee or the Franchised Business. Franchisee's spouse or significant other shall also be bound by the same requirement and shall sign the same Confidentiality and Non-Competition Agreement. Franchisee must provide Franchisor with a copy of each signed Confidentiality and Non-Competition Agreement within ten (10) days of Franchisor's request.

I. **Loan of Manuals**. Franchisor will loan or provide online access to one (1) copy of the Manuals to Franchisee. The Manuals shall at all times remain the sole property of Franchisor and any and all copies (hard copies or electronic files) of the Manuals must be returned to Franchisor upon termination or expiration and non-renewal of this Agreement.

J. **Modification of Manuals**. In order for Franchisee to benefit from new knowledge, information, methods, and technology adopted and used by Franchisor in the operation of the System, Franchisor may from time to time revise the Manuals, and Franchisee agrees to adhere to and abide by all such revisions (at its expense). Franchisee agrees at all times to keep its copy of the Manuals current and up-to-date. In the event of any dispute as to the contents of Franchisee's Manual, the terms of the master copy of the Manuals maintained by Franchisor at its home office shall be controlling. Franchisor may provide any supplements, updates or revisions to the Manuals via the Internet, email, the System-wide intranet/extranet or any other electronic or traditional mediums it deems appropriate.

9. ADVERTISING

A. **Designated or Pre-Approved Advertising Materials and Campaigns**. Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all or some of the BISHOPS Stores operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisor may also request that Franchisee purchase and/or make copies of (and Franchisee's expense) and subsequently use certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Business.

B. **Approval for all Other Advertising/Promotional Materials**. All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and shall conform to Franchisor's standards and requirements as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials twenty (20) days prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit unapproved plans and materials to Franchisor, and Franchisor will have fifteen (15) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this fifteen (15) day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use or dissemination of such materials. Once approved, Franchisee may use the proposed materials for a period of ninety (90) days, unless Franchisor prescribes a different time period for use or requires Franchisee to discontinue using the previously-approved materials in writing. Franchisor may revoke its approval of any previously-approved advertising materials upon notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase "Franchises Available" and references to Franchisor's telephone number and/or website.

C. **Grand Opening Advertising**. Franchisee must spend between $5,000 and $10,000 on the initial advertising and grand opening of the Franchised Business within 12 weeks of opening the Franchised Business (the "Grand Opening Advertising Requirement"), with Franchisee agreeing and acknowledging that Franchisor will designate that exact amount that must be expended at some point after Franchisee secures an approved Premises. Franchisor may also require that Franchisee expend all or any portion of the Grand Opening Advertising Requirement on initial marketing/advertising and/or public relations materials or services that are purchased from an Approved Supplier. As part of the Grand Opening Advertising Requirement, Franchise may be required to purchase a grand opening package, which includes banners, brochures and other promotional materials Franchisee will need to announce and promote the Franchised Business's grand opening, from an Approved Supplier (the "Grand Opening Package"). Franchisor will designate the exact amount of the Grand Opening Advertising within 30 days of the date Franchisee has secures its Premises.

D. **Local Advertising Requirement**. Franchisee must expend a minimum of 1% of the Gross Sales of the Franchised Business for the purpose of local advertising and promotion of the Franchised Business within the Designated Territory (the "Local Advertising Requirement").

1. Upon Franchisor's request, Franchisee must provide Franchisor with invoices or other proof of its monthly expenditures on local advertising and marketing.

2. Franchisee must ensure that: (i) the Franchised Business has a dedicated phone line for use in connection with the Franchised Business only (and no other business, including any other BISHOPS franchise); and (ii) the Franchised Business is listed in the appropriate Internet-based directories that Franchisor designates.

3. Franchisee may not advertise and promote the Franchised Business outside of the Designated Territory, unless (a) the geographic area wherein Franchisee wishes to advertise is contiguous to the Designated Territory and that area has not been granted to any other BISHOPS location or BISHOPS franchisee/developer, or (b) Franchisor otherwise provides its prior written consent in writing.

4. Upon written notice to Franchisee, Franchisor may increase Franchisee's Local Advertising Requirement to an amount equal to up to 2% of the Gross Sales of the Franchised Business.

E. **Advertising and Marketing Fund**. Franchisor has established a System-wide brand Fund designed to promote the System, Proprietary Marks and BISHOPS brand generally. Franchisor requires Franchisee to contribute to this Fund on a weekly basis in an amount equal to 1% of the Gross Sales of the Franchised Business as of the date this Agreement is executed, but Franchisor reserves the right to increase this amount to up to 2% of the Gross Sales of the Franchised Business as described in Section 4. All payments by Franchisee to the Fund are non-refundable upon payment, and Franchisor will account separately for all sums paid to the Fund. The Fund will be maintained and administered by Franchisor or Franchisor's designee as follows:

1. Franchisor will use Fund and all contributions to it and any earnings on it, exclusively for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities, that Franchisor believes would enhance the image of the System, Proprietary Marks, and Approved Products or Services.

2. Franchisor is not obligated to spend monies from the Fund in any particular Franchisee's market in proportion to the payments to the Fund made by the Franchisee in that market. Franchisor does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.

3. The Fund may be used to meet any and all costs of maintaining, administering, directing, and preparing advertising. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining the Franchisor's Website, employing advertising and public relations agencies, purchasing promotional items, and providing other marketing materials and services to the BISHOPS Stores operating under the System. These costs may include the proportionate salary share of Franchisor's employees that devote time

and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses related to administering the Fund and its programs. No part of the Fund shall be used by Franchisor to defray any of its general operating expenses, other than those reasonably allocable to the advertising described in this Section or other activities reasonably related to the administration or direction of the Fund.

4. Franchisor shall administratively segregate all contributions to the Fund on its books and records. All such payments to the Fund may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds, and may be deemed an asset of Franchisor, subject to Franchisor's obligation to expend the monies in the Fund in accordance with the terms hereof. Franchisor may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event Franchisor's expenditures for the Fund in any one (1) fiscal year shall exceed the total amount contributed to the Fund during such fiscal year, Franchisor shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.

5. Franchisor will, on an annual basis, account for the operation of the Fund and prepare an unaudited financial statement evidencing such accounting that will be available to Franchisee, upon Franchisee's written request, one hundred and twenty (120) days after the Franchisor's fiscal year end.

6. Franchisor may dissolve, suspend, modify and/or reinstate the Fund at any time after it is established.

F. **Advertising Council**. Franchisor may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Fund and various other advertising/marketing matters (an "Advertising Council"). If Franchisor establishes an Advertising Counsel, it may serve in only an advisory capacity and may consist of franchisees, personnel from Franchisor's affiliate-owned Stores, or other management/employees that Franchisor designates. If an Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Franchisor. The recommendations of the Advertising Council shall not be binding on Franchisor.

G. **Website**. Franchisor agrees that it will establish an interior page on its corporate website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) this Agreement is not subject to termination. Franchisee may not establish any separate website or other Internet presence in connection with the Franchised Business, System or Proprietary Marks without Franchisor's prior written consent. If approved to establish a separate website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisee specifically acknowledges and agrees that any website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval as described in this Section

9. Franchisee may not promote or otherwise list its Franchised Business, or the Proprietary Marks or System, on any social media or networking site, including without limitation, Facebook, LinkedIn, Instagram, Pinterest, Twitter or YouTube, without Franchisor's prior written consent. Franchisor shall have the right to modify the provisions of this Section relating to Franchisee's use of separate websites and social media, as Franchisor determines necessary or appropriate.

H. **Cooperatives**. Franchisor may establish, change, dissolve, or merge one or more regional advertising cooperatives that are comprised of multiple Store owners located within a geographical region that Franchisor designates (each, a "Cooperative"). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in an amount not to exceed Franchisee's then-current Local Advertising Requirement. If at any meeting of the franchises in any Cooperative, 75 percent of the franchises vote to contribute to a regional advertising program, all franchises within that Cooperative will be obligated to make a contribution to a regional advertising fund in the amount established by the vote. Each company-owned location will have one vote, the same as each franchisee-owned location. All amounts paid to a Cooperative will be credited towards Franchisee's Local Advertising Requirement (if any). Franchisor shall have the right to specify the governing rules, terms and operating procedures of any Cooperative.

10. ACCOUNTING AND RECORDS

A. **Maintenance of Records**. Franchisee must, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Franchised Business, as well as other statistical and financial information and records Franchisor may require. All of this information must be kept for at least three (3) years, even if this Agreement is no longer in effect. Upon Franchisor's request, Franchisee must furnish Franchisor with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Business. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises. All data provided to the Franchisor under this Section 10 shall belong to Franchisor and may be used and published by Franchisor in connection with the System (including in Franchisor's disclosure documents).

B. **Examination and Audit of Records**; **Approved Accountant During Initial Operations.**

1. Franchisor and its designated agents shall have the right to examine and audit Franchisee's records, accounts, books, computer files, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such audit discloses that Franchisee has underreported the Gross Sales of the Franchised Business or any amount due to Franchisor by two percent (2%) or more in any given reporting period (weekly, monthly or otherwise), then Franchisee must: (i) reimburse Franchisor any costs/expenses incurred in connection with conducting the inspection and audit;

and (ii) pay any amount due and owing Franchisor as a result of Franchisee's underreporting, along with any accrued interest on said amounts.

2. Franchisor may require Franchisee to engage its Approved Supplier for accounting services or, at Franchisor's discretion, another third-party accountant that Franchisor approves to handle the bookkeeping and related accounting work associated with the Franchised Business for the period beginning before the Franchised Business is open and ending once the Franchised Business has been open for a period of one (1) year.

C. **Computer System for Records.** Franchisee shall record all transactions and Gross Sales of the Franchised Business on a Computer System that is designated or approved by Franchisor, which must contain software that allows Franchisee to record accumulated sales without turning back, resetting or erasing such sales. Franchisee shall not receive or accept any payments or conduct any transactions outside of the Computer System and the designated or approved point-of-sale system. Franchisor will, at all times and without notice to Franchisee, have the right to independently and remotely access and view Franchisee's Computer System as described in Section 4 of this Agreement.

D. **Computer System Files and Passwords**. Franchisee will not install or load any computer software on the hard disks of the Computer System used in connection with the Franchised Business without Franchisor's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Franchisee, along with any modifications or changes to that list. The passwords to access the Computer System located at the Premises or used by the Franchised Business, as well as all computer files and records related to the Franchised Business, are the exclusive property of Franchisor and Franchisee must provide Franchisor with these files and information upon the termination or expiration of this Agreement. Consistent with the other provisions of this Agreement, Franchisee agrees and acknowledges that Franchisor may have automatic access to Franchisee's specific passwords/keys/logins through the Computer System components and related software that Franchisor requires Franchisee to use in connection with the Franchised Business.

E. **Current Contracts, Listings and Projects**. At any time and upon request of Franchisor, Franchisee shall provide Franchisor with a copy or summary listing, at Franchisor's discretion, of all current contracts, listings, agreements, and projects that Franchisee is involved in or working with.

F. **Tax Returns**. Upon Franchisor's request, Franchisee shall furnish the Franchisor with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns covering the operation of the Franchised Business, all of which Franchisee shall certify as true and correct.

G. **Required Reports**. Franchisee must provide Franchisor with the following reports and information, all of which must be certified as true and correct by Franchisee and in the form and manner prescribed by Franchisor: (i) a signed Gross Sales Report as described more fully in Section 4 of this Agreement on or before Monday of each week; (ii) on or before the twentieth (20^{th}) of each month, an unaudited profit and loss statement for the Franchised Business for the preceding calendar month; (iii) within ninety (90) days after the close of each fiscal year of Franchisee, financial statements which shall include a statement of income and retained earnings, a statement of changes in financial position, and a balance sheet of the Franchised Business, all as of the end of such fiscal year; and

(iv) any other financial information or performance metrics of the Franchised Business that Franchisor may reasonably request.

H. **Right to Require Audit if Franchisee Underreports**. In the event a prior audit or inspection conducted by Franchisor (or its designee) has revealed that Franchisee has underreporting the Gross Sales of the Franchised Business by two percent (2%) or more for any reporting period as described in Section 10(B), then Franchisor may require Franchisee to provide, at the Franchisee's expense, audited financial statements that comply with GAAP and GAAS for Franchisee's fiscal year within 120 days of Franchisee's fiscal year end.

I. **Change to Ownership of Franchisee**. In addition to the foregoing statements, Franchisee must provide Franchisor with written reports regarding any authorized change to: (i) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Franchised Business; and (ii) Franchisee's partners, officers, directors, as well as any of the Designated Manager(s) that manage the day-to-day operations of the Franchised Business. Franchisee will notify Franchisor in writing within ten (10) days after any such change, unless Franchisor is required to first notify Franchisor and obtain its approval prior to making any such change.

J. **Late Reporting Fee.** In the event Franchisee fails to submit any given report, financial or otherwise, to Franchisor as required by this Agreement, including without limitation, any financials related to the Franchised Business, Franchisor reserves the right to charge Franchisee a late reporting fee amounting to $10 per day per report that is outstanding and invoice Franchisee for the same.

11. INSURANCE AND INDEMNIFICATION

A. **Required Insurance**. Franchisee shall, at its own expense and no later than the earlier of (a) the date on which Franchisee uses any of the Proprietary Marks, or (b) the date Franchisee begins building out the Premises, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Manuals or otherwise in writing (whether the Franchised Business is open or not). This insurance shall be in such amounts Franchisor or the lessor of the Premises designates from time to time. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

6. "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

7. Workers' compensation that complies with the statutory requirements of the state in which the Franchised Business is located and employer's liability coverage with a minimum limit of $100,000; or, if higher, the statutory minimum limit as required by state law. Franchisee cannot exclude owner operators;

8. Comprehensive General Liability Insurance and Professional Liability Insurance (EPLI) against claims for bodily and personal & advertising injury, discrimination, wrongful termination, professional misconduct, death and property damage caused

by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of $1,000,000.00 per occurrence or $2,000,000.00 in the aggregate for Professional Liability and General Liability and umbrella coverage of $2,000,000 or, if higher, the statutory minimum limit required by state law.

9. If applicable with respect to a vehicle used in connection with the Franchised Business or displaying the Proprietary Marks, automobile liability insurance for any vehicles owned or hired by the Franchised Business, with a combined single limit of at least $1,000,000.00; or, if higher, the statutory minimum limit required by state law; and

10. Such insurance as necessary to provide coverage under the indemnity provisions set forth in this Agreement.

Franchisee must buy insurance only from carriers rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Franchisor periodically specifies), unless Franchisor designates specific carriers from which Franchisee must purchase coverage (in which case Franchisee may only purchase from the designated carrier(s)). Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. Franchisee's general liability, automobile liability, and workers' compensation policies must be primary & non-contributory and must contain a blanket waiver of the insurer's rights of subrogation in respect of or against Franchisor and its officers, agents, employees, and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each policy will be treated as though a separate insurance policy had been issued to each named insured. All insurance policies Franchisee purchases must name Franchisor and any other party that Franchisor designates (including Franworth) as additional insureds, and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification or cancellation. The cost of Franchisee's premiums will depend on the insurance carrier's charges, terms of payment, and Franchisee's insurance and payment histories. Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written notice to Franchisor. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.

B. **Failure to Procure and Maintain Insurance**. If Franchisee fails for any reason to procure and maintain the required insurance coverage, Franchisor has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case Franchisee must: (i) reimburse Franchisor for the costs incurred to obtain the required insurance (including any premium amounts paid); and (ii) pay Franchisor its then-current administrative fee, as may be reasonably charged by Franchisor as consideration for securing the required insurance on Franchisee's behalf.

C. **Indemnification**. Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's

directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's (a) breach or attempted breach of, or misrepresentation under, this Agreement, and/or (b) ownership, construction, development, management, or operation of the Franchised Business in any manner. Notwithstanding the foregoing, at Franchisor's option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense.

12. INDEPENDENT CONTRACTOR

A. **No Fiduciary Relationship**. In all dealings with third parties, including without limitation, employees, suppliers, and customers, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever.

B. **Independent Contractor Relationship**. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor. Upon Franchisor's request, Franchisee must display a sign in its Franchised Business displaying the following phrase (or something similar): "This BISHOPS Store is independently owned and operated pursuant to a license agreement." Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors, nor vice versa.

13. TRANSFER AND ASSIGNMENT

A. **No Transfer by Franchisee Without Franchisor's Approval.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in this Agreement or the Franchised Business (or undertake any of the actions identified in Section 13(C) of this Agreement) without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

B. **Death or Disability**.

1. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's principals/owners/guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as "Franchisee" under this Agreement if: (i) within ninety (90) days from the date of death, disability or incapacity (the "90 Day Period"), such person has obtained Franchisor's prior written approval and

has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company Franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

2. Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 90 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 90 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate the Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines in Franchisor's sole discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

3. Franchisor will not collect any transfer fee if there is a transfer under this Section 13(B) to an immediate family member of the Franchisee that Franchisor approves pursuant to Section 13(E).

C. **Ownership.** In addition to those acts described in Section 13(A), a transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning having an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 13(D).

D. **Right of First Refusal.** If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 13(C) hereof or in the event of Franchisee's death/disability

as set forth in Section 13(B)), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 13(E) of this Agreement. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

E. **Conditions for Approval.** Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement or any other acts of transfer described in Section 13(C) upon satisfaction of the following occurrences:

1. All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

2. Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

3. Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;

4. Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

5. The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

6. The transferee shall execute Franchisor's then-current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, with transferee's term commencing on the date the transferee executes the then-current franchise agreement;

7. Franchisee or transferee shall pay Franchisor a transfer fee equal to $7,500, as well as any third-party broker fees that are due in connection with the proposed transfer;

8. The transferee shall satisfactorily complete Franchisor's Initial Training Program at the transferee's expense within the time frame Franchisor sets forth, and the transferee will be responsible for all costs and expenses associated with attending the initial training program;

9. Franchisee (and Franchisee's principals/guarantors if Franchisee is a partnership, corporation or limited liability company) must comply with the post-termination provisions of this Agreement;

10. The transferee must demonstrate that is has obtained or maintained, within the time limits set by Franchisor, all permits and licenses required for the continued operation of the Franchised Business;

11. To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

12. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

13. The purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;

14. Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document; and

15. Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchised Business as Franchisee has supplied Franchisor hereunder.

Franchisor will not unreasonably withhold its consent to a proposed transfer or assignment requested by Franchisee, provided the foregoing conditions are met. Franchisor's approval of a transfer shall not operate as a release of any liability of the transferring party nor shall such approval constitute a waiver of any claims Franchisor may have against the transferring party. Furthermore, Franchisor agrees that Franchisee will not be required to pay any transfer fee in the event: (i) Franchisee wishes to transfer its rights under the Franchise Agreement to a newly-established legal business entity that is wholly owned by Franchisee and established solely for purposes of operating the Franchised Business under the Franchise Agreement; or (ii) Franchisee is required to encumber certain assets of the Franchised Business (or subordinate Franchisor's security interest thereto) in

order to receive SBA or other traditional bank financing, provided Franchisor otherwise approves of the transfer.

F. **Transfer from an Individual Franchisee to Business Entity**. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee or training tuition fees set forth in Section 13(E)(7)-(8), and such assignment will not be subject to Franchisor's right of first refusal in Section 13(D): (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business; (ii) Franchisee is, and at all times remains, the owner of 51% or more of the outstanding shares of the corporation or a controlling interest in the limited liability company; (iii) the corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and (iv) all stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and execute the Personal Guaranty attached to this Agreement as Exhibit B.

G. **Franchisor's Right to Transfer**. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

H. **Franchisor's Step-In Rights** The parties want to prevent any operation or interruption of the Franchised Business that would cause harm to the Franchised Business and to Franchisor's our franchise system and lessen their value. Therefore, Franchisee authorizes Franchisor to step in to operate the Franchised Business for as long as Franchisor believes reasonable, necessary and practical ("Step-In Rights"). Franchisor may do so without waiving any other rights or remedies that Franchisor may have. Cause for stepping-in may include Franchisor's reasonable determination that: Franchisee is incapable of operating the Franchised Business; Franchisee is are absent or incapacitated because of illness or death; Franchisee has exhibited the inability to pay or consistent failure to pay when due any material rent or equipment lease payments, suppliers, or inventory payments, taxes or assessments against the Franchised Business or property used in the Franchised Business, or any liens or encumbrances placed upon or against Franchisee 's business property; Franchisee's business activities are having a significant negative impact upon the value of Franchisor's franchise system or there are significant operational problems that cannot be simply rectified by short-term training and support. 30 days after exercising Franchisor's Step-In Rights, Franchisor will re-evaluate Franchisee's then-current status. At Franchisor's reasonable discretion, Franchisor will either operate the Franchised Business for an additional 30-day period or turn the Franchised Business back over to Franchisee. In turning the Franchised Business back over to Franchisee, Franchisor does not waive its rights to step back in the future.

All Gross Sales from Franchisor's operation of the Franchised Business will be for Franchisee's exclusive account. Franchisor will pay from that Gross Sales all expenses, debts and liabilities Franchisor incurs during its operation of the Franchised Business. This will include Franchisor's personnel and administrative and travel costs. In addition, Franchisor will have the option, but not the obligation, to pay on Franchisee's behalf any claims owed by Franchisee to any creditor or employee of the Franchised Business. Franchisee will

reimburse Franchisor upon demand, including at the rate set forth above for overdue amounts.

Franchisor will keep in a separate account all sales and revenue generated by the operation of the Franchised Business, less the expenses of operation.

Franchisor will have no obligation to retain any employee of the Franchised Business, or to honor any contractual employment commitments Franchisee previously made. If Franchisor elects to retain any employee, employment will be pursuant to a new employment relationship or agreement between Franchisor and the employee. Employment will commence on the first business day on which Franchisor carries on business through the Franchised Business. Any claim by an employee for unpaid salary, vacation pay, or other benefits remains Franchisee's responsibility.

Upon our exercise of these Step-In Rights, Franchisee agrees to hold Franchisor harmless for all of Franchisee's acts, omissions, damages, or liabilities arising during Franchisor's operation of the Franchised Business.

Franchisor's operation of the Franchised Business will not operate as an assignment to Franchisor of any lease or sublease of franchise property. Franchisor will have no responsibility for payment of any rent or other charges owing on any lease for franchise property, except as the charges relate to the period of Franchisor's operation of the Franchised Business.

Franchisee agrees to pay Franchisor's reasonable legal and accounting fees and costs Franchisor incurs because of Franchisor's exercise of these Step-In Rights.

14. COVENANTS

Franchisee acknowledges that, as a participant in Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Franchisor has developed. As such, Franchisee agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks and Franchisor's other franchisees.

A. **During the Term of this Agreement.** During the term of this Agreement, neither Franchisee, its principals, owners, guarantors or Designated Manager(s), nor any immediate family of Franchisee, its principals, owners, guarantors or Designated Manager(s), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with, any other business that (a) offers or provides haircutting, hair-coloring, barbering or the other types of Approved Products and Services offered by a BISHOPS Store location (each, a "Competing Business"), or (b) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business. For purposes of this Agreement, a Competing Business does not include: (i) any business operated by Franchisee under a Franchise Agreement with Franchisor; or (ii) any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest; or

2. Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

B. **After the Term of this Agreement.**

1. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing Business. The geographic scope of the covenant contained in this Section is any location where Franchisor can demonstrate it has offered or sold franchises as of the date this Agreement is terminated or expires.

2. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

   a. Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, or have any interest in or involvement with any other Competing Business:

      i. at the Premises;
      ii. within the Designated Territory; or
      iii. within a forty (40) mile radius of (a) the Designated Territory or (b) any other BISHOPS Store that is open, under lease or otherwise under development as of the date this Agreement expires or is terminated;

   b. Solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose;

   c. Solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

C. **Intent and Enforcement**. It is the parties' intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained

herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 15 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 14, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 15 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation on the restrictive covenants set forth in Section 14(B) shall be tolled during any default under this Section 14.

D. **Confidentiality and Non-Competition Agreement**. Franchisee must ensure that all management personnel of the Franchised Business, as well as any officers and directors of Franchisee, execute Franchisor's then-current form of Confidentiality and Non-Competition Agreement (which will be in substantially the same form as the document attached to this Agreement as Exhibit E). Franchisee must furnish Franchisor a copy of each executed agreement.

E. **No Defense**. Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 14.

15. DEFAULT AND TERMINATION

Franchisor may terminate this Agreement as described in this Section, and Franchisee agrees and acknowledges that the defaults, or failure to cure such defaults within the appropriate time period prescribed below (if any), shall constitute "good cause" and "reasonable cause" for termination under any state franchise laws or regulations that might apply to the operation of the Franchised Business.

A. **Automatic Termination**. This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

1. The Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, unless otherwise prohibited by law;

2. A petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee and not dismissed within thirty (30) days;

3. A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with the Franchisee or Franchised Business (or assets of the Franchised Business) is filed and consented to by Franchisee;

4. A receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;

5. A final judgment in excess of Ten Thousand Dollars ($10,000.00) against Franchisee remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Franchisor may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it is using commercially reasonable efforts to resolve the issues related to the judgment; or

6. Franchisee attempts to sell, transfer, encumber or otherwise dispose of any interest in Franchisee, this Agreement or the Franchised Business in violation of Section 13 hereof.

B. **Termination upon Notice**. Franchisor has the right to terminate this Agreement upon written notice to Franchisee without providing Franchisee any opportunity to cure with respect to any of the following breaches or defaults:

1. If Franchisee or Franchisee's owners/principals commit any fraud or misrepresentation in the establishment or operation of the Franchised Business, including without limitation, any misrepresentation made in Franchisee's franchise application;

2. If Franchisee and any other required attendees fail to attend and complete the Initial Training Program within the time period prescribed in this Agreement;

3. If Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations set forth in Section 15(C) of this Agreement during any twelve (12) month period, whether or not these breaches were timely cured;

4. If Franchisee or Franchisee's owners/principals violate any of the in-term covenant not to compete or any of the other restrictive covenants set forth in Section 14 of this Agreement;

5. If Franchisee misuses the Proprietary Marks or Confidential Information in any manner, or otherwise violates any provision of this Agreement related to the use of the Proprietary Marks, Confidential Information and any other confidential materials provided by Franchisor (including those provisions related to non-disclosure of the Manuals and other confidential materials that Franchisor loans to Franchisee);

6. If Franchisee misuses any proprietary software that Franchisor designates for use in connection with the Franchised Business;

7. If Franchisee or any of Franchisee's principals default on any other agreement with Franchisor or any affiliate or Approved Supplier of Franchisor, and such default is not cured within the prescribed time period set forth in that other agreement;

8. If Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder, or if Franchisee otherwise loses its right to possess and control the Premises to operate the Franchised Business at any time during the term of this Agreement (except in cases of *force majeure* and cases where Franchisor has previously approved Franchisee's relocation request and Franchisee timely relocates);

9. If Franchisee fails to open and commence operations of the Franchised Business within the time period prescribed in Section 6 of this Agreement;

10. If Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Products and Services that Franchisor authorizes at the Franchised Business; (ii) any purchase of any non-approved item or service for use in connection with the Franchised Business; (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Business from the appropriate Approved Supplier(s) that Franchisor designates;

11. If Franchisee voluntarily or otherwise abandons the Franchised Business. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Franchised Business for more than two (2) business days without Franchisor's prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Franchised Business in accordance with this Agreement or the Manuals;

12. If Franchisee fails to provide Franchisor with access, or otherwise blocks Franchisor's access, to Franchisee's POS system, Computer System or registers located at the Franchised Business as required under this Agreement, and fails to remedy this default within twenty four (24) hours of being notified by Franchisor;

13. If Franchisee fails to pay Franchisor, its affiliates or any of its Approved Suppliers any amount that is due and owing Franchisor within ten (10) days of the date that Franchisor (or other party owed the money) notifies Franchisee of the outstanding amount that is due and owed;

14. If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;

15. If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain any other licenses, certificates, permits or approvals necessary to operate the Franchised Business at the Premises;

16. If Franchisee, any person controlling, controlled by, or under common control with the Franchisee, any principal officer or employee of Franchisee, or any person owning an interest in Franchise is convicted of a felony or any other crime or offense (even if not a crime) that is reasonably likely in the sole opinion of Franchisor to adversely affect the System, any System unit, the Proprietary Marks, or the goodwill associated therewith;

17. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including inventory, employee taxes, FICA, insurance or benefits;

18. If there are insufficient funds in Franchisee's EFT Account to cover a check or EFT payment due to Franchisor or its affiliates under this Agreement three (3) or more times within any twelve (12) month period; or

19. If Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice; operates the business in a manner that presents a health or safety hazard to its employees or customers; or if Franchisee loses its approval from any city, state, or other regulatory agency to operate a business that provides hair care services, including haircutting, coloring and barbering services.

C. **Termination upon Notice and 30 Days' Cure**. Except for those defaults set forth in Sections 15(A)-(B) of this Agreement, Franchisor may terminate this Agreement upon notice to Franchisee in the event Franchisee: (i) breaches or violates any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including Franchisee's failure to comply with any of Franchisor's other System standards and specifications in the operation of the Franchised Business as set forth in the Manuals; and (ii) fails to cure such breach or violation within thirty (30) days of the date Franchisee is provided with notice thereof by Franchisor.

D. **Step-In Rights**. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, if this Agreement is subject to termination due to Franchisee's failure to cure any default within the applicable time period (if any), then Franchisor has the right, but not the obligations, to enter the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time that Franchisor determines, in its reasonable discretion, that the default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this Agreement. In the event Franchisor exercises these "step-in rights," Franchisee must (a) pay Franchisor a management fee amounting to eight percent (8%) of the Gross Sales of the Franchised Business during the time period that Franchisor's representatives are operating the Franchised Business (the "Management Fee"), and (b) reimburse Franchisor for all reasonable costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business, including without limitation, costs of personnel supervising and staffing the Franchised Business and any travel, lodging and meal expenses. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee must indemnify, defend and hold Franchisor (and its representatives and employees) harmless from and against any Claims that may arise out of Franchisor's operation of the Franchised Business.

16. POST-TERM OBLIGATIONS

Upon the expiration or termination of this Agreement, Franchisee shall immediately:

A. **Cease Ownership and Operation of Store; Cease Affiliate with Franchisor and Brand Generally**. Cease to be a franchise owner of Franchised Business under this Agreement and cease to operate the former Franchised Business under the System. Franchisee shall not thereafter directly or indirectly represent to the public that the former Franchised Business is or was operated or in any way connected with the System or hold itself out as a present or former franchise owner of a BISHOPS franchise at or with respect to the Premises (unless Franchisor agrees otherwise in writing);

B. **Return Manuals and Confidential Information; Pay Outstanding Amounts Due**.

1. Return to Franchisor the Manuals and all trade secrets, Confidential Information (including customer lists and information) and other confidential materials, equipment, software and property owned by Franchisor and all copies thereof. Franchisee shall

retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law; and

2. Pay any outstanding amounts due to Franchisor, its affiliates or any Approved Supplier within 30 days of the date this Agreement is terminated or expires.

C. **Assignment of Customer Contracts, Telephone/Facsimile Numbers and Domain Names**. Take such action as may that Franchisor designates to: (i) provide and assign to Franchisor the then-current and up-to-date customer list to Franchisor; and (ii) transfer, disconnect, forward, or assign all telephone/facsimile numbers and domain names used in connection with the Franchised Business, as well as any white and yellow page telephone references, advertisements, and all trade and similar name registrations and business licenses to Franchisor or its designee and cancel any interest which Franchisee may have in the same (as Franchisor directs in its sole discretion). Franchisee agrees to execute all documents necessary to comply with the obligations of this Section, including the form Conditional Assignment of Telephone/Facsimile Numbers and Domain Names attached to this Agreement as Exhibit F.

D. **Cease Using Proprietary Marks**. Cease to use in advertising or in any manner whatsoever any methods, procedures, or techniques associated with the System in which Franchisor has a proprietary right, title, or interest; cease to use the Proprietary Marks and any other marks and indicia of operation associated with the System; and remove all trade dress, physical characteristics, color combinations, and other indications of operation under the System from the Premises. Without limiting the generality of the foregoing, Franchisee agrees that, in the event of any termination or expiration and non-renewal of this Agreement, it will remove all signage bearing the Proprietary Marks, deliver the fascia for such signs to Franchisor upon Franchisor's request, and remove any items that are characteristic of the System "trade dress" from the Premises. Franchisee agrees that Franchisor or a designated agent may enter upon the Premises at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass.

1. Upon Franchisor's request, Franchisee must provide all materials bearing the Proprietary Marks to Franchisor upon expiration or termination of this Agreement for any reason, without cost to Franchisor; and

2. Franchisee must cease holding itself out as a present franchisee of Franchisor or the BISHOPS franchise system and, upon Franchisor's request, as an past franchisee of Franchisor or the BISHOPS franchise system.

E. **Compliance with Post-Term Covenants**. Comply with the post-term covenants not to compete and other restrictive covenants set forth in Section 14 of this Agreement;

F. **Written Evidence of Compliance**. Provide Franchisor with written evidence that they have complied with the post-term obligations, within thirty (30) days' notice of termination or scheduled expiration of the franchise; and

G. **Purchase of Assets**. Franchisor shall have the option, but not the obligation, within thirty (30) days after the date of termination, expiration, and non-renewal of this Agreement to purchase any and all of Franchisee's assets from the Franchised Business at a purchase

price equal to net depreciated book value. If Franchisor elects this option, Franchisor will deliver written notice to Franchisee. Franchisor will have the right to inspect equipment at any time during this thirty (30) day period. If Franchisor elects to purchase equipment as part of the asset purchase, Franchisor will be entitled to, and Franchisee must provide, all customary warranties and representations as to compliance with law, the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment (including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances).

17. TAXES AND INDEBTEDNESS

A. **Taxes**. Franchisee must promptly pay when due any and all federal, state, and local taxes, including without limitation, unemployment, workers' compensation, and sales taxes which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.

B. **Debts and Obligations**. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

18. WRITTEN APPROVALS; WAIVERS; FORMS OF AGREEMENT; AMENDMENT

A. **Franchisor's Approval**. Whenever this Agreement requires or Franchisee desires to obtain Franchisor's approval, Franchisee shall make a timely written request. Unless a different period is specified in this Agreement, Franchisor shall respond with its approval or disapproval within fifteen (15) days of receipt of such request. If Franchisor has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed as a disapproval of any such request.

B. **No Waiver**. No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of any payments due hereunder shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.

C. **Terms of Other Franchise Agreements**. No warranty or representation is made by the Franchisor that all BISHOPS franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchise owners in a non-uniform manner.

D. **Modification of System and Manuals**. Except as provided in Section 22 and Franchisor's right to unilaterally modify the System and Manuals, no amendment, change, or variance

from this Agreement shall be binding upon either Franchisor or Franchisee unless set forth in writing and signed by both parties.

E. **No Disclaimers of Franchise Disclosure Document**. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

19. ENFORCEMENT

A. **Full Access to Premises for Inspection**. In order to ensure compliance with this Agreement and enable Franchisor to carry out its obligation under this Agreement, Franchisee agrees that Franchisor and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Premises and all records thereof, including but not limited to, records relating to Franchisee's customers, suppliers, employees, and agents. Franchisee shall cooperate fully with the Franchisor and its designated agents requesting such access.

B. **Injunctive Relief**. The Franchisor or its designee shall be entitled to obtain without bond, declarations, temporary and permanent injunctions, and orders of specific performance in order to enforce the provisions of this Agreement relating to Franchisee's use of the Proprietary Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the franchise and ownership interests in Franchisee or in order to prohibit any act or omission by Franchisee or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of businesses operated under the System, which constitutes a danger to other franchise owners, employees, customers, or the public or which may impair the goodwill associated with the Proprietary Marks.

C. **No Withholding of Payments**. Franchisee agrees and acknowledges that it may not withhold payments or amounts of any kind due to Franchisor on the premise of alleged nonperformance by Franchisor of any of its obligations hereunder.

D. **Costs and Attorneys' Fees**. If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must reimburse Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs and litigation expenses. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

20. NOTICES

Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:

To Franchisor: BCC Franchising, LLC

~~Terminal Tower 50 Public Square, 29th Floor~~
~~Cleveland, OH 44113~~ 550 Reserve Street, Suite 380
Southlake, Texas 76092

To Franchisee: _____

_____

_____

Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three (3) days after mailing; or (ii) the actual date of delivery or receipt (as evidenced by the courier). Each party shall have the right to designate any other address for such notices by providing the other party(ies) with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.

21. GOVERNING LAW AND DISPUTE RESOLUTION

A. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to this state's conflict of laws principles.

B. **Internal Dispute Resolution**. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Section 21(G) of this Agreement, and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

C. **Mediation**. At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 21(B) above, will be submitted first to mediation to take place at Franchisor's then-current corporate headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be

required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 21(C) if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.

D. **Injunctive Relief**. Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Proprietary Marks and Confidential Information (including any proprietary software used in connection with the Franchised Business); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

E. **Venue**. Subject to Sections 22(B)-(D) 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 Franchisor's then-current corporate headquarters (currently, Cleveland, Ohio). Franchisee acknowledges that this Agreement has been entered into in the State of Ohio, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Ohio, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Ohio as set forth in this Section.

F. **Third Party Beneficiaries**. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

G. **Notice Requirement**. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

H. **No Withholding of Payments**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged

nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

I. **Limitation of Actions**. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless Franchisee brings an action/suit against Franchisor before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner. Any action/suit that Franchisee does not bring this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement.

J. **Waiver of Punitive Damages**. Franchisee hereby 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) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is 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 shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

K. **WAIVER OF JURY TRIAL**. 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 SHALL 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 FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

L. **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 FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

22. SEVERABILITY AND CONSTRUCTION

A. Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to make fully the provisions hereof. Franchisee understands and acknowledges that Franchisor shall have the right in its sole discretion on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.

B. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute the same instrument.

C. The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement shall be construed independently of any other Section or provision of this Agreement.

23. ACKNOWLEDGMENTS

A. Franchisee acknowledges that it received a complete copy of this Agreement for a period not less than fourteen (14) calendar days, during which time conducted an independent investigation of the business licensed hereunder to the extent of Franchisee's desire to do so. Franchisee recognizes and acknowledges that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, that Franchisee will be successful in this venture or that the business will attain any level of sales volume, profits, or success. Franchisee acknowledges that this Agreement, the franchise disclosure document ("FDD"), and the exhibits hereto constitutes the entire Agreement of the parties. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter.

B. Franchisee agrees and acknowledges that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not

sign this Agreement if there is any question concerning its contents or any representations made.

[THIS REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK. SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written above.

FRANCHISOR:

BCC FRANCHISING, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

_____

IF AN INDIVIDUAL:

By: _____

Print Name: _____

Date: _____

Spouse Signature: _____

Spouse Name: _____

Date: _____

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

By: _____

Print Name: _____

Title: _____

Date: _____

SCHEDULE A TO THE FRANCHISE AGREEMENT
DATA SHEET AND STATEMENT OF OWNERSHIP

1. SITE SELECTION AREA

Pursuant to Section 2(B) of the Franchise Agreement, Franchisee must locate and secure a Premises for the Franchised Business within the following Site Selection Area:

_____
_____
_____

2. PREMISES

Pursuant to Section 2(C) of the Franchise Agreement, the Franchised Business shall be located at the following approved Premises:

_____
_____
_____

3. DESIGNATED TERRITORY

Pursuant to Section 2(D) of the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

_____
_____
_____
_____

4. Franchisee Contact Person. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

Name: _____

Daytime Telephone No.: _____

Evening Telephone No.: _____

Cellular Telephone No.: _____

Facsimile No.: _____

E-mail Address: _____

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5. Statement of Ownership. If Franchisee is a corporation, limited liability company, partnership or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, or partners of Franchisee and the percentage interest of each individual:

Name	Position/Title	Interest (%)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

THE PARTIES SIGNING THIS DATA SHEET BELOW AGREE AND ACKNOWLEDGE THAT THIS DATA SHEET, BY ITSELF, DOES NOT CONSTITUTE A FRANCHISE AGREEMENT OR OTHERWISE CONFER ANY FRANCHISE RIGHTS UPON FRANCHISEE. THIS DATA SHEET PROVIDES CERTAIN DEAL-SPECIFIC INFORMATION IN CONNECTION WITH THE FRANCHISE THAT IS GOVERNED BY THE FRANCHISE AGREEMENT TO WHICH THIS DATA SHEET IS AN EXHIBIT.

THE PARTIES AGREE AND ACKNOWLEDGE THAT THE FOREGOING FRANCHISE AGREEMENT MUST BE EXECUTED PRIOR TO OR CONTEMPORANEOUS WITH THIS DATA SHEET FOR ANY RIGHTS TO BE CONFERRED.

IN WITNESS WHEREOF, the undersigned has duly executed this Exhibit to the Franchise Agreement on this day of _____.

FRANCHISEE	**FRANCHISOR**
_____	**BCC FRANCHISING, LLC**
By: _____	By: _____
Name:_____	Name:_____
Title:_____	Title:_____

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SCHEDULE B TO THE FRANCHISE AGREEMENT
PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER BUSINESS ENTITY, THEN EACH INDIVIDUAL/ENTITY WITH AN OWNERSHIP INTEREST IN FRANCHISEE (PRINCIPALS/MEMBERS/SHAREHOLDERS/MANAGERS/ PARTNERS/ETC.) AND THEIR RESPECTIVE SPOUSES MUST EXECUTE THIS FORM OF PERSONAL GUARANTY. IF FRANCHISEE IS AN INDIVIDUAL AND FRANCHISEE'S SPOUSE HAS NOT SIGNED THE FRANCHISE AGREEMENT DIRECTLY, THEN FRANCHISEE'S SPOUSE MUST EXECUTE THIS FORM OF PERSONAL GUARANTY.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to BCC Franchising, LLC (the "Franchisor") that you are all the owners/principals/members/shareholders/managers/partners, as applicable, of the business entity named _____ (the "Franchisee"), as well as their respective spouses, as of the date this Personal Guaranty (the "Personal Guaranty" or "Guaranty") is executed.

In consideration of the grant by Franchisor to the Franchisee as herein provided, each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Bishops® Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation: (i) any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement; (ii) the prohibition of any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer as set forth in the Franchise Agreement; (iii) those obligations related to confidentiality, non-disclosure and indemnification; and (iv) the in-term and post-term covenants against competition, as well as all other restrictive covenants set forth in the Franchise Agreement.

ARTICLE II
CONFIDENTIALITY

During the initial and any renewal terms of the Franchise Agreement and this Guaranty, you will receive information, which Franchisor considers to be Confidential Information, trade secrets and/or confidential information, that may include without limitation: (i) site-selection criteria; (ii) methods, techniques and trade secrets for use in connection with the proprietary business operating system that Franchisor and its affiliates have developed (the "System") for the establishment and operation of a BISHOPS franchised business (hereafter, a "Franchised Business"); (iii) marketing research and promotional, marketing and advertising programs for the Franchised Business; (iv) knowledge of specification for and suppliers of, and methods of ordering, certain products, fixtures, furnishings, equipment and inventory used at the Franchised Business (v) knowledge of the operating results and financial performance of other BISHOPS store locations; (vi) customer communication and retention programs, along with data used or generated in connection with those programs; (vii) Franchisor's proprietary Manuals and other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; (viii) information regarding the development of Franchisor's proprietary marks (the "Proprietary Marks"); (ix) information generated by, or used or developed in, the Store's operation,

including customer names, addresses, telephone numbers and related information and any other information contained in the Franchised Business's computer system; (x) the design, build-out and any construction/remodeling plans for the interior and exterior of the Franchised Business; (xi) Franchisor's proprietary Operations Manual and other instructional manuals, as well as any training materials and information Franchisor has developed for use in connection with the System; (xii) as well as any other proprietary information or confidential information that is provided to Franchisee by Franchisor during the term of the Franchise Agreement (collectively, "Confidential Information"). You shall not, during the term of this Agreement or anytime thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information and trade secrets, including, without limitation: Franchisor's copyrighted materials; price marketing mixes related to the offer and sale spa services and other Approved Services and Products (as defined in the Franchise Agreement); standards and specifications for providing the Approved Services and Products and other merchandise or services offered or authorized for sale by System franchisees; methods and other techniques and know-how concerning the of operation of the Franchised Business, which may be communicated to you or of which you may become apprised by virtue of your role as a guarantor of the Franchisee's obligations under the Franchise Agreement. You also acknowledge and agree that the following also constitutes "Confidential Information" under this Section: (i) former, current and prospective customer information, including customer names and addresses, contracts/agreements (collectively "Customer Lists"), and (ii) sources and pricing matrices of any approved or designated suppliers; and (iii) any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential.

ARTICLE III
NON-COMPETITION

You acknowledge that as a participant in the Franchisor's System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, you agree as follows:

1. **During the Term of the Franchise Agreement and this Guaranty.** During the term of the Franchise Agreement and this Personal Guaranty, each of the undersigned may not, directly or in-directly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

1.1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money, lease space or extend credit to (or otherwise have any interest in or involvement with), any other business that (a) offers or provides haircutting, hair-coloring, barbering or the other types of Approved Products and Services offered by a BISHOPS Store location (each, a "Competing Business"); or (b) offers or grants licenses or franchises, or establishes joint ventures, for the ownership or operation of a Competing Business; provided, however, that this Section does not apply to your operation of a BISHOPS franchise pursuant to a valid franchise agreement with Franchisor, or your ownership of less than two percent (2%) of the interests in a publicly traded company.

1.2. Divert or attempt to divert business or customers of any Franchisee-owned Franchised Businesses 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 or the System.

2. **After the Term of This Agreement.**

2.1. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor in offering or granting franchises or licenses, or establishing joint ventures, for the ownership or operation of a Competing Business.

2.2. For a period of two (2) years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

2.2.1. Own, maintain, engage in, be employed by, lend money to, have any interest in, or be employed as an officer, director, executive, or principal of any other Competing Business at or within the following areas:

2.2.1.1. at the Premises of the Franchised Business;
2.2.1.2. within the Designated Territory granted under the Franchise Agreement; or
2.2.1.3. within a 40-mile radius miles of (a) the Designated Territory or (b) any BISHOPS Store at any time beginning from the expiration, transfer or termination of this Agreement through the date of your involvement in any Competing Business.

2.2.2. Contact any of Franchisor's suppliers or vendors for any competitive business purpose; or

2.2.3. Solicit any of Franchisor's employees, or the employees of Franchisor's affiliates, or any other System franchisee to discontinue employment.

3. **Intent and Enforcement**. It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevents you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

ARTICLE IV
DISPUTE RESOLUTION

1. **Acknowledgment**. You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.

2. **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Delaware.

3. **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's management. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.

4. **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor or its affiliates arising out of, or in any way relating to, the Franchise Agreement, this Guaranty or any other agreement by and between the parties or their respective affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth above, must be submitted first to mediation, at Franchisor's then-current headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor that specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elect to exercise our option to submit such claim or dispute to mediation. You may not commence any arbitration proceeding or other action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor may specifically enforce our mediation rights under this Section. Each party shall bear its own cost of mediation, except that you and Franchisor shall share the mediator's fees and costs equally. This agreement to mediate at Franchisor's option shall survive any termination or expiration of the Franchise Agreement and this Guaranty.

4.1. *Excepted Claims*. The parties agree that mediation shall not be required with respect to any claim or dispute involving: (i) any of your payment obligations that are past due; (ii) the actual or threatened disclosure or misuse of Franchisor's Confidential Information; (iii) the actual or threatened violation of Franchisor's rights in, or misuse of, the Proprietary Marks, System or other trade secrets; (iv) any of the restrictive covenants contained in the Franchise Agreement or this Guaranty; or (v) any claims arising out of or related to fraud or misrepresentation by you, or your insolvency (collectively, the "Excepted Claims").

5. **Jurisdiction and Venue**. Subject to the other dispute resolution provisions in this Guaranty, the parties agree that any action at law or in equity instituted against either party to this Agreement must be commenced and litigated to conclusion (unless settled) only in any court of competent jurisdiction located closest to Franchisor's then-current headquarters (currently, Cleveland, Ohio). The undersigned hereby irrevocably consent to the jurisdiction of these courts.

6. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.

7. **Right to Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation or arbitration proceeding, or pending the trial or handing down of a decision or award pursuant to any mediation or arbitration proceeding conducted hereunder. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.

8. **JURY TRIAL AND CLASS ACTION 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 SHALL 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 FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. 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 FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.**

9. **Limitation of Action.** You further agree that no cause of action arising out of or under this Guaranty may be maintained by you unless brought before the expiration of one year after the act, transaction or occurrence upon which such action is based or the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim against us, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

10. **Punitive Damages.** You hereby waive 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 you may have against us, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

11. **Costs and Attorneys' Fees.** Whether or not formal legal proceedings are initiated, in the event Franchisor incurs any legal fees or other costs associated with enforcing the terms of this Guaranty or the Franchise Agreement against you, then Franchisor will be entitled to recover from you all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Guaranty or the Franchise Agreement.

12. **No waiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty shall not be a waiver of our right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by us respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Your election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

13. **No Personal Liability.** You agree that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to you for any reason. This is an important part of this Guaranty. You agree that nothing that you believe you have been told by us or our representatives shall be binding unless it is written in the Franchise Agreement or this Guaranty. Do not sign this Agreement if there is any question concerning its contents or any representations made.

14. **Severability.** The parties agree that if any provisions of this Guaranty 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 shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall 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 Guaranty.

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

16. **Successors.** References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty on the date stated on the first page hereof.

PERSONAL GUARANTORS

_____	_____
[Insert Name of Guarantor]	[Insert Name of Spouse]
_____	_____
[Insert Name of Guarantor]	[Insert Name of Spouse]
_____	_____
[Insert Name of Guarantor]	[Insert Name of Spouse]
_____	_____
[Insert Name of Guarantor]	[Insert Name of Spouse]

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SCHEDULE C TO THE FRANCHISE AGREEMENT
COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "Assignment") is made, entered into and effective on this ___day of _____, 20____Effective Date,") by and between: (i) BCC Franchising, LLC, a Delaware limited liability company with its principal place of business at ~~Terminal Tower 50 Public Square, 29th Floor, Cleveland, OH 44113~~550 Reserve Street, Suite 380, Southlake, Texas 76092 (the "Franchisor"); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the "Franchisee").

BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the "Franchise Agreement") dated as of _____, 20__ with the Franchisee, pursuant to which the Franchisee plans to own and operate a BISHOPS franchised business (the "Franchised Business") located at _____ (the "Site"). In addition, pursuant to that certain Lease Agreement (the "Lease"), the Franchisee has leased or will lease certain space containing the Franchised Business described therein from _____ (the "Lessor"). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information set forth above.

2. **Incorporation of Terms**: Terms not otherwise defined in this Assignment have the meanings as defined in the Franchise Agreement.

3. **Indemnification of Franchisor**: Franchisee agrees to indemnify and hold Franchisor and its affiliates, stockholders, directors, officers, principals, franchisees/licensees and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

4. **Conditional Assignment**: Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the Franchised Business, and all of the Franchisee's rights, title and interest in and to the Lease as conditional for the payment of any obligation, liability or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of the Franchisee's breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the

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Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination**: Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

6. **Exercise of Remedies**: In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;

b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;

c) to exclude the Franchisee, its agents or employees from the Site;

d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and

g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of Franchisee defaults under the Lease and fails to cure said default within the applicable cure period (if any).

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The parties agree and acknowledge that Franchisor is not required to assume the Lease, take possession of the Site or otherwise exercise of its other rights described in this Assignment. In the event Franchisor elects to exercise its right to assume the Lease and/or take possession of the Site, it will provide written notice to Franchisee in writing and undertake the other necessary actions at issue. Nothing in this Assignment may be construed to impose an affirmative obligation on the part of Franchisor to exercise any of the rights set forth herein.

7. **Power of Attorney**: Franchisee does hereby appoint irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies**: It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies. Franchisor is not required to exercise any of its rights set forth in Section 6 hereof, but shall have the irrevocable right to do so.

9. **Binding Agreements**: This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control**. This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorneys' Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party.

12. **Severability**. If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

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IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

FRANCHISEE

By:_____
Name:_____
Date:_____

FRANCHISOR

BCC FRANCHISING, LLC

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

The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE.

LESSOR

_____

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

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SCHEDULE D TO THE FRANCHISE AGREEMENT
EFT AUTHORIZATION FORM

Bank Name: _____

ABA# : _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, **[Franchisee Name]** (the "Franchisee") hereby authorizes BCC Franchising, LLC (the "Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Company or its affiliates under the franchise agreement dated _____(the "Franchise Agreement") for the franchised business located at: _____ (the "Franchised Business"): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Company or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Company or its affiliates; and (iv) all other fees and amounts due and owing to Company or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. [Franchisee Name] shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE

[INSERT FRANCHISEE NAME]

By: _____

Name (Print): _____

Its: _____

FRANCHISOR APPROVAL

BCC FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

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SCHEDULE E TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(for trained employees, officers, directors, general partners, members, Designated Managers and any other management personnel of Franchisee)

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

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

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

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

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

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

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

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7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that: (i) offers or provides haircutting, hair-coloring, barbering or the other types of Approved Products and Services offered by a BISHOPS Store location; or (iii) grants or has granted franchises or licenses, or establishes or has established joint ventures, for one or more businesses that offer or provide haircutting, hair-coloring, barbering or the other types of Approved Products and Services offered by a BISHOPS Store location (collectively, a "Competing Business"). I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business, or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7.1 *Post-Term Restrictive Covenant for Designated Manager of Franchised Business or Manager/Officers/Directors of Franchisee*. In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a Personal Guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two years after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 40-mile radius of the Premises; or (ii) within a 40-mile radius of any other BISHOPS Store business that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this two-year period following the termination or expiration of my employment with the Franchisee.

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

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

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

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

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

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

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND MYSELF HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO FRANCHISOR'S THEN-CURRENT HEADQUARTERS (CURRENTLY, CLEVELAND, OHIO). I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY DELAWARE OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

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

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

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

The notice shall be addressed to

BCC Franchising, LLC
~~Terminal Tower 50 Public Square, 29th Floor~~
~~Cleveland, OH 44113~~
550 Reserve Street, Suite 380
Southlake, Texas 76092

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

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

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

UNDERSIGNED

Signature: _____

Name: _____

Address: _____

Title: _____

ACKNOWLEDGED BY FRANCHISEE

[FRANCHISEE NAME]

By: _____

Title: _____

SCHEDULE F TO THE FRANCHISE AGREEMENT
CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND DOMAIN NAMES

1. _____, doing business as BISHOPS Store (the "Assignor"), in exchange for valuable consideration provided by BCC Franchising, LLC (the "Assignee"), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its BISHOPS franchised business located at _____ (collectively, the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): _____
Facsimile Number(s): _____
Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): _____
_____.

2. The conditional agreement will become effective automatically upon termination, expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company or domain name registrar to effectuate this agreement, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this assignment.

ASSIGNOR

BY: _____ Date: _____

TITLE:_____

ASSIGNEE

BCC FRANCHISING, LLC

BY: _____

Name: _____

Title: _____

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SCHEDULE G TO THE FRANCHISE AGREEMENT
MULTIPLE PURCHASE ADDENDUM

The following additional provisions are agreed to by the parties with respect to the attached Franchise Agreement dated _____(the "Effective Date"), between **BCC FRANCHISING, LLC,** a Delaware limited liability company ("Franchisor") and _____, an individual, _____, an individual, and _____ a _____ company (jointly and severally "Franchisee") of which this Addendum is a part (the "Franchise Agreement.") In the event of conflict, the provisions of this Addendum supersede the corresponding provisions of the Franchise Agreement.

Franchisor and Franchisee have agreed to Franchisee's purchase of **__[#]** franchises in _____ [location] (the "Development Area") according to the Development Schedule established in this Addendum.

Franchisor and Franchisee will simultaneously sign a separate franchise agreement and multiple purchase addendum for each of the **__ [#]** franchises. The initial __ [#] franchise agreements are for franchises to be located in: _____, _____, and _____ [locations]. The remaining __ [#] franchise agreements are for franchises to be placed at locations within the Development Area to be determined at a later date, and each respective franchise location must be in compliance to Franchisor's contractual commitments with other **Bishops** franchisees and Franchisor's placement, market, development, and demographic criteria.

1. **INITIAL FRANCHISE FEE**. The Initial Franchise Fee established in Section 4(A)(1) of the Franchise Agreement is:

# of Franchises	Initial Franchise Fee
1	$39,500
2	$75,000
3	$99,000

Franchisee must concurrently purchase the multiple franchises together and pay the entire Initial Franchise Fee for all franchises up front upon execution of this Addendum.

2. **DESIGNATED TERRITORY**. Franchisor grants to Franchisee, subject to the terms and conditions of the Franchise Agreement and this Addendum, the non-exclusive right to establish and operate the Franchise within the following territory (the "Designated Territory): _____ [location]**.** Except as otherwise provided in the Franchise Agreement or this Addendum, Franchisor will not establish nor license any one other than Franchisee to establish any **Bishops** facility in the Designated Territory from the date of this Addendum until expiration or termination of the Development Schedule set forth below. Franchisee has no right under this Addendum to sub-license others.

If there is no Designated Territory defined above (the blank is not filled in), the Franchise Location shall be considered "to-be-determined" and must be placed at an available location within the Development Area. The Franchise Location must be in compliance to Franchisor's contractual commitments with other **Bishops** franchisees and Franchisor's placement, market, development, and demographic criteria.

3. **DEVELOPMENT SCHEDULE**. Franchise Agreement is modified such that the opening requirements (the "Opening Date") for each of the above-referenced Franchises are amended to the following schedule:

1st Franchise	18 months
2nd Franchise	36 months
3rd Franchise	54 months

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from the Effective Date of this Agreement. The Franchise purchased pursuant to this Agreement is the __ **[#]** Franchise and must open no later than the Opening Date, as defined above. If no acceptable Franchise Location is found and approved by the parties and the Franchise is not opened for business by the Opening Date, this Agreement will terminate without notice by either party to the other on the expiration date, and no portion of any payment Franchisee paid to Franchisor will be refundable or returned to Franchisee. Upon termination pursuant to this Section, Franchisor will be fully and forever released from any claims or causes of action Franchisee may have under or pursuant to this Agreement and any right, title or interest in this Agreement, the Proprietary Marks, or the System will automatically revert to Franchisor."

4. **TERM; DEFAULT AND TERMINATION**. If the term of the lease for the approved Premises extends beyond the Initial Term of the Franchise Agreement, then the Initial Term shall automatically extend to run co-terminus with the lease term for the approved Premises.

The parties have executed a number of franchise agreements contemporaneously with the Franchise Agreement as part of a multiple purchase arrangement. Any material violation or breach (other than failure to open the franchise site by the date set forth in the Development Schedule) of any such agreement, or of any other franchise agreement between the parties or of any other agreement between the parties related to the **Bishops** franchise system will be deemed a material violation of the Franchise Agreement and this Addendum, of all such other franchise agreements, and of all such other agreements. The non-breaching party then will be entitled to enforce the penalties of or to terminate the Franchise Agreement and this Addendum and any or all of such other franchise agreements and such other agreements as provided in the Franchise Agreement for enforcement or termination.

Franchisee acknowledges and agrees that if the Franchise represented by this Addendum is not opened by the Opening Date set forth above in the Development Schedule, Franchisor shall have the right to terminate the Franchise Agreement and this Addendum and retain any and all initial fees paid to Franchisor. Franchisor then may establish or license others to establish **Bishops** franchises in the Designated Territory.

Franchise acknowledges and agrees that if Franchisee fails to open another franchise by the Opening Date set forth in the Development Schedule, Franchisor shall have the right to eliminate and terminate the Designated Territory. Franchisor then may establish or license other to establish **Bishops** franchises in the Designated Territory.

Upon elimination or termination of the Designated Territory, all remaining franchise agreements for franchises that have not yet been opened for business pursuant to the Development Schedule above may thereafter be opened at any available location where Franchisor has the right to offer and place franchises. In such instance, the relevant franchise location must be in the United States, legally available pursuant to state and federal franchise disclosure and registration laws and pursuant to Franchisor's contractual commitments with other **Bishops** franchisees and in compliance with Franchisor's placement, market, development, and demographic criteria.

No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

5. **TRAINING.** Franchisor will have no obligation to provide franchise training to Franchisee at Franchisor's expense except pursuant to Franchisee's first franchise agreement. Franchisee must pay to Franchisor the then-current training fee for any additional franchise for which Franchisee will have a new manager that must complete Franchisor's initial training program. The training fee is non-refundable.

[Signature Page Immediately Follows]

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DATED this _____.

BCC FRANCHISING, LLC (“Franchisor”)

By: _____
Print Name: _____
Title: _____

_____ and **_____** (“FRANCHISEE”)

NAME

By: _____
[Name], an individual

NAME

By: _____
[Name], an individual

_____

By: _____
Print Name: _____
Title: _____

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EXHIBIT C
TO THE BCC FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

GUARANTEE OF PERFORMANCE

For value received, BCC Services Holding Company, a Delaware corporation (the "Guarantor"), located at 550 Reserve Street, Suite 380, Southlake, Texas 76092, absolutely and unconditionally guarantees to assume the duties and obligations of BCC Franchising, LLC, located at 550 Reserve Street, Suite 380, Southlake, Texas 76092 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 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 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 NSW on the 23 of OCTOBER, 2024.
12pm

Guarantor:

BCC Services Holding Company

By: _____

Name: CEO

Title: Meg Roberts

BCC Services Holding Company and Subsidiaries

Consolidated Financial Report
December 31, 2023

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BCC Services Holding Company and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
BCC Services Holding Company and Subsidiaries

Opinion

We have audited the consolidated financial statements of BCC Services Holding Company and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2023 and the related consolidated statements of operations, stockholders' equity, and cash flows for the period from April 17, 2023 (inception) to December 31, 2023, 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 Company as of December 31, 2023 and the results of its operations and its cash flows for the period from April 17, 2023 (inception) to December 31, 2023 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 the Company and to meet our 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.

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 Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be 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.

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To the Board of Directors
BCC Services Holding Company and Subsidiaries

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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Plante & Moran, PLLC

March 25, 2024

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BCC Services Holding Company and Subsidiaries

Consolidated Balance Sheet

	December 31, 2023
Assets	
Current Assets	
Cash	$ 5,290,681
Accounts receivable:	
Trade - Net	27,726
Other	333,633
Inventory	33,008
Prepaid expenses and other current assets	206,613
Total current assets	5,891,661
Property and Equipment	26,000
Operating Lease Right-of-use Assets - Net (Note 4)	158,457
Goodwill - Net (Note 5)	8,808,903
Intangible Assets - Net (Note 5)	2,654,486
Other Assets	
Deposits	2,925
Deferred tax asset (Note 8)	1,013,421
Total assets	**$ 18,555,853**
Liabilities and Stockholders' Equity	
Current Liabilities	
Trade accounts payable	$ 119,369
Current portion of operating lease liability (Note 4)	14,721
Deferred revenue	264,209
Accrued and other current liabilities	536,024
Total current liabilities	934,323
Operating Lease Liability - Net of current portion (Note 4)	143,737
Other Long-term Liabilities - Deferred revenue - Net of current portion	1,197,916
Total liabilities	2,275,976
Stockholders' Equity	16,279,877
Total liabilities and stockholders' equity	**$ 18,555,853**

See notes to consolidated financial statements. 3

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BCC Services Holding Company and Subsidiaries

Consolidated Statement of Operations

Period from April 17, 2023 (Inception) to December 31, 2023

Net Revenue	
Royalty fees	$ 1,053,674
Initial franchise fees	190,566
Advertising fund fees	187,880
Other	329,960
Total net revenue	1,762,080
Cost of Sales	76,280
Gross Profit	1,685,800
Operating Expenses	
General and administrative expenses	2,704,283
Transaction expenses	1,870,283
Total operating expenses	4,574,566
Operating Loss	(2,888,766)
Nonoperating Income	
Interest income	548
Other income	47,775
Total nonoperating income	48,323
Loss - Before income taxes	(2,840,443)
Income Tax Recovery	(675,320)
Consolidated Net Loss	**$ (2,165,123)**

See notes to consolidated financial statements. 4

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BCC Services Holding Company and Subsidiaries

Consolidated Statement of Stockholders' Equity

Period from April 17, 2023 (Inception) to December 31, 2023

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
Balance - April 17, 2023 (inception)	$ -	$ -	$ -	$ -
Consolidated net loss	-	-	(2,165,123)	(2,165,123)
Issuance - Common stock	184	18,444,816	-	18,445,000
Balance - December 31, 2023	**$ 184**	**$ 18,444,816**	**$ (2,165,123)**	**$ 16,279,877**

See notes to consolidated financial statements. 5

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BCC Services Holding Company and Subsidiaries

Consolidated Statement of Cash Flows

Period from April 17, 2023 (Inception) to December 31, 2023

Cash Flows from Operating Activities		
Net loss	$	(2,165,123)
Adjustments to reconcile net loss to net cash from operating activities:		
Amortization		607,481
Deferred income taxes		(675,320)
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable		(110,372)
Inventory		5,212
Prepaid expenses and other assets		(130,787)
Accounts payable		99,125
Accrued and other liabilities		95,004
Deferred revenue		(205,950)
Net cash used in operating activities		(2,480,730)
Cash Flows Used in Investing Activities - Cash paid for acquisitions - Net of cash acquired		(9,623,589)
Cash Flows Provided by Financing Activities - Proceeds from issuance of common stock		17,395,000
Net Increase in Cash		5,290,681
Cash - Beginning of period		-
Cash - End of period	**$**	**5,290,681**
Significant Noncash Transactions - Fair value of rollover equity issued for business acquisitions	$	1,050,000

See notes to consolidated financial statements. 6

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Note 1 - Nature of Business

BCC Services Holding Company and Subsidiaries (the "Company") includes its wholly owned subsidiaries, BCC Services Intermediate Holding Company (Intermediate); BCC Services, LLC; BCC Franchising LLC; Frenchies, LLC; and Frenchies Revolution, LLC. The Company is an integrated franchisor of hair and beauty salons, including the following brands: Bishops Cuts/Color (Bishops) and Frenchies Modern Nail Care (Frenchies). As of December 31, 2023, there were 40 Bishops locations and 24 Frenchies locations open and operating. This includes one Frenchies location owned and operated by the Company.

Note 2 - Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Cash

The Company maintains cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Accounts Receivable

Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. At December 31, 2023, the Company had recorded an allowance for credit losses in the amount of $17,194. The Company evaluates the collectibility of its accounts receivable and determines the appropriate allowance for expected credit losses based on a combination of factors, including the aging of the receivables, historical collection trends, and charge-offs and includes adjustments for current economic conditions and reasonable and supportable forecasts. When the Company is aware of a franchisee or customer's inability to meet its financial obligation, the Company may individually evaluate the related receivable to determine the allowance for expected credit losses. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received.

Leases

The Company has one operating lease, which is disclosed in Note 4.

The Company recognizes expense for operating leases on a straight-line basis over the lease term. The Company made a policy election not to separate lease and nonlease components for the lease. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Company elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for the lease.

Intangible Assets

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.

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Note 2 - Significant Accounting Policies (Continued)

The Company has elected to apply the private company accounting alternative for intangible assets acquired in a business combination developed by the Private Company Council. Under the accounting alternative, certain acquired customer related intangible assets and noncompetition agreements are not separately recognized apart from goodwill.

No impairment charge was recognized during the period from April 17, 2023 (inception) to December 31, 2023.

Goodwill

The recorded amounts of goodwill from the business combinations disclosed in Note 3 are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. The Company early adopted the provisions of ASU No. 2021-08, *Business Combinations: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805)*, which requires companies to record contracts with customers based on the guidance under ASC 606 rather than at fair value.

The Company has elected to apply the private company accounting alternative for goodwill developed by the Private Company Council. Under the accounting alternative, goodwill is amortized on a straight-line basis over a 10-year period. Additionally, goodwill is assessed for potential impairment if events occur or circumstances change that indicate the fair value of the Company may be less than its carrying value. The Company has elected to test goodwill for impairment at the entitywide level.

No impairment charge was recognized during the period from April 17, 2023 (inception) to December 31, 2023.

Revenue Recognition

The Company's revenue from operations mainly consists of franchise fees, royalties, advertising fees, and technology fees. The Company sells individual franchisees the right to operate a store within a defined territory using one of the franchised names. The initial term of franchise agreements is typically 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

The Company has obligations to provide franchisees with the franchise rights to operate a store, training, and site selection, as well as technology and advertising for which fees are charged. The Company has concluded that the franchise right, training, and site selection obligations represent a single performance obligation. Therefore, initial franchise fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement beginning on the date a franchisee opens. Income for royalties, technology fees, and advertising fees is recognized over the term of the respective franchise agreement as the underlying services are provided.

Payment Terms

Initial franchise fees are due and typically paid when a franchise agreement is executed and are nonrefundable. These fees are collected prior to the satisfaction of the Company's performance obligations, resulting in the Company recognizing deferred revenue contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the consolidated balance sheet. Initial franchise fees are also received pursuant to area development agreements, which grant the right to develop franchised stores in future periods in specific geographic areas. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Technology fees are paid on a monthly basis based upon a fixed amount.

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Note 2 - Significant Accounting Policies (Continued)

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that the agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties and advertising fees, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

Costs to Obtain a Franchise Agreement

The Company frequently incurs broker commission expenses to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the broker commissions are capitalized as deferred broker commissions and are expensed over the term of the respective franchise agreement. There were no deferred broker commissions as of December 31, 2023 and no broker commission expenses recognized during the period from April 17, 2023 (inception) to December 31, 2023.

Income Taxes

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

Advertising Expenses

In accordance with the Company's franchise agreements, franchisees pay a percentage of monthly sales to an advertising fund to be used for advertising, marketing, and other promotional purposes. Advertising expenses are charged to income during the year in which they are incurred. Advertising fund expense for the period from April 17, 2023 (inception) to December 31, 2023 was $202,913.

Use of Estimates

The preparation of 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including March 25, 2024, which is the date the financial statements were available to be issued.

Note 3 - Business Combinations

BCC Services, LLC

On April 17, 2023, the Company acquired 100 percent of the equity of BCC Services, LLC. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the hair and beauty salon industry.

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Note 3 - Business Combinations (Continued)

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

Cash - Net of purchase price adjustments	$	6,999,839
Noncash rollover equity - Common stock		450,000
Fair value of total consideration transferred	$	7,449,839

The fair value of the 450 shares of common stock issued as noncash rollover equity was based on a valuation of the Company's stock using an option-pricing model, as disclosed in Note 6.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	$	62,146
Accounts receivable		60,305
Other assets		23,922
Deferred tax asset		234,337
Trade name and franchise agreements		1,676,000
Assumed operating liabilities		(106,734)
Deferred revenue		(979,102)
Total identifiable net assets		970,874
Goodwill		6,478,965
Total	$	7,449,839

The fair value of financial assets includes accounts receivable with a gross contractual value of $60,305, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 15 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately $1,140,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

Frenchies, LLC and Frenchies Revolution, LLC

On November 7, 2023, the Company acquired 100 percent of the equity of Frenchies, LLC and Frenchies Revolution, LLC. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the hair and beauty salon industry.

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

Cash - Net of purchase price adjustments	$	3,290,606
Noncash rollover equity - Common stock		600,000
Fair value of total consideration transferred	$	3,890,606

The fair value of the 600 shares of common stock issued as noncash rollover equity was based on a valuation of the Company's stock using an option-pricing model, as disclosed in Note 6.

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Note 3 - Business Combinations (Continued)

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	$	604,710
Accounts receivable		46,824
Inventory		38,220
Other assets		198,686
Property and equipment		26,000
Right-of-use operating lease asset		162,598
Deferred tax asset		103,764
Trade name and franchise agreements		1,068,000
Assumed operating liabilities		(354,530)
Deferred revenue		(688,973)
Operating lease liability		(162,598)
Total identifiable net assets		1,042,701
Goodwill		2,847,905
Total	$	3,890,606

The fair value of financial assets includes accounts receivable with a gross contractual value of $46,824, all of which is expected to be collectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 15 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately $730,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

Note 4 - Leases

The Company is obligated under an operating lease for its corporate-owned Frenchies location through February 2029. The right-of-use asset and related lease liability have been calculated using a discount rate of 4.54 percent. The lease requires the Company to pay taxes, insurance, utilities, and maintenance costs. Total rent expense and cash paid under the lease was $6,645 and $6,099, respectively, for the period from April 17, 2023 (inception) to December 31, 2023.

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Note 4 - Leases (Continued)

Future minimum annual commitments under this operating lease are as follows:

Years Ending December 31	Amount
2024	$ 35,995
2025	36,473
2026	37,190
2027	37,908
2028	38,625
Thereafter	6,458
Total	192,649
Less amount representing interest	34,191
Present value of net minimum lease payments	158,458
Less current obligations	14,721
Long-term obligations under leases	$ 143,737

Note 5 - Acquired Intangible Assets and Goodwill

Intangible assets and goodwill of the Company at December 31, 2023 are summarized as follows:

	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets and goodwill:		
Goodwill	$ 9,326,870	$ 517,967
Trade names	1,128,000	38,465
Franchise agreements	1,616,000	51,049
Total amortized intangible assets and goodwill	$ 12,070,870	$ 607,481

Amortization expense for intangible assets and goodwill totaled $607,481 for the period from April 17, 2023 (inception) to December 31, 2023.

Goodwill totaling $9,326,870 was added during 2023 as a result of the acquisitions disclosed in Note 3.

Estimated amortization expense for the years ending December 31 is as follows:

Years Ending	Amount
2024	$ 1,115,620
2025	1,115,620
2026	1,115,620
2027	1,115,620
2028	1,115,620
Thereafter	5,885,289
Total	$ 11,463,389

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Note 6 - Stockholders' Equity

Common stock consists of 18,445 authorized shares of $0.01 par value stock. As of December 31, 2023, all shares were issued and outstanding. The units authorized can be adjusted from time to time, as determined by the Company's board of directors.

Effective November 6, 2023, the Company established an equity and performance incentive plan (the "Plan"), which allows for common stock options to be granted to certain key employees. The purpose of the Plan is to attract and retain directors, consultants, officers, and other key employees for the Company and to provide to such persons incentives and rewards for superior performance. The Company issued options to purchase 146.75 shares of common stock during 2023. The options shall become exercisable with respect to one-seventh of the option shares on each of the first seven anniversaries of the grant date. However, upon the occurrence of a change in control event, all options granted will become immediately exercisable. The value of the options as of the grant date was *de minimis*, and no compensation expense was recorded during the period from April 17, 2023 (inception) to December 31, 2023.

Note 7 - Related Party Transactions

For the period from April 17, 2023 (inception) to December 31, 2023, the Company paid financial and management consulting fees to an equity sponsor of $486,223. These expenses are included as a component of operating expenses in the consolidated statement of operations.

Note 8 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations are all attributable to continuing operations and are detailed as follows:

Current income tax expense	$ -
Deferred income tax recovery	(675,320)
Total income tax recovery	$ (675,320)

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

Income tax recovery, computed at 21 percent of pretax loss	$ (596,493)
Permanent differences	21,096
State income tax recovery	(99,704)
Other	(219)
Total provision for income taxes	$ (675,320)

The details of the net deferred tax asset at December 31 are as follows:

Total deferred tax liabilities	$ (74,042)
Total deferred tax assets	1,087,463
Total	$ 1,013,421

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Note 9 - Subsequent Events

On February 28, 2024, the Company entered into a membership interest purchase agreement to acquire the outstanding equity interests of an unrelated company in a business acquisition accounted for as a business combination. The purchase price at the date of closing was approximately $55,000,000. The acquisition was funded with cash totaling approximately $49,100,000 and seller rollover equity of approximately $7,700,000. The Company paid acquisition-related costs at closing totaling approximately $1,800,000 using the proceeds above. As of the date the consolidated financial statements were available to be issued, the purchase price allocation has not been completed.

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GUARANTEE OF PERFORMANCE

For value received, BCC Services Holding Company, a Delaware corporation (the "Guarantor"), located at Terminal Tower. 50 Public Square, 29th Floor, Cleveland, OH 44113 , absolutely and unconditionally guarantees to assume the duties and obligations of BCC Franchising, LLC located at Terminal Tower, 50 Public Square, 29th Floor, Cleveland, OH 44113 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 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 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 City, State on 4/9/2024.

Guarantor:

BCC Services Holding Company

By: Tom Silk
Thomas Silk, Chairman

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BCC FRANCHISING LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

BCC FRANCHISING LLC

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KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Member
BCC Franchising LLC
New York, NY

Opinion

We have audited the accompanying financial statements of BCC Franchising LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BCC Franchising LLC as of December 31, 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Keeler & Dunlavy

St. George, Utah
April 6, 2023

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BCC FRANCHISING LLC
BALANCE SHEET
As of December 31, 2022

Assets	
Current assets	
Cash and cash equivalents	45,888
Accounts receivable, net	86,407
Prepaid expenses	21,162
Related party receivable	77,366
Total current assets	230,823
Non-current assets	
Intangible assets, net	509,392
Goodwill	97,722
Total assets	837,937
Liabilities and Member's Equity	
Current liabilities	
Accounts payable	2,042
Accrued liabilities	73,010
Total liabilities	75,052
Member's equity	762,885
Total liabilities and member's equity	837,937

The accompanying notes are an integral part of these financial statements

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BCC FRANCHISING LLC
STATEMENT OF OPERATIONS
For the year ended December 31, 2022

Operating revenue		
Royalties	$	998,563
Technology fees		47,419
Ad fund fees		151,482
Rebate income		140,021
Other income		100,219
		1,437,704
Operating expenses		
General and administrative		323,974
Marketing expense		161,018
Wage and salary expense		413,046
Amortization expense		45,942
Professional fees		69,981
Total operating expenses		1,013,961
Net income	$	423,743

The accompanying notes are an integral part of these financial statements

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BCC FRANCHISING LLC
STATEMENT OF MEMBER'S EQUITY
For the year ended December 31, 2022

Balance as of March 3, 2022 (inception)	$	-
Distributions to members		(377,933)
Member contributions		717,075
Net income		423,743
Balance as of December 31, 2022	$	762,885

The accompanying notes are an integral part of these financial statements

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BCC FRANCHISING LLC
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

Cash flows used in operating activities:		
Net income	$	423,743
Adjustments to reconcile net income to net cash used by operating activities:		
Amortization expense		45,942
Change in operating assets and liabilities:		
Accounts receivable		(72,189)
Prepaid expenses		(21,162)
Related party receivable		(27,366)
Accounts payable		2,042
Accrued liabilities		5,736
Net cash used in operating activities		356,746
Cash flows from financing activities:		
Distributions to member		(377,933)
Contributions from member		67,075
Net cash provided by financing activities		(310,858)
Net change in cash and cash equivalents		45,888
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	$	45,888
Supplemental disclosures of cash flow		
Cash paid for interest	$	-
Non-cash financing and investing activities		
Assets and liabilities contributed by member	$	650,000

The accompanying notes are an integral part of these financial statements

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BCC FRANCHISING LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

BCC Franchising LLC (the "Company") was formed on March 3, 2022, as a Delaware limited liability company, and is headquartered in New York, New York. BCC Franchising LLC is a wholly owned subsidiary of BCC Services, LLC, a Delaware limited liability company and was formed for the principal purpose of selling and supporting the "Bishops" hair salon franchise system.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2022, the Company had cash and cash equivalents of $45,888.

(f) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for royalty fees. Accounts receivable are recorded at the invoiced amount and do not bear interest, although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of December 31, 2022, the Company had no allowance for doubtful accounts. As of December 31, 2022, the Company had accounts receivable of $86,407.

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(g) Long-Lived Assets

Long–lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset.

(h) Revenue Recognition

The Company's primary revenues consist of initial franchise fees, royalties and marketing fees based on a percentage of gross revenues, technology fees, and rebates.

Upon inception, the Company adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, marketing fees, and technology fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties and marketing fees, which are based on a percentage of gross revenue reported by franchisees, are to be recognized at the time the underlying sales occur. Technology fees and rebates are recognized in the period that services are provided to third-party vendors and franchisees. In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

The Company also receives rebates from various product suppliers for goods used in the franchise system. Rebate income was $140,021 for the year ended December 31, 2022. The Company recognizes rebate revenue received.

Other income for the year consists of franchise termination fees and third-party vendor program fees. During the year ended December 31, 2022, the Company received $100,219 in other income.

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(i) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Delaware. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, no tax years are subject to examination.

(j) Concentration of Risk

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Acquisition of Bishops Franchise System

On March 31, 2022, the Company's sole member acquired the Bishops franchise system in an asset purchase agreement. On March 31, 2022, in return for a 100% membership interest position in the Company, the Company's sole member contributed the following assets and liabilities to the Company:

Note receivable	$	50,000
Accounts receivable, net		14,218
Intangible assets (See Note 4)		555,334
Goodwill (see Note 3)		97,722
Accrued expenses		(67,274)
	$	650,000

(3) Goodwill

The Company has recorded goodwill associated with the acquisition of the Bishops franchise system on March 31, 2022. In accordance with ASC 350-20, *Goodwill*, the Company does not amortize goodwill. Rather, management will regularly evaluate the goodwill for indications of impairment. During the period ended December 31, 2022, there were no indications of impairment. As of December 31, 2022, goodwill was $97,722.

(4) Intangible Assets

The Company has recorded identifiable intangible assets associated with the acquisition of the Bishops franchise system on March 31, 2022. As of December 31, 2022, the Company's intangible assets consisted of the following:

Franchise agreements	$	344,568
Tradename		210,766
		555,334
Accumulated amortization		(45,942)
	$	509,392

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The Company has valued the franchise agreements based on a discounted cash flow model and has elected to amortize the asset over the average useful lives of the franchise agreement. As of December 31, 2022, the Company determined there was no impairment of the franchise agreements.

In accordance with ASC 350, Intangibles—*Goodwill and Other*, the Company has determined that tradename is indefinite lived. As such, the asset will not be subject to amortization; rather, management will regularly evaluate the intangible assets for indications of impairment. During the period ended December 31, 2022, there were no indications of impairment.

Projected amortization for the coming 5-year period is as follows:

Year ended December 31,		
2023	$	68,914
2024		68,914
2025		68,914
2026		68,914
2027		22,970
	$	298,626

(5) Related Party Receivable

During the year, the Company made interest and principal payments on behalf the parent company. The total payments for the year ended December 31, 2022 were $77,366. The receivable does not accrue interest, is due upon demand, and is classified as a current asset. As of December 31, 2022, the balance owed by the parent was $77,366.

(6) Accrued Liabilities

The Company's accrued liabilities consist of accrued professional fees and gift card liabilities. As of December 31, 2022, the Company's accrued liabilities are $73,010.

(7) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus ("COVID-19") as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through December 31, 2022. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company's operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company's future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company's customers and vendors all of which are

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uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company's future financial condition or results of operations is uncertain.

(8) Subsequent Events

Management has reviewed and evaluated subsequent events through April 6, 2023, the date on which the financial statements were issued.

Subsequent to year end, the Company entered into a membership interest purchase agreement to sell a majority interest in the Company. The transaction has not closed as of the date of this report.

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BCC FRANCHISING LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

APRIL 1, 2022

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BCC FRANCHISING LLC

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KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Member
BCC Franchising LLC
New York, NY

Opinion

We have audited the accompanying financial statements of BCC Franchising LLC, which comprise the balance sheet as of April 1, 2022, and the related statements of operations, member's equity, and cash flows for the period then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BCC Franchising LLC as of April 1, 2022, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kezas & Dunlavy

St. George, Utah
June 3, 2022

BCC FRANCHISING LLC
BALANCE SHEET
As of April 1, 2022

Assets		
Current assets		
Cash and cash equivalents	$	59,306
Accounts receivable, net		14,218
Note receivable, current		100,000
Total current assets		173,524
Non-current assets		
Intangible assets, net		555,334
Goodwill		50,448
Total assets	$	779,306
Liabilities and Member's Equity		
Current liabilities		
Accrued liabilities	$	48,519
Total liabilities		48,519
Member's equity		730,787
Total liabilities and member's equity	$	779,306

The accompanying notes are an integral part of these financial statements

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BCC FRANCHISING LLC
STATEMENT OF OPERATIONS
For the Period from Inception to April 1, 2022

Operating revenue	$ -
Operating expenses	
Professional fees	35,519
General and administrative	769
Total operating expenses	36,288
Net loss	$ (36,288)

The accompanying notes are an integral part of these financial statements

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BCC FRANCHISING LLC
STATEMENT OF MEMBER'S EQUITY
For the Period from Inception to April 1, 2022

Balance as of March 3, 2022 (inception)	$ -
Member contributions	767,075
Net loss	(36,288)
Balance as of April 1, 2022	$ 730,787

The accompanying notes are an integral part of these financial statements

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BCC FRANCHISING LLC
STATEMENT OF CASH FLOWS
For the Period from Inception to April 1, 2022

Cash flows used in operating activities:	
Net loss	$ (36,288)
Adjustments to reconcile net income to net cash used by operating activities:	
Change in operating assets and liabilities:	
Accrued liabilities	28,519
Net cash used in operating activities	(7,769)
Cash flows from financing activities:	
Contributions from member	67,075
Net cash provided by financing activities	67,075
Net change in cash and cash equivalents	59,306
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	$ 59,306
Supplemental disclosures of cash flow	
Cash paid for interest	$ -
Non-cash financing and investing activities	
Assets and liabilities contributed by member	$ 740,000

The accompanying notes are an integral part of these financial statements

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BCC FRANCHISING LLC
NOTES TO THE FINANCIAL STATEMENTS
APRIL 1, 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

BCC Franchising LLC (the "Company") was formed on March 3, 2022, as a Delaware limited liability company, and is headquartered in New York, New York. BCC Franchising LLC is a wholly owned subsidiary of BCC Services, LLC, a Delaware limited liability company and was formed for the principal purpose of selling and supporting the "Bishops" hair salon franchise system.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of April 1, 2022, the Company had cash and cash equivalents of $59,306.

(f) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for royalty fees. Accounts receivable are recorded at the invoiced amount and do not bear interest, although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of April 1, 2022, the Company had no allowance for doubtful accounts. As of April 1, 2022, the Company had accounts receivable of $14,218.

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(g) Long-Lived Assets

Long–lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset.

(h) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Delaware. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of April 1, 2022, no tax years are subject to examination.

(i) Concentration of Risk

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Acquisition of Bishops Franchise System

On March 31, 2022, the Company's sole member acquired the Bishops franchise system in an asset purchase agreement. On March 31, 2022, in return for a 100% membership interest position in the Company, the Company's sole member contributed the following assets and liabilities to the Company:

Note receivable	$	100,000
Accounts receivable, net		14,218
Intangible assets (See Note 4)		555,334
Goodwill (see Note 3)		50,448
Accrued expenses (see Note 5)		(20,000)
	$	700,000

(3) Goodwill

The Company has recorded goodwill associated with the acquisition of the Bishops franchise system on March 31, 2022. In accordance with ASC 350-20, *Goodwill*, the Company does not amortize goodwill. Rather, management will regularly evaluate the goodwill for indications of impairment. During the period ended April 1, 2022, there were no indications of impairment. As of April 1, 2022, goodwill was $50,448.

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BCC FRANCHISING LLC
NOTES TO THE FINANCIAL STATEMENTS
APRIL 1, 2022

(4) Intangible Assets

The Company has recorded identifiable intangible assets associated with the acquisition of the Bishops franchise system on March 31, 2022. As of April 1, 2022, the Company's intangible assets consisted of the following:

Franchise agreements	$	344,568
Tradename		210,766
	$	555,334

The Company has valued the franchise agreements based on a discounted cash flow model and has elected to amortize the asset over the useful life of each franchise agreement. As of April 1, 2022, the Company determined there was no impairment of the franchise agreements.

In accordance with ASC 350, Intangibles—*Goodwill and Other*, the Company has determined that tradename is indefinite lived. As such, the asset will not be subject to deprecation; rather, management will regularly evaluate the intangible assets for indications of impairment. During the period ended April 1, 2022, there were no indications of impairment.

Expected amortization for the coming 5-year period is as follows:

Year ended December 31,		
2022	$	49,563
2023		72,459
2024		63,383
2025		61,107
2026		60,860
Thereafter		37,196
	$	344,568

(5) Accrued Liabilities

The Company's accrued liabilities consist of accrued professional fees and gift card liabilities. As of April 1, 2022, the Company's accrued liabilities are $48,519.

(6) Related Party Transactions

During the period ended April 1, 2022, the Company has not incurred rent or other typical operating expenses. An affiliate through common ownership provides office space, telephone services, and labor at no charge. The Company is not expected to reimburse these costs. Were these expenses to be charged, the Company's net loss would increase, and member's equity would decrease for the period presented.

(7) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

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In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus ("COVID-19") as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through April 2022 and subsequent to the period end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company's operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company's future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company's customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company's future financial condition or results of operations is uncertain.

(8) Subsequent Events

Management has reviewed and evaluated subsequent events through June 3, 2022, the date on which the financial statements were issued.

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THE BALANCE SHEET OF BCC SERVICES HOLDING COMPANY AS OF AUGUST 31, 2024, AS WELL AS BCC SERVICES HOLDING COMPANY'S STATEMENT OF INCOME FOR THE INTERIM PERIOD BEGINNING JANUARY 1, 2024, AND ENDING AUGUST 31, 2024, HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

BCC Services Holding Company
Balance Sheet
For the 8 months ended August 31, 2024
(unaudited)

Assets

Current Assets	
Cash	5,186,024
Accounts Receivable (A/R)	689,742
Prepaid Expenses	288,998
Inventory	531,708
Other Current Assets	2,579,149
Total Current Assets	9,275,620.2
Long-Term Assets	
Fixed Asset	158,359
Accumulated Depreciation	(121,468)
Net Fixed Assets	36,891
Other Long Term Assets	1,338,325
Transaction Costs	-
Capitalized Software	-
Franchise Agreements	1,493,129
Trade Name	1,039,401
Goodwill	63,160,262
Total Long-Term Assets	67,068,008.4
Total GAAP Assets	76,343,628.6

Liabilities and stockholders' equity

LIABILITIES AND EQUITY:

Current Liabilities	
Accounts Payable (A/P)	313,299
Accrued Expenses	485,084
Gift Card Liabilities	52,868
Current Portion of Long Term Debt	-
Deferred Revenue - Current	2,893,705
Other Current Liabilities	515,910
Total Current Liabilities	4,260,865.4

Long Term Debt	
Senior Term A	-
Senior Term B	-
Notes Payable - LT	-
Total Long Term Debt	0.0
Other L/T Liabilities	
Other L/T Liabilities	325,494
Deferred Revenue - Long Term	1,132,372
Total Other L/T Liabilities	1,457,866.1
Total Liabilities	5,718,731.5
Shareholders' Equity	
Equity	75,245,000
Retained Earnings	(4,625,472)
Net Income	5,369
Total Shareholders' Equity	70,624,897.1
Total Liabilities and Shareholders' Equity	76,343,628.6

BCC Services Holding Company
Statement of Income, YTD
For the 8 months ended August 31, 2024
(unaudited)

Net Sales	
Franchise Sales	179,000
Royalties	4,006,800
Other	3,472,400
Total Net Sales	7,688,300
Cost of Sales	1,951,700
Gross Profit	5,736,600
Operating Expenses	
Sales and Marketing	546,700
General and Administrative	3,696,100
Total Operating Expenses	
Operating Income	1,493,800
Depreciation / Amortization	725,900
Other Income / (Expense)	4,032,000
Total Other Income/(expense)	(3,306,100)
Net Income (Loss)	**(1,812,300)**

EXHIBIT D
TO THE BCC FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

MULTI-STATE ADDENDUM

The following modifications and additions are part of the BISHOPS Franchise Disclosure Document ("FDD") and may supersede certain portions of the Franchise Agreement ("FA"), including the Schedule G Multiple Purchase Addendum ("MPA"), as required by relevant state laws.

CALIFORNIA

California Corporations Code section 31125 requires that we give you a disclosure document approved by the Department of Financial Protection & Innovation prior to a solicitation of a proposed material modification of an existing franchise.
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.

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

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

All the owners of the franchise will be required to execute personal guarantees. This requirement places the marital assets of the spouses domiciled in community property states – Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin – at risk if your franchise fails.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).

You must sign a general release if you renew or transfer your franchise. 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).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF DELAWARE AND A FORUM OF THE LOCATION WHERE FRANCHISOR'S HEADQUARTERS ARE LOCATED. THESE PROVISIONS MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

The Franchise Agreement requires the parties to resolve their disputes through non-binding mediation and, if necessary, litigation. The mediation and litigation will be conducted at a venue close to Franchisor's headquarters, and you must reimburse us our costs is we prevail in any litigation proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as

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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.

Regarding our website, http://www.bishopsbs.com, please note the following:

> OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dfpi.ca.gov.

FDD, FA, and MPA

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise

Exhibit I

The questionnaire in Exhibit I does not apply to California franchisees and California franchisees shall not complete the questionnaire, and if they do the franchisor will destroy and disregard it.

THE CALIFORNIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF CALIFORNIA OR WHO LOCATE THEIR FRANCHISES IN CALIFORNIA

HAWAII

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ILLINOIS

Illinois law governs the Agreements.

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In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

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

INDIANA

Neither BCC Franchising, LLC, its affiliate, nor any person identified in Item 2 of the FDD has any material arbitration proceeding pending, or has during the ten (10) year period immediately preceding the date of this FDD been a party to concluded material arbitration proceedings.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under Indiana law.

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

Section 21(D) of the Franchise Agreement is hereby modified to provide that: (i) the acts described in these Sections may cause Franchisor irreparable harm; and (ii) Franchisor is entitled to seek (rather than obtain) restraining orders or injunctive relief in accordance with the terms of these Sections without the necessity of posting a bond.

Section 13(E)(3) of the Franchise Agreement is hereby deleted in their entirety.

Section 15 of the Franchise Agreement is hereby modified by adding the following subsection after the last subsection thereof:

> Indiana Law. The conditions under which this Agreement can be terminated may be affected by Indiana law [IC Stat. Sec. 23-2-2.5 and 23-2-2.7] which provides Franchisee with certain termination rights.

Section 21(C) of the Franchise Agreement is hereby modified such that Franchisor agrees to select as the place for mediation a location within the State of Indiana and the laws of the State of Indiana shall apply to the mediation proceedings.

Section 21(I) of the Franchise Agreement is hereby modified by deleting everything in the first sentence thereof after the words “brought before the expiration of” and before “and that any action not brought…,” and replacing the deleted portion with “two (2) years after the violation of IC Stat. 23-2 and, with respect to other claims, three (3) years after discovery by the Franchisee/Developer of the facts constituting the violation.”

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Notwithstanding anything to the contrary in Section 21(A) of the Franchise Agreement, the laws of the State of Indiana shall govern the construction and enforcement of these agreements.

Section 21(E) of the Franchise Agreement is hereby modified by adding the following text as the last sentence thereof:

> This provision shall not in any way abrogate or reduce any rights of Franchisee as provided for under Indiana law including, but not limited to, the right to submit matters to the jurisdiction of the courts of Indiana.

THE INDIANA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF INDIANA OR WHO LOCATE THEIR FRANCHISES IN INDIANA

MARYLAND

FDD Item 5, FA Section 4(a)(1), Schedule G Multiple Purchase Addendum Section 1.
Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

FDD Item 17 and FA Sections 3(B)(5) and 13(E)(3).

The general release required as a condition to renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

FDD Item 17 and FA Section 15(A)(2).
Our right to terminate the Franchise Agreement upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.).

FDD Item 17 and FA Section 21(E).
A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

FDD Item 17 and FA Section 21(I).
Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of a franchise.

FA Section 1
Franchise Agreement Section 1(A), (B), (C), (D), (F), (G), (H), and (I) are deleted in their entirety.

FA Section 23.
Franchise Agreement Section 23 is deleted in its entirety.

All representations requiring prospective franchisees to assent to a release, estoppel or wavier of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

THE MARYLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MARYLAND OR WHO LOCATE THEIR FRANCHISES IN MARYLAND

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MICHIGAN

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 OF THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE 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 EACH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION OF THE FRANCHISEE'S INVENTORY, SUPPLIES, MATERIALS, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, MATERIALS, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE 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 THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

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(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATION OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(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 THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A 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 THIS SUBDIVISION 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 THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE 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 REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE, CONSUMER PROTECTION DIVISION, ATTN. FRANCHISE SECTION, 670 LAW BUILDING, 525 W. OTTAWA STREET, LANSING, MICHIGAN 48913, 517-373-7117.

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MINNESOTA

FA Section 7(Q)
We agree to indemnify you against losses and liabilities for which you are held liable in any proceeding arising solely out of your use of the mark "BISHOPS" or any other trademark, service mark or logotype that you are authorized by us to use with the Bishops franchise. This indemnification is contingent upon you using the marks or logotypes in accordance with the provisions of the Franchise Agreement. The foregoing indemnification is conditioned upon the following: you must (i) provide written notice to us of any claims subject to indemnification hereunder within twenty (20) days of your receipt of any written information pertaining to such claims, (ii) tender the defense of the claims to us if we so desire, and (iii) permit us to have sole control of the defense and settlement of any such claim.
FA Section 15
We will comply with Minnesota Statute Section 80C.14 subdivisions 3, 4 and 5 which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

FA Section 21(E)
Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400J, prohibit us from requiring litigation to be conducted outside 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 Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

FA Section 21(I)
All references of "one year" time limit are modified to refer to "three years" time limit to institute claims.

Minn. Rule Part 2869.4400(d) prohibits us from requiring that you assent to a general release and the Sections of the Franchise Agreement regarding your obligation to execute a general release upon assignment or renewal are deleted in their entirety.

Nothing in the FDD or Franchise Agreement shall effect your rights under Minnesota Statute Section 80C.17, Subd. 5.

THE MINNESOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MINNESOTA OR WHO LOCATE THEIR FRANCHISES IN MINNESOTA

NEW YORK

1. FDD Cover Page The following information is added to the cover page of the Franchise Disclosure Document:

> **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET 21ST FLOOR NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE**

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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. FDD 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; 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 franchises 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 been held liable in a civil action alleging: violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; 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 any 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 these person from membership in these associations or exchanges; 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.

FDD Item 17

3. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,**" and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

> However, 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 provision of General Business Law 687.4 and 687.5 be satisfied.

4. The following is added to the end of the "Summary" sections of Item 17(d), titled **"Termination by franchisee"**:

> You may terminate the Franchise 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**":

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

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

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

THE NEW YORK SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR WHO LOCATE THEIR FRANCHISES IN NEW YORK.

NORTH DAKOTA

FDD Item 17(c), FA Section 3
The Commissioner has determined that requiring the franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The general release provision of FA Section 3 is void and unenforceable in the state of North Dakota.

FDD Item 17(u), FA Section 21.B-C
The Commissioner has determined that franchise agreements, which provide that parties agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

FDD Item 17(v), FA Section 21.E
The Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Thus, all issues or disagreements relating to the Franchise Agreement will be arbitrated, tried, heard, and decided within the jurisdiction of courts in the state of North Dakota.

FDD Item 17(w), FA Section 21.A
Apart from civil liability as set forth in section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud) the liability of the franchisor to a franchisee is based largely on contract law. Even though those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents, and is unfair to franchise investors to require them to waive their rights under North Dakota Law.

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The Commissioner has held that franchise agreements, which specify that they are to be governed by the laws of a state other than North Dakota, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Thus, the Franchise Agreement will be governed by the laws of North Dakota, which laws will prevail.

FA Section 21.K
The Commissioner has determined that to require the franchisee to consent to a waiver of trial by jury is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Thus, this provision is deleted each place it appears in the disclosure document and agreements used in North Dakota.

FA Section 21.J
The Commissioner has determined that to require the franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Thus, this provision is deleted each place it appears in the disclosure document and agreements used in North Dakota.

FA Section 21.i
The Commissioner has determined that to require the franchisee to consent to a limitation of claims within one year is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The provision shall be changed to read the statute of limitations under North Dakota Law will apply.

FA Section 19.D
The Commissioner has determined that to stipulate that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The provision shall be changed to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

THE NORTH DAKOTA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NORTH DAKOTA OR WHO LOCATE THEIR FRANCHISES IN NORTH DAKOTA.

RHODE ISLAND

Even though our Franchise Agreement provides that the laws of Delaware apply, the Rhode Island Franchise Investment Law may supersede these agreements because the Rhode Island Franchise Investment Law provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of another state is void with respect to a claim otherwise enforceable under the Act."

Notwithstanding Section 21(E) of the Franchise Agreement, Section 19-28.1-14 of the Rhode Island Franchise Investment Act (the "Act") provides that a provision in these agreements restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.

THE RHODE ISLAND SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF RHODE ISLAND OR WHO LOCATE THEIR FRANCHISES IN RHODE ISLAND.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for BCC Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> With respect to disclosures in Item 6 of the Disclosure Document regarding a franchisee securing funds by selling securities in the franchise, be advised that any securities offered or sold by an Investor Franchisee as part of its BCC Franchising, LLC Franchise must be either registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.
>
> Additional Disclosure: The following statements are added to Item 17h:
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise

THE VIRGINIA SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF VIRGINIA OR WHO LOCATE THEIR FRANCHISES IN VIRGINIA

WASHINGTON

FDD State Cover Sheets; Special Risk(s) to Consider About This Franchise

Turnover Rate. During the last 3 years, a large percentage of franchised outlets were terminated, not renewed, reacquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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.

FDD Item 5, FA Section 4(a)(1), Schedule G Multiple Purchase Addendum Section 1.
In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Multiple Purchase Addendum, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the agreement and Franchisee is open for business with respect to each such location.

FDD Item 16, FA Section 13(H)
The franchisor must make a "reasonable" determination before using its step-in rights.

FDD Item 17(d)
Franchisee may terminate the franchise relationships under any ground permitted by law.

FDD Item 17(r) and FA Section 2.2
The geographic scope of the non-competition covenants is reduced to within a 25-mile radius of the Designated Territory or any other BISHOPS Store that is open, under lease, or otherwise under development.

FDD Item 17(u)
This provision is subject to state law.

FA Section 1
This Section does not apply to Washington franchisees.

FDD Item 17 and FA Sections 3(B)(5) and 13(E)(3).
You must sign a general release if you renew or transfer your franchise. These Sections do not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.1000, and the rules adopted thereunder.

FA Section 11(C)
Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

FA Section 15(D).
The franchisor will have liability for gross negligence or intentional misconduct.

FA Section 23
This Section does not apply to Washington franchisees.

This Washington addendum also modifies the relevant provisions of the MPA.

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 or 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

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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.

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

THE WASHINGTON SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WASHINGTON OR WHO LOCATE THEIR FRANCHISES IN WASHINGTON

WISCONSIN

Section 15 of the Franchise Agreement is hereby modified to add the following subsection after the last subsection therein:

> Wisconsin Law. The conditions under which this Agreement can be terminated or not renewed may be affected by Wisconsin law, Chapter 135, Wisc. Stats., the Wisconsin Fair Dealership Law.

Section 21(E) of the Franchise Agreement is hereby modified by adding the following language after the last sentence thereof:

> "The Wisconsin Fair Dealership Law supersedes any provision of this Agreement which is inconsistent with that law."

THE WISCONSIN SECTION OF THIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF WISCONSIN OR WHO LOCATE THEIR FRANCHISES IN WISCONSIN

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It is agreed that the applicable foregoing state law addendum for the state of _____, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including this Multi-State Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum on the day and year first above written.

FRANCHISEE:

_____(SEAL)

_____(SEAL)

[OR]

_____
Corporate Name, Partnership or
Limited Liability Company

By:_____

FRANCHISOR:

BCC FRANCHISING, LLC

By:_____
Title:_____

OWNERS (SHAREHOLDERS/PARTNERS/ MEMBERS):

_____(SEAL)

EXHIBIT E
TO THE BCC FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF OPEN FRANCHISEES AS OF December 31, 2023

Franchisee Contact	Location Telephone No.	Location Address	City	State	Zip Code
Jen Goodrich	480-878-4243	1015 S Rural Rd #102	Tempe	AZ	85281
Synister LLC Syndee Nguyen*	408-819-3573	197 East Campbell Ave	Campbell	CA	95008
Starfire Farm Marc & Rhian Kleinmaier*	408-454-8321	19540 Vallco Prkwy Suite 100	Cupertino	CA	95014
Batchco Hair Peter Kovacs*	949-333-2934	4187 Campus Dr. #M175	Irvine	CA	92612
Moon Turtle Bravo LLC* Lea & Scott Chicoine	949-333-1448	6650 Irvine Center Drive	Irvine	CA	92618
Alpha Turtle Bravo LLC* Lea Chicone	949-446-4994	21731 Lake Forest Drive #409-4	Lake Forest	CA	92630
3 Star Holdings Corp. David & Shirley Lara*	626-808-4350	1715 E Colorado Blvd	Pasadena	CA	91105
Lisa's Hair Ventures, LLC Lisa Cochran*	925-201-3487	3150 Bernal Ave	Pleasanton	CA	94566
Sydnee H. Nguyen Synister, LLC	408-819-3573	3237 Coronado Place	Santa Clara	CA	95054
Ramraj Gottiparthy	669-242-7116	1 S Market St. Suite #30	San Jose	CA	95113
Auriga Co. Seth Roberts & Alison Leavy	303-557-0232	200 Quebec St	Denver	CO	80230
OUR Corporation Bill & Carol Leirer	303-353-4645	14452 Orchard Parkway Suite 400	Westminster	CO	80022
MAB LLC Kurt Staiger, Kathleen and David Scott*	202-507-8226	1100 2nd Place SE Suite 100	Washington	DC	20003
Ultra Hair LLC Boniface Chege	770-710-0830	5070 Peachtree Blvd	Chamblee	GA	30341
Christopher Todd Southern	812-401-1994	6401 East Lloyd Expy.	Evansville	IN	47715
B&K Holdings LLC Scott Buckman & Shawn Kellet*	612-545-5379	312 Hennepin Ave	Minneapolis	MN	55414
Big Sky Barber LLC Scott & Cailin Beeler	406-534-4774	108 N Broadway	Billings	MT	59101

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Franchisee Contact	Location Telephone No.	Location Address	City	State	Zip Code
1914 Linus Enterprises LLC Greg & Deborah Bullard	704-332-5220	209 S Kings Drive	Charlotte	NC	28204
DO OR DYE LLC Karman & Albert Stahl*	513-475-0500	226 Calhoun St.	Cincinnati	OH	45219
DO OR DYE LLC Karman & Albert Stahl *	513-978-1169	3361 Madison Rd #B	Cincinnati	OH	45209
Kellie Wurtzman*	614-670-5307	4223 N High St.	Columbus	OH	43214
NMCS, Inc. Jeff and Kitty Foote*	541-647-2703	103 NW Oregon Ave	Bend	OR	97703
MurphyDogOregon LLC Dave & Rosemary Tanner	541-636-3858	544 Blair Ave	Eugene	OR	97402
Tokoya, Inc. Keith Moskowitz	503-907-1414	639 NW Division St	Gresham	OR	97030
Cutty 1, LLC Lee Jones*	503-878-4994	15731 SE Happy Valley Town Center Dr	Happy Valley	OR	97086
No Mo Ho, Inc. Paul Ito	503-747-7239	6198 NE Cornell Rd	Hillsboro	OR	97214
Netz NW Inc. Lynn Netz	503-303-4986	1991 SE Monroe St.	Milwaukie	OR	97222
NMCS, Inc. Jeff and Kitty Foote*	503-244-1731	7787 SW Capitol Hwy	Portland	OR	97219
NMCS, Inc. Jeff and Kitty Foote*	503-546-9086	7550 SW Beaverton-Hillsdale Hwy	Portland	OR	97225
Childress, Inc. Stewart & Elisa Childress*	512-551-9560	4811 Woodrow Ave. Ste. 103	Austin	TX	78756
Annadel Development Corp. Chris & Michelle Bingham*	512-401-3344	3003 S Lamar Blvd	Austin	TX	78704
South Stone Enterprises, LLC Tom & Tonya Austeri*	804-912-2552	826 W Broad Street	Richmond	VA	23220
DOB Empire, Inc. Daryl & Regina Baker	757-301-4800	2212 General Booth Blvd Suite 230	Virginia Beach	VA	23454
Next Cutters, LLC Carla Corkern & Caleb Neame*	425-679-6692	310 Bellevue Way NE #F	Bellevue	WA	98004
Carla Corken*	425-677-7997	1620 Gilman Blvd. #A2	Issaquah	WA	98027

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Franchisee Contact	Location Telephone No.	Location Address	City	State	Zip Code
Next Cutters, LLC CQUADRIC CORP & Carla Corken*	425-264-3149	6800 132nd Place SE	Newcastle	WA	98059
Next Cutters, LLC Carla Corkern & Caleb Neame*	206-466-2976	3627 Stone Way N #F	Seattle	WA	98103
JBells, LLC Dennis & Dawn Morris	253-302-4610	3633 Market Place W Suite 6	University Place	WA	98466
MaxHenry Project, Inc. Dara Westling & Mike Roepel*	360-718-8564	16020 SE Mill Plain Blvd. #105	Vancouver	WA	98684
MaxHenry Project, Inc. Dara Westling & Mike Roepel*	360-314-2607	3000 NE Andresen Rd. #104B	Vancouver	WA	98661

***** indicates an area developer that has rights to multiple units

LIST OF FRANCHISEES SIGNED BUT NOT YET OPEN AS OF December 31, 2023

Franchisee Contact	Contact Telephone No.	Contact Address	City	State	Zip Code
Marty Gilley	619-300-1248	3236 SE Brookside,	Lee's Summit	MO	64063

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LIST OF FRANCHISEES THAT HAVE LEFT THE SYSTEM IN THE PAST FISCAL YEAR OR THAT HAVE FAILED TO COMMUNICATE WITH US IN THE 10 WEEKS PRECEDING THE ISSUE DATE OF THIS DISCLOSURE DOCUMENT

Franchisee Contact	Last Known Telephone No.	Last Known Address	City	State	Zip Code
Midas Touch Management, LLC Chad Johnson*	408-882-3827	3237 Coronado Place	Santa Clara	CA	95054
JBS 1, LLC Amarpal Dahliwal**	727-289-2289	689 Central Ave Unit 101	St. Petersburg	FL	33701
1914 Linus Enterprises LLC Greg Bullard***	980-498-2056	1422 South Tryon Street	Charlotte	NC	28203

*****Transfer. ** Termination. ***Ceased operations-Other Reasons.

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EXHIBIT F
TO FRANCHISE DISCLOSURE DOCUMENT

BISHOPS™ OPERATIONS MANUAL

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RESALE, TRANSFER, RENEWAL, & CLOSING	2 pages

APPENDIX
POLICY AND PROCEDURE MANUAL
POSITION DESCRIPTIONS
RECRUITING MANUAL

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EXHIBIT G
TO FRANCHISE DISCLOSURE DOCUMENT

SAMPLE RELEASE AGREEMENT

In consideration for the consent of BCC Franchising, LLC (the "Franchisor"), to the assignment by _____("Franchisee") of its interest in that certain franchise agreement entered into by and between Franchisor and Franchisee dated _____ (the "Franchise Agreement"), Franchisee and its principals hereby remises, releases, and forever discharges Franchisor, its affiliates, parents, subsidiaries, principals, officers, directors and employees and agents, and their respective successors, assigns, heirs and personal representatives, from all debts, covenants, liabilities, actions, and causes of action of every kind and nature through the date of this Release, including but not limited to those arising out of or existing under (a) the Franchise Agreement and the parties respective rights and obligations thereunder, (b) the offer and sale of the BISHOPS franchised business described therein, and (c) the franchise relationship between the parties hereto, whether in law or in equity. Franchisee acknowledges that this Release is intended to release all claims held by any person against the parties to be released, arising out of any of the matters to be released.

The general release does not apply with respect to claims arising under the Washington Franchise investment Protection Act, RCW 19.100 and the rules adopted thereunder.

This Release has been entered into and agreed to as of the _____ day of _____, 20____

FRANCHISEE:

By: _____

Print Name: _____

By: _____

Print Name: _____

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EXHIBIT H

CONFIRMATION OF ADDITIONAL TERMS AND REPRESENTATIONS ADDENDUM

As you know, BCC Franchising, LLC ("we", "us"), and you are preparing to enter into a Franchise Agreement for the right to open and operate a Bishops™ franchise (each, a "Franchised Business"). The purpose of this Addendum is to to confirm any additional commitments or terms beyond those contained in our standard franchise agreement and contained in our current "Franchise Disclosure Document," including any oral statement, representation, promise, or assurance made during the negotiations for the purchase of a Bishops™ franchise by any of our directors, officers, employees, agents, or representatives (each a "Representative"). Please review each of the following questions carefully and provide honest responses to each question.

The questionnaire in Exhibit I does not apply to California franchisees and California franchisees shall not complete the questionnaire, and if they do the franchisor will destroy and disregard it.

This Addendum will not be signed or used if the franchisee resides within or if the franchised business will be located within the states of Maryland or Washington.

I. FRANCHISE

A. Description of Representations

1. Describe any promises, agreements, contracts, commitments, representations, understandings, "side deals" or other promises that have been made to or with you by us or our Representatives with respect to any matter not expressly contained in the Franchise Agreement. This includes, but is not limited to, any representations or promises regarding advertising, marketing, Site location, operational assistance, or other services or write "None":

_____
_____
_____

2. Describe any oral, written, or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicts or is inconsistent with the Disclosure Document or the Franchise Agreement that has been made to you by us or our Representatives or write "None":

_____
_____
_____

3. Describe any oral, written, visual, or other claim or representation has been made to you by us or our Representatives, which states or suggests any actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits, expenses, cash flow, tax effects, earnings, or otherwise, that is different from or in addition to what is contained in the Franchise Disclosure Document – including Item 19 or write "None":

_____
_____
_____

4. Describe any statement, promise or assurance made by us or our Representatives concerning the likelihood of success that you should or might expect to achieve from developing and operating a Bishops™ franchise or write "None":

_____
_____
_____

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5. Describe any statement, promise or assurance concerning the advertising, marketing, training, support services or assistance that **Bishops™** will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement or promise in the space provided below or write "None".

_____

_____

_____

6. Describe any other statement, promise or assurance concerning any other matter related to a Bishops™ franchise that is contrary to, or different from, the information contained in the Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance in the space provided below or write "None".

_____

_____

_____

II. YOUR PARTICIPATION

A. You will personally participate in the management of the Bishops™ Franchised Business as set forth in the Franchise Agreement. You will faithfully and fully perform all duties required of you under the Franchise Agreement.

B. Your purchase of the Franchise is for your own account and is not made with a view to or for resale.

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

[Signature Page Immediately Follows]

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<u>NOTE</u>: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT IN HIS/HER INDIVIDUALLY CAPACITY AND ON BEHALF OF THE LEGAL ENTITY.

_____ Signature of Franchise Applicant	_____ Signature of Franchise Applicant
_____ Name (please print)	_____ Name (please print)
Dated: _____	Dated: _____
_____ Signature of Franchise Applicant	_____ Signature of Franchise Applicant
_____ Name (please print)	_____ Name (please print)
Dated: _____	Dated: _____

APPROVED BY BCC FRANCHISING, LLC

_____
Signature

_____
Name

_____
Title

Dated: _____

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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	~~June 11, 2024~~
Hawaii	~~May 2, 2024~~
Illinois	
Indiana	May 19, 2024
Maryland	
Michigan	May 26, 2023
Minnesota	~~June 3, 2024~~
New York	
North Dakota	~~June 5, 2024~~
Rhode Island	~~June 2, 2024~~
South Dakota	August 2, 2023
Virginia	~~May 14, 2024~~
Washington	Pending
Wisconsin	~~April 25, 2024~~

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.

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EXHIBIT I

RECEIPTS

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RECEIPTS

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 BCC Franchising, LLC offers you a franchise it must provide this Disclosure Document to you within 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.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If BCC Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of our agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

The Issue Date of this Disclosure Document is April 18, 2024, as amended November 4, 2024

I have received a Franchise Disclosure Document as indicated above, which contained the following Exhibits.

A. List of State Franchise Administrators/Agents for Service of Process
B. Franchise Agreement (and Exhibits)
C. Financial Statements
D. State Specific Addenda
E. List of Franchisees and Franchisees That Left Our System
F. Operations Manual Table of Contents
G. Sample Termination and Release Agreement
H. Confirmation of Additional Terms and Representations Addendum
I. Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

- ~~Leigh Feldman,~~ Meg Roberts, ~~Jeff Stevens, Terminal Tower 50 Public Square, 29th Floor, Cleveland, OH 44113~~Allison Steimel, 550 Reserve Street, Suite 380, Southlake, Texas 76092, (503) 548-4990
- _____

If an individual:

By: _____

Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Name: _____

Title: _____

Name of Entity: _____

Address: _____

Keep This Copy For Your Records

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RECEIPTS

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- _____

If an individual:

By: _____

Name: _____

Date: _____

Telephone Number: _____

If a Partnership, Corporation or Limited Liability Corporation:

Name: _____

Title: _____

Name of Entity: _____

Address: _____

Return This Copy To Us-BCC Franchising, LLC
~~Terminal Tower 50 Public Square, 29th Floor, Cleveland, OH 44113~~
550 Reserve Street, Suite 380, Southlake, Texas 76092

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