

## ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

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

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

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

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

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

### **Part I - Company-Owned Outlet #1 (15 Suites | ~3,000 sqft.)<sup>1</sup>**

January 1, 2025, to December 31, 2025	
<b>GROSS REVENUE<sup>2</sup></b>	<b>\$293,990</b>

<b>Key Operating Expenses</b>	
Advertising	\$167
Cleaning Supplies	\$582
Insurance	\$2,586
Janitorial	\$7,280
Legal/ licenses	\$284
Manager <sup>3</sup>	\$0
Rent/NNN/CAMS Expense	\$148,816
Repairs & Maintenance	\$2,328
Utilities	\$9,292
Bank Fees	\$238
<b>Total Key Operating Expenses</b>	<b>\$171,573</b>
<b>Estimated Franchise Operating Expenses<sup>4</sup></b>	
Royalty Fees (5.5%)	\$16,114.45
Brand Fund Contribution (1%)	\$2,939.90
Technology Fee	\$1,800
Total Franchise Expenses	<b>\$20,854.35</b>
<b>EBITDA (if franchised)<sup>5</sup></b>	<b>\$101,562.65</b>
<b>EBITDA (if franchised) Margin<sup>6</sup></b>	<b>34.5%</b>

#### Notes to Part I:

- Company Owned Outlet #1** – Company-Owned Outlet #1 operates in Downtown Huntington Beach, California and has been open since March 2017. It is comprised of 15 individual suites of varying sizes. We estimate that your Beauty Bungalows Franchise location will typically be between 5,500 to 8,000 square feet and will contain 25-40 individual suites of varying sizes.
- Gross Revenue** – “Gross Revenue” means all amounts collected from license agreements and reservation fees generated at Company-Owned Outlet #1. Gross Revenue does not include any revenue collected in the form of taxes collected and then paid to applicable government agencies.
- Manager Compensation** – Company-Owned Outlet #1 was owner-operated and did not employ a dedicated Manager.
- Estimated Franchise Operating Expenses** – Company-Owned Outlet #1 did not pay us Royalty Fees, Brand Fund Contributions, or Technology Fees. We have included a Royalty Fee, a Brand Fund Contribution, and a Technology Fee in the tables above as if Company-Owned Outlet #1 had paid these fees as required by the Franchise Agreement attached to this disclosure document. We did not include an adjustment for the required local advertising amount because we do not require you to spend a minimum amount once a location is rented at or above 75% capacity.
- EBITDA (if franchised)** – “EBITDA (if franchised)” does not include expenses related to taxes, interest on debt, depreciation, or amortization costs. The numbers included in this figure are equal to the Gross Revenue, minus the Total Key Operating Expenses and Estimated Franchise Operating Expenses.
- EBITDA (if franchised) Margin** – EBITDA (if franchised) Margin is calculated by dividing the EBITDA (if franchised) figure by the Gross Revenue figure.

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

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**Part II - Company-Owned Outlet #2 (27 Suites | ~5,700 sqft.)<sup>1</sup>**

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

**Notes to Part II:**

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

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

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

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

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

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

**Part III - Company-Owned Outlet #3 (29 Suites | ~6,000 sq ft.)<sup>1</sup>**

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

**Notes to Part III:**

- 1. Company Owned Outlet #3** – Company-Owned Outlet #3 operates in Clovis, California and has been open since March 2023. It is comprised of 29 individual suites of varying sizes. We estimate that your Beauty Bungalows Franchise location will typically be between 5,500 to 8,000 square feet and will contain 25-40 individual suites of varying sizes.
- 2. Gross Revenue** – “Gross Revenue” means all amounts collected from license agreements and reservation fees generated at Company-Owned Outlet #3. Gross Revenue does not include any revenue collected in the form of taxes collected and then paid to applicable government agencies.
- 3. Manager Compensation** – Company-Owned Outlet #3 employed a dedicated Area Manager.
- 4. Estimated Franchise Operating Expenses** – Company-Owned Outlet #3 did not pay us Royalty Fees, Brand Fund Contributions, or Technology Fees. We have included a Royalty Fee, a Brand Fund Contribution, and a Technology Fee.
- 5. EBITDA (if franchised)** – “EBITDA (if franchised)” does not include expenses related to taxes, interest on debt, depreciation, or amortization costs. The numbers included in this figure are equal to the Gross Revenue, minus the Total Key Operating Expenses and Estimated Franchise Operating Expenses.

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

**Part IV - Company-Owned Outlet #4 (31 Suites | ~7,000 sq ft.)<sup>1</sup>**

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

**Notes to Part IV:**

- Company Owned Outlet #4** – Company-Owned Outlet #4 operates in Roseville, California and has been open since October 2024. It is comprised of 31 individual suites of varying sizes. We estimate that your Beauty Bungalows Franchise location will typically be between 5,500 to 8,000 square feet and will contain 25-40 individual suites of varying sizes.
- Gross Revenue** – “Gross Revenue” means all amounts collected from license agreements and reservation fees generated at Company-Owned Outlet #4. Gross Revenue does not include any revenue collected in the form of taxes collected and then paid to applicable government agencies.
- Manager Compensation** – Company-Owned Outlet #4 was owner-operated and did not employ a dedicated Manager.
- Estimated Franchise Operating Expenses** – Company-Owned Outlet #4 did not pay us Royalty Fees, Brand Fund Contributions, or Technology Fees. We have included a Royalty Fee, a Brand Fund Contribution, and a Technology Fee.
- EBITDA (if franchised)** – “EBITDA (if franchised)” does not include expenses related to taxes, interest on debt, depreciation, or amortization costs. The numbers included in this figure

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

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

**Part V - Franchise Outlet #1 (29 Suites | ~6,090 sq ft.)<sup>1</sup>**

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

**Notes to Part V:**

- Franchise Outlet #1** – Franchise Outlets #1 operates in Vista, California and has been open since March 2025. It is comprised of 29 individual suites of varying sizes.
- Gross Revenue** – “Gross Revenue” means all amounts collected from license agreements and reservation fees generated at Franchise Outlet #1. Gross Revenue does not include any revenue collected in the form of taxes collected and then paid to applicable government agencies.
- Manager Compensation** – Franchise Outlet #1 was owner-operated and did not employ a dedicated Manager.
- Franchise Operating Expenses** – Franchise Outlet #1 did pay us Royalty Fees, Brand Fund Contributions, or Technology Fees.

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

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

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

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

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

**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR YEARS 2023 TO 2025**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	2	+2
Company-Owned	2023	2	3	+1
	2024	3	4	+1
	2025	4	4	0
Total Outlets	2023	2	3	+1
	2024	3	4	+1
	2025	4	6	+2

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