FRANCHISE DISCLOSURE DOCUMENT

MAGNOLIA SOAP AND BATH CO. FRCH, LLC
A Mississippi limited liability company
706 Carter Ave.
New Albany, Mississippi 38652
Telephone: 662-209-7627
Email: franchise@magnoliasoapandbath.com
www.magnoliasoapandbath.com

You will operate a high-quality retail business that sells personal care products, including soap and bath products using the trademark "Magnolia Soap and Bath Co."

The total investment necessary to begin the operation of a Magnolia Soap and Bath Co franchise ranges from $263,900 to $490,500. This includes $167,500 to $195,000 that must be paid to the franchisor or an affiliate.

The total investment necessary to develop three (3) franchised businesses under an Area Development Agreement is $413,900 to $640,500. This includes $317,500 to $345,000 that must be paid to Franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Director, Kade Mackey, at Magnolia Soap and Bath Co. FRCH, LLC, 706 Carter Avenue, New Albany, Mississippi 38652, or (662) 209-7627.

The terms of your contract will govern your franchise relationship. Don't 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 accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC, 20580. You can also visit the FTC's home

page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: May 31, 2026

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 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 Magnolia Soap and Bath Co 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 Magnolia Soap and Bath Co 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.

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.

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Mississippi. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Mississippi than in your own state.

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

3. **Short Operating History**. This 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 with a longer operating history.

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.

DISCLOSURE REQUIRED BY THE STATE OF 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 on the right of a franchisee to join an association of franchises.

(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 thirty (30) days, to cure such 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, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (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 six (6) months' advance 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:

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

MAGNOLIA SOAP AND BATH CO. FRCH, LLC
Franchise Disclosure Document

TABLE OF CONTENTS

ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES 9

ITEM 2: BUSINESS EXPERIENCE 11

ITEM 3: LITIGATION 12

ITEM 4: BANKRUPTCY 13

ITEM 5: INITIAL FEES 13

ITEM 6: OTHER FEES 14

ITEM 7: ESTIMATED INITIAL INVESTMENT 20

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 25

ITEM 9: FRANCHISEE'S OBLIGATIONS 28

ITEM 10: FINANCING 29

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 29

ITEM 12: TERRITORY 37

ITEM 13: TRADEMARKS 39

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 40

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 41

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL 42

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 42

ITEM 18: PUBLIC FIGURES 50

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS 50

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION 52

ITEM 21: FINANCIAL STATEMENTS 57

ITEM 22: CONTRACTS 57

ITEM 23: RECEIPT 57

EXHIBITS

A - List of State Franchise Administrators and Agents for Service of Process
B - Franchise Agreement
C - Financial Statements
D - Operations Manual Table of Contents
E - List of Current Franchisees and Former Franchisees
F - State Addenda
G – Multi-Unit Development Agreement
H – Franchisee Acknowledgment Statement
State Effective Dates
Receipts

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

To simplify the language in this disclosure document, the terms "Franchisor", or "we" or "us" means Magnolia Soap and Bath Co. FRCH, LLC, the Franchisor or affiliate. The terms "we", "us" and "Franchisor" do not include you, the "Franchisee". We refer to the purchaser(s) of a Magnolia Soap and Bath Co franchise, as "you" or "Franchisee", whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to your spouse.

We were formed as a limited liability company in the State of Mississippi on March 12, 2021. Our principal business address is 706 Carter Avenue, New Albany, Mississippi, 38652, and our telephone number is 662-209-7627. We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. We only offer franchises that operate under the "Magnolia Soap and Bath Co" trademarks. We began offering franchises on March 29, 2021; however, from 2019 through 2021, our Parent (defined below) did offer process licenses in specified geographical areas. While neither we, our parent, nor any of our affiliates currently offer such license agreements, one (1) of these agreements is still in place.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

Our parent company is Magnolia Soap & Bath Holding Co., LLC, a Mississippi limited liability company, with a principal place of business at 706 Carter Avenue, New Albany, Mississippi, 38652 ("**Parent**"). Our Parent was formed on July 25, 2018, and is the owner of certain of our trademarks. Our Parent has not operated a business of the type being offered through this Disclosure Document and has not offered franchises in this or in any other lines of business previously.

We have no predecessor company.

Our affiliate, Magnolia Soap and Bath Product Co., LLC ("**Affiliate**"), a Mississippi limited liability company, with a principal business address of 706 Carter Avenue, New Albany, Mississippi, 38652, is the sole approved supplier to our System franchisees of all proprietary ingredients and raw materials, facial products, packaging, and supplies. You must purchase these items from our Affiliate.

Through affiliates, we have operated Magnolia Soap and Bath Co outlets similar to the franchise offered by this Disclosure Document since July 2018, and these affiliates currently operate ten (10) outlets in Mississippi, Alabama, and Tennessee. As noted above, our Parent previously licensed our Principal Mark to a number of individuals and entities (the "Licensees") for the operation of Magnolia Soap and Bath Co stores similar to those now being offered to franchisees. The information of the sole current Licensee is included in Exhibit E of this Disclosure Document. This Licensee is an unaffiliated third party. The Licensee operates under a license agreement that may differ from the Franchise Agreement under which you may operate and is not subject to certain standards and practices mandated our form of Franchise Agreement.

We may operate other Magnolia Soap and Bath Co concepts, including additional Magnolia Soap and Bath Co outlets, in the future.

The Franchise Offered:

Your franchised business (the "Franchised Business") will have the right to offer and provide to customers the products we authorize in writing via the Manuals or otherwise, which as of the Issue Date include but are not limited to: (a) plant-based hand-crafted bar, liquid, and shaving soaps, (b) face and body scrubs, moisturizers, toners, balms, and oils, (c) bath and shower scrubs, bombs, shampoos, conditioners, and accessories, (d) pet soaps and perfumes, and (d) other products we designate or otherwise approve for sale from your Franchised Business (collectively, the "Approved Products").

We also offer qualified individuals the right to open a minimum of two Magnolia Soap and Bath Co outlets in a designated development area (the "Development Area") under the terms of a multi-unit development agreement (the "Development Agreement"). You must sign the then-current form of franchise agreement for each Franchised Business to be developed under the Development Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

Market and Competition:

The market for your Franchised Business consists of the general public seeking handmade soap and bath products. While our products have universal appeal among both men and women in all age brackets, adult women represent a significant portion of our customer base. Our franchises are located in shopping malls and/or are situated in central city, suburban or other high traffic locations and strip centers.

The market for retail soap and bath products and services is well established and highly competitive. You will compete with businesses, including national, regional, and local businesses, offering products and services similar to those offered by your Franchised Business. There are many other bath, body and personal care products franchises, as well as independent businesses throughout the United States that may offer similar products and services. The market for our products and services may experience seasonal variations and may be affected by economic conditions.

Industry Specific Regulations:

You must comply with all local, state, and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations, insurance, discrimination, employment, health, sanitation, and workplace safety laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

Your franchise will be subject to laws and regulations promulgated by the United States Food and Drug Administration (the "FDA"), which regulates cosmetics under the Federal Food, Drug and Cosmetic Act (FD&C Act). Under this law, cosmetics must not be adulterated or misbranded. For example, they must be safe for consumers under labeled or customary conditions of use, and they must be property labeled. Any color additives they contain must be approved for the intended use, and some must be from batches certified in FDA's own labs. Packaging and labeling must not be deceptive. If you manufacture or market cosmetics, you have a legal responsibility for the safety and labeling of your products. The law does not require cosmetic products and ingredients, except for color additives, to be approved by FDA before they go on the market.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

ITEM 2: BUSINESS EXPERIENCE

Founder and Owner: Magen Bynum

Magen Bynum is our owner and founder. Magen established the Magnolia Soap and Bath concept in 2018 in New Albany, Mississippi, and since February 2019 has worked exclusively developing and growing the brand. Magen has also been President of our Parent since July 2018. From January 2017 to January 2019, Magen was the Owner of Nail Boutique by Magen in Tupelo, Mississippi.

Vice President: Randle Bynum

Randle Bynum is our Vice President, a position he has held since our inception in March 2021 and has been Vice President of our Parent since 2019. Randle is an attorney and worked for Franklin & Bynum in Memphis, Tennessee, from 2009 to 2019.

Director of Franchise Success / Head of Operations: Lauren Snyder

Lauren Snyder has served as Director of Franchise Success and Head of Operations since May 2025. Prior to joining Magnolia Soap and Bath Co., Snyder served as an Area Manager for Performance Food Group from April 2021 to July 2023. Prior to that she was a manager at Planet Fitness from July 2020 to April 2021.

Director of Fulfillment: Morgan Kramer

Morgan Kramer has been our Director of Fulfillment since January 2021. Morgan was the Warehouse Manager with our Parent from August 2020 to January 2021. From July 2014 to August 2020, she was Corporate and Catering Manager at Sydnei's Grill in Pontotoc, Mississippi.

Director of Franchise Development: Kade Mackey

Kade Mackey has served as Director of Franchise Development at Magnolia Soap and Bath since March 2025. Her franchise development experience includes roles as Sr. Manager of Franchise Sales and Development at Bagel Brands between 2023-2024 and Director of Franchise Development at Edible Brands between 2019-2022.

New Store & Grand Opening Marketing Coordinator/ Marketing Manager: Katie Langford

Katie Langford has served as New Store and Grand Opening Marketing Coordinator and Marketing Manager since May 2025. Prior to joining Magnolia Soap and Bath Co., Langford served as a Marketing Manager for Overstreet Properties from January 2024 to April 2025. She also served as Head of Marketing at Bullet Coffee Co. from May 2023 to April 2025.

NSO, Corporate Manager, and Head of Learning and Development: Christy Phillips

Christy Phillips has served as NSO, Corporate Manager, and Head of Learning and Development since November 2025. Phillips joined Magnolia Soap and Bath Co. in December 2023 as a Sales Associate and was promoted to Store Manager in March 2024.

Business Success Coach: Chauncey Baldwin

Chauncey Baldwin has served as a Business Success Coach since August 2025. From August 2022 to June 2023, Baldwin served as a Business Development Manager at Phoenix Franchise Brands. From June 2023 to July 2024, he served as Director of Operations for Furryland Mobile Pet Grooming. Since September 2024, Baldwin has been self-employed as a business consultant.

Franchise Director of Training and Education: Mallory Holcomb

Mallory Holcomb has been the Franchise Director of Training and Education since April 2023 and was Magnolia's Franchise Trainer from March 2021 to March 2023. Mallory is also the General Manager of Magnolia's affiliate-owned outlets, beginning her tenure with our brand in July 2018 as the manager of our affiliate-owned New Albany, Mississippi, location. From January 2017 to July 2018, Mallory managed nail salons in Tupelo, Mississippi, and Oxford, Mississippi.

ITEM 3: LITIGATION

Buff City Soap LLC, Buff City Soap LLC (Delaware), Buff City Soap Franchising LLC, Buff City Soap Supply LLC, and Buff City Soap Holdings LLC v. Magen Bynum, Buff City New Albany, LLC, Magnolia Soap & Bath Co. of Oxford, LLC, Magnolia Soap & Bath Co. of New Albany, LLC, Magnolia Soap & Bath Co. of Tupelo, LLC, and Magnolia Soap & Bath Holding Co., LLC, Civil Action No. 3:20cv55-NBB-RP. A Magnolia Soap and Bath competitor, Buff City, filed a complaint against our Parent company, three of its affiliates and one of its officers (collectively, the "Magnolia Soap and Bath Defendants") in the United States District Court for the Northern District of Mississippi on February 18, 2020. The complaint alleged that the Magnolia Soap and Bath Defendants, among other things, gained a business advantage by taking confidential information from Buff City and had used Buff City's intellectual property in a way that is confusing in the marketplace. The Magnolia Soap and Bath Defendants denied those allegations, filed a counterclaim and actively defended the case. In July 2022, the parties reached a settlement out of court where the Magnolia Soap and Bath Defendants accepted no liability but agreed to pay Buff City $50,000 and agreed to phase out certain product lines and cease using certain advertising claims. The parties further agreed to jointly file for and obtain dismissals for both the original claim and the counterclaim and released each other from all claims.

Array of Soap, LLC v. Magnolia Soap and Bath Co., and Emily Burriss, Civil Action No. 2:25-cv-00339. A former Magnolia Franchisee filed a complaint against the Franchisor entity and our former Director of Franchising in the Court of Common Pleas in Fairfield County, Ohio (Array of Soap, LLC v. Magnolia Soap and Bath Co., and Emily Burriss). The matter has since been removed to the United States District Court for the Southern District of Ohio. The complaint alleges violation of Ohio's Business Opportunity Plan Act, Fraud, Breach of Contract and Unjust Enrichment. Franchisor and Burriss intend to vigorously defend against the claims and have filed a motion to dismiss the matter for failure to mediate pursuant to the Franchise Agreement.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEE

Franchise Agreement

We will charge you an initial franchise fee when you sign the Franchise Agreement. The initial franchise fee is $60,000 and is imposed uniformly on all franchisees. This payment is fully earned by us and due in a lump sum when you sign the Franchise Agreement, and it is not refundable under any circumstances.

Initial Inventory

You are required to purchase certain proprietary ingredients, materials, and other supplies prior to opening from our Affiliate, the cost of which will be between $67,500 and $95,000. These purchases are not refundable.

Grand Opening Advertising

You are required to pay us $17,000 for the management, production, and execution of the grand opening advertising campaign we will conduct for you around the opening of the Franchised Business. This fee is not refundable.

Initial Training

Before you attend our initial training program, you are required to pay Franchisor or affiliate $5,000 for the tuition for up to two trainees. This fee is not refundable.

Business Management System

You must pay Franchisor or our affiliate $9,500 for the business management system you are required to use in the operation of your Franchised Business. This is a one-time fee due to us upon the signing of your first Franchise Agreement only. This fee is not refundable.

Technology Fee

You must pay us a monthly technology fee of $500 to cover the monthly costs associated with the software you are required to use in the operation of your Franchised Business. This fee is not refundable.

Design Fee

You must pay our Approved Supplier $3,500 for design of the store upon entering the Franchise Agreement and then another $3,500 to our affiliate prior to the store opening.

Multi-Unit Development Agreement

If we award you the right to develop multiple Franchised Businesses within a given Development Area, you must pay us a one-time Development Fee upon execution of your Development Agreement.

Your Development Fee will depend on the number of Franchised Businesses we grant you the right to open within the Development Area, and is calculated as follows:

Number of Franchised Businesses in Development Schedule	Development Fee
2	$110,000
3	$150,000
4	$180,000
5	$225,000
6	$240,000
More than 6	$40,000 multiplied by the number of outlets you commit to develop

The Development Fee is imposed uniformly on all multi-unit developers, is fully earned by us when received, and is not refundable under any circumstances.

You must sign the Franchise Agreement for the initial Franchised Business you are required to develop pursuant to the Development Agreement at the same time you sign the Development Agreement, and you will pay the Development Fee in a lump sum at signing. For each Franchised Business developed after the first, no initial franchise fees are due when you sign the Franchise Agreement for that Franchised Business.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	7% of Gross Sales, with a monthly minimum of $1,250 starting in your 13th month of operations	Monthly, on the 5th day following the close of each calendar month	Payable to us. See footnote 1.
Local Advertising Requirement	1% of Gross Sales per month	As incurred	Payable to third parties. All advertising must be pre-approved by us. See footnote 2.
Brand Fund Contribution	2% of Gross Sales	Monthly, on the 5th day following the close of each calendar month	See footnote 3.
Advertising Cooperative	Currently not assessed.	As determined by cooperative	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an

Type of Fee	Amount	Due Date	Remarks
			advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Magnolia Soap and Bath Co outlets in a designated geographic area. Any affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion.
Late Charge	$75	As incurred	If you fail to pay us the Royalty Fee, Brand Fund Contribution, or if you fail to submit your Gross Sales report when due, we may charge you a late fee in addition to interest charges explained below.
Interest Charge	1.5% per month of balance due or maximum allowed by law	As incurred	If you fail to pay us any amount when due, interest accrues on the unpaid balance from the original due date until paid in full.
Non-Compliance Fee	$100 per day of non-compliance	As incurred	Payable to us, in addition to other remedies available to us.
Non-Sufficient Funds Fee	$25	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you a Non-Sufficient Funds Fee.
Renewal Fee	$10,000	Before signing renewal (successor) franchise agreement	Payable to us. See Item 17.
Transfer Fee	FA: $10,000 DA: $10,000 per territory transferred	Before we approve the transfer	Payable to us. See Item 17
Initial Training – Additional Trainees	$1,500 per person	Travel and related expenses are due as incurred. Fees for training additional personnel are due prior to the commencement of training.	The fee for two individuals to attend the initial training program is covered under the initial training fee. You will incur this fee if you want additional individuals to attend the initial training program. See Item 11.

Type of Fee	Amount	Due Date	Remarks
Additional Training	$1,500 per person, plus expenses	As incurred	Payable to us if you are required to attend additional training and/or an annual meeting or convention. You must also pay your attendees' incidental costs to attend additional training, meetings or conventions such as airfare/transportation, lodging, and meals. See footnote 4.
Annual Conference Registration Fee	Not currently assessed	As incurred	We reserve the right to establish an annual meeting or conference for System franchisees and require you and the management personnel of your Franchised Business to attend for up to five (5) days per year. If established, we estimate that the registration fee for such conference will be $1,500 per attendee.
Remedial Training Fee	$500 per trainer, plus expenses	As incurred	Payable to us if you request additional training at your premises, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Interim Management Support Fee	10% of Gross Sales, plus expenses	As incurred	The Interim Management Support Fee will only be due to us if (a) you are in material default under your Franchise Agreement, or become disabled and unable to perform under your Franchise Agreement, and (b) we exercise our right to temporarily operate your Franchised Business in an effort to assist in getting the operations of the Franchised Business back into compliance with the Franchise Agreement and System standards. See footnote 5.

Type of Fee	Amount	Due Date	Remarks
Examination of Books and Records	Cost of the examination, plus related expenses, ranging from $5,000 to $15,000	As incurred	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Sales, you must pay us the amount of owed Royalty Fees and Brand Fund Contribution, with interest, and if there is an understatement of 5% or more, you must pay to us the cost of the audit and all travel and related expenses.
Evaluation Fee/Supplier Approval Fee	$1,000	As incurred	Payable to us.
Quality Review Service/Mystery Shops	$500-$2,500	As incurred	Payable to third-party providers. See footnote 6.
Technology Fee	$500 per month	Monthly, on the 5th day following the close of each calendar month	Payable to us for new and improved technology for the benefit of the System and the Franchised Business, including but not limited to, use and maintenance of the POS system, use of the learning management system, loyalty program applications, assigned email addresses, franchisee portal, benchmarking platform, and ecommerce functionality. We may modify the Technology Fee upon 30 days' prior written notice via the Manuals or otherwise.
Accounting Services	Actual costs, not to exceed $30,000	As incurred	We have the right to require you to use an external accounting service if (a) you do not keep your books and records in accordance with our requirements or (b) we determine that use of an external service by all franchisees is beneficial to the System.

Type of Fee	Amount	Due Date	Remarks
Relocation Fee	$5,000	As incurred	Payable to us if we approve your request to relocate your Franchised Business.
Liquidated Damages	Up to 24 months of Royalty Fees	Upon termination of the Franchise Agreement	If the termination is due to your default, you must pay us the average monthly Royalty Fee payable by you for the 12 months prior to your default multiplied by the lesser of 24 months or the number of months remaining in the term of your Franchise Agreement.
Indemnification	Actual damages and costs incurred, not to exceed $1,000,000	As incurred	See footnote 7.
Reimbursement of legal fees and expenses	Actual costs and expenses, including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement, not to exceed $1,000,000	As Incurred	Payable to us. See footnote 8.
Insurance Reimbursement	Amount paid by us for your insurance obligations, plus a 10% administrative fee	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Reimbursement of Taxes paid by Us	Amount of taxes, not to exceed $1,000,000	When incurred	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

[1] "Gross Sales" includes all sales of every kind and nature at or from your Franchised Business location or made pursuant to the rights granted to you by the Franchise Agreement, regardless of whether you have collected the amount of the sales. "Gross Sales" does not include (a) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (b) properly documented refunds to customers, and (c) properly documented promotional discounts (i.e. coupons). If you do not report Gross Sales for any reporting period, then we will collect 120% of the last Royalty Fee collected and settle the balance the next period in which you report Gross Sales. You are required to set up authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

[2] Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. You may not use social media platforms, such as Facebook, X, Instagram, LinkedIn, blogs and other networking and sharing websites, unless you first receive our written approval to do so and such use is in strict accordance with our requirements.

[3] Brand Fund Contribution payments are due at the same time and in the same manner as Royalty Fees. You are required to set up authorization at your bank to allow the Brand Fund to electronically transfer funds from your bank account to the Brand Fund's bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. If you do not report Gross Sales for a required period, then the Brand Fund will collect 120% of the last Brand Fund Contribution collected and settle the balance the next period in which you report sales.

[4] We may offer mandatory and/or optional additional training programs periodically, including an annual meeting or conference. If we require it, you must participate in additional training for up to 12 days per year at a location we designate. We also reserve the right to establish an annual meeting or conference for System franchisees at a location we designate, and we may require you and the management personnel at your Franchised Business to attend for up to five days per year.

[5] In the event of your death or disability, your default of the Franchise Agreement, absence of a qualified general manager, or other reasons, in our sole discretion, we may provide interim on-site management of your Franchised Business.

[6] We may establish quality assurance programs conducted by third-party providers, such as mystery shop programs and periodic quality audits, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

[7] You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

[8] If you fail to do so, in our sole discretion, we may correct any deficiency in the Franchised Business and/or your operation of the Franchised Business or take steps to modify, alter or de-identify the Franchised Location upon the termination or expiration of the Franchise Agreement. You will reimburse us for our costs and expenses incurred to correct any deficiency or to modify, alter or de-identify the Franchised Business location.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(A) Franchise Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[1]	$60,000	Lump sum payment by wire or ACH	Upon signing the Franchise Agreement.	Us
Initial Training Fee[2]	$5,000	Lump sum payment by wire or ACH	Before training	Us or our Affiliates
Costs and Expenses Associated with Initial Training Program[2]	$1,000 - $2,500	As required	Before opening	Approved Suppliers of lodging, and suppliers of transportation & meals
Real Estate/Lease[3]	$5,000 - $20,000	As required	As required	Landlord
Utilities Deposits[4]	$500 - $1,000	As required	As required	Utility providers
Professional Fees[5]	$5,000 - $10,000	As required	As required	Suppliers
Leasehold Improvements, Construction and/or Remodeling[6]	$10,000 - $125,000	As required	As required	Suppliers, contractor, and/or landlord
Exterior and Interior Signage[7]	$8,000 - $20,000	As required	Before opening	Suppliers
Furniture, Fixtures, Equipment and Signage[8]	$55,000 - $70,000	As required	As arranged	Approved Suppliers
Business Management System[9]	$9,500	As arranged	Before opening	Us or our Affiliates
Technology Fee – 3 Months	$1,500 ($500 per month)	As arranged	As arranged	Us or our Affiliates

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Business Licenses and Permits[10]	$550 - $5,500	As required	As required	Government agencies
Computer Systems[11]	$2,100 - $3,500	As required	As required	Approved Suppliers
Initial Inventory[12]	$67,500 - $95,000	As required	Before opening	Affiliate
Grand Opening Advertising	$17,000	As required	Before opening	Us or Our Affiliates
Insurance[13]	$1,250 - $3,000	As required	As arranged	Insurer
Operating Expenses/Additional Funds –3 Months[14]	$8,000 - $35,000	As incurred	As required	Employees, utilities, Approved Suppliers, etc.
Design Fee[15]	$7,000 ($3,500 to our Affiliate and $3,500 to Approved Supplier)	As required	Before Opening	Affiliate and Approved Supplier
TOTALS: $263,900 - $490,500				

Notes to Item 7 Chart (A):

[1] The initial franchise fee and development fee are discussed in Item 5.

[2] The initial training fee covers the cost of attendance to our initial training program for up to two individuals. The "Costs and Expenses Associated with Initial Training Program" estimates the costs for transportation, lodging, and meals for those two trainees. These incidental costs are not included in the initial franchise fee or in the initial training fee. Your costs will depend on the point of origin, method of travel, class of accommodation, and living expenses. The initial training fee and associated expenses will increase if you send more than two people to initial training. The duration of the training program is approximately one week. This estimate does not include employee wages.

[3] You must obtain a location for your Franchised Business that approved by us. Typical retail space for a Magnolia Soap and Bath Co outlet ranges from 1,200 square feet to 1,800 square feet. The cost of commercial space varies considerably depending upon the location and the conditions affecting the local market for commercial property. Your landlord will likely require you to pay a security deposit equal to one month's rent or more. Although we anticipate that you will lease the space for your Franchised Business, it is possible that you will choose to purchase real estate on which a building suitable for your Franchised Business is already constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables affecting the value of a particular piece of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for your Franchised Business.

[4] Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit may be required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are obtained. We have based our estimate on the experiences of our affiliates. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through operating fees.

[5] You may incur professional fees depending on the scope of work performed, which may include legal and accounting fees to review franchise documents and costs of forming a separate legal entity and/or obtaining zoning approval. This list is not exhaustive. These amounts will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document, and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your franchise.

[6] This cost of leasehold improvements depends upon the condition and size of the leasehold, the local cost of contract work and the location of the Franchised Business. The estimated figures assume a vanilla-shell, where no demolition is required, with a minimum of finished concrete floor, grid and tile ceiling, interior walls in paint-ready condition, and existing and adequate electrical, plumbing, and HVAC systems and an ADA-compliant restroom. These amounts will vary based on the condition of the existing leasehold. Many locations are built in existing structures, while many others are new buildouts. You will incur expenditures in this category if you take over space which was occupied by a prior tenant. You may need to engage the services of an architect or space designer. It is difficult, if not impossible, to estimate what it might cost to improve existing property. Tenant improvement allowances, if any, paid to you may defray a portion of build-out costs.

[7] The cost of signage and graphics will vary from location to location depending on lease requirements, local ordinances and restrictions, store frontage, and related factors. We may provide you with a rendering of our prototypical signage used at a store and require you to use the same at your Franchised Business. Regardless, the final design must be submitted to us for review and approval, which will not be unreasonably withheld so long as you comply with our standards and specifications for these items.

[8] This item includes all furniture, fixtures, equipment, and signs (interior and exterior) needed to open and operate a Magnolia Soap and Bath Co outlet. You are required to furnish your Franchised Business in accordance with our specifications and standards, as well as the needs of your outlet and personnel. In addition to meeting our specifications for signage, you must comply with the local ordinances and restrictive covenants applicable to your Franchised Business.

[9] This range is to cover the fee that we charge to help defray the costs and expenses associated with initially integrating you and your Franchised Business in connection with the current technology services, including certain software, that we provide as part of our System-associated platform covered by the current Technology Fee.

[10] This is an estimate of the costs of building permits, sign permits, and a certificate of occupancy for your premises. Not all locations will require all of these permits, depending on the prior use of the premises and the requirements of local ordinances. This estimate also includes the cost of a

local business license. The costs of permits and licenses will vary by location. We cannot estimate the cost of this license because requirements and fees vary widely. Please contact your local governing agency for this information.

[11] We require you to purchase computer systems, software, and applications meeting our minimum specifications for use at your Franchised Business. This estimate includes the hardware cost of the required point-of-sale system. You must also have internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information. We reserve the right to change your requirements for computer hardware and software at any time.

[12] This estimate is for the cost of the initial inventory you will be required to purchase before you may open the Franchised Business. Your initial inventory will include dry goods and oils, containers, micas, labels, fixtures, and signage.

[13] Insurance costs and requirements may vary widely in different localities. The estimate represents the cost of the required minimums of insurance coverage for the first three months of operations.

[14] This is an estimate of the amount of additional funds that you may need to operate your Franchised Business during the first three months after commencing operations. This estimate includes such items as rent, utilities, internet service, initial payroll and payroll taxes, software fees, local advertising expenses, repairs and maintenance, bank charges, initial staff recruiting expenses, and other miscellaneous items. These estimates do not include any compensation to you, nor do they include debt service. These estimates are based on Franchisor's five (5) years of offering franchises and the amount its franchisees have spent in beginning to operate their Franchise Businesses. The actual additional expenses you incur during the start-up period may depend on factors such as how much you follow our methods and procedures, your management skills, your experience and business acumen, location of your franchise, local economic conditions and market for your product, prevailing wage rate, competition, and sales level reached during this initial period.

[15] After you sign your Franchise Agreement, we may provide you with our current design/layout plans for the décor package for a prototypical Store to assist you in finding a suitable location. You must engage a third-party architectural services provider to prepare the plans concerning the design and layout of your Franchised Business, which we must approve.

We relied upon the experience of our affiliate-owned Magnolia Soap and Bath Co outlets to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. Your additional costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our service; competition; and the sales level reached during your initial period. We estimate that a franchisee can expect to put additional cash into the business during at least the first three to six months, and sometimes longer.

We do not offer financing for any part of the initial investment.

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

(B) Development Agreement[1]

YOUR ESTIMATED INITIAL INVESTMENT
(Three (3) Franchised Businesses as Example)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee[2]	$150,000	Lump Sum	Signing of DA	Franchisor
Initial Investment to Open Initial Franchised Business[3]	**$263,900 to $490,500**	See Chart 7(A) above in this Item		
TOTAL[4]	**$413,900 to $640,500**	This is the estimate initial investment associated with (a) entering into a Development Agreement for the right to develop three (3) Franchised Businesses, and (b) opening and commencing operation of the initial Franchised Business you commit to develop within your Development Area.		

Notes to Item 7 Chart (B):

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

2. The Development Fee is non-refundable. Your Development Fee will be calculated as follows:

Number of Franchised Businesses in Development Schedule	Development Fee
2	$110,000
3 (*Example in Chart Above*)	$150,000
4	$180,000
5	$225,000
6	$240,000
More than 6	$40,000 multiplied by the number of outlets you commit to develop

3. This figure represents the total estimated initial investment required to open the initial Franchised Business you must open under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Franchised Business you must open within the Development Area at the same time you

execute your Development Agreement. The range includes all the items outlined in Chart 7(A) of this Item, except for the Initial Franchise Fee (because you are not required to pay any Initial Franchise Fee for those Franchised Businesses you open under the Development Agreement).

4. This total represents the Development Fee plus the initial investment necessary to open and commence operating your initial Franchised Business within your Development Area. This range does not include any of the costs you will incur in opening any additional Franchised Business(es) that you are granted the right to open and operate under your Development Agreement.

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, which we will notify you of in writing, and you will be solely responsible for costs associated with complying with any modifications to the System.

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, as well as approved items, equipment, fixtures, inventory and services, as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate. You must purchase all equipment, fixtures, inventory, supplies and services from our Approved Suppliers or in accordance with our specifications.

As of the issuance date of this disclosure document, our Affiliate is the Approved Supplier for (i) the Initial Inventory Package that you must purchase prior to opening your Franchised Business, and (ii) all proprietary ingredients and raw materials, facial products, packaging, and supplies that you must utilize in connection with the ongoing operation of your Franchised Business, and you are required to purchase these items from our Affiliate Approved Supplier. As of the issuance date of this disclosure document, our Affiliate is the sole Approved Supplier of these items, and our Affiliate reserves the right to make a profit from the sale of these items to our franchisees.

Currently, we also have third-party Approved Suppliers for the following items: (i) certain signage, furniture, fixtures and equipment that must be used in connection with a Business operation; (ii) pre-opening real estate services; (iii) certain required software that is not provided as part of your Technology Fee; (iv) certain pre-opening and ongoing marketing, advertising and promotional materials, including digital marketing associated with your Digital Marketing Requirement; (v) certain of your Computer System components; and (vi) merchant and gift card processing.

In the future, we reserve the right to designate us or our current/future affiliate(s) as an Approved Supplier for any items you are required to purchase in connection with the operation of your Franchised Business. This includes any proprietary products we develop or have developed for use in your Franchised Business, including private-label products that bear our principal Marks.

Our founder and owner, Magen Bynum, and our Vice President, Randle Bynum, own an interest in our Affiliate Approved Supplier, from which you must purchase inventory in connection with the operation of your Franchised Business. Except as noted above, none of our officers owns an interest in any Approved Supplier.

Required Purchases and Right to Derive Revenue

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 80% to 90% of your total costs incurred in establishing your Franchised Business, and approximately 25% to 30% of your ongoing costs to operate the Franchised Business after the initial start-up phase. Please note that these percentages do not include your lease payments you make in connection with the premises from which you will operate the Franchised Business.

We reserve the right to derive revenue from any of the purchases (items or services) that our System franchisees are required to make in connection with the Franchised Business. Currently, we receive a rebate of approximately 15% from our approved supplier for certain fragrances purchased by our System franchisees.

In our fiscal year ended December 31, 2024, we did not derive any revenue on account of our franchisees' Required Purchases. In our fiscal year ended December 31, 2024, our Affiliate derived revenue of $1,147,795.51 on account of franchisees' Required Purchases.

Non-Approved Product/Service and Alternative Supplier Approval

We approve suppliers after careful review of the quality of the products they provide to us and you. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will make a good-faith effort to notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. If we do not approve any request within 30 days, it is deemed unapproved. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. 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. Our criteria for approving items and suppliers are not available to you. Along with your written request that we approve a proposed item or supplier, you must pay an evaluation fee of $1,000 to offset our cost for time, review, and testing.

Purchasing Cooperatives and Right to Receive Compensation

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 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 and/or our affiliate(s) may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses 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. We and/or our affiliate(s) may also negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and/or our System franchisees.

We do not currently have any purchasing cooperative(s) with any Approved Suppliers (or other suppliers), but we reserve the right to create such purchasing cooperatives in the future.

Insurance

You must, at your expense, comply with the requirements regarding insurance coverages that we describe in our Manuals or otherwise in writing. If you fail or refuse to procure and maintain the required insurance, we may (but need not) obtain such insurance on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred and resources used to obtain such insurance for you. Your obligation to satisfy our minimum insurance requirements is not diminished or limited in any way by any insurance we or our affiliates carry, and no insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations under the Franchise Agreement or Development Agreement.

Our insurance requirements represent only the minimum coverage that we deem acceptable to protect our interests and are not representations or warranties of any kind that such coverage is sufficient to comply with your lease obligations and applicable laws or to protect your interests or those of your Franchise Business. It is your sole responsibility to make that determination and to acquire any additional coverages you believe are necessary to protect those interests, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify, including but not limited to (i) comprehensive general liability insurance in the amount of at least $1,000,000 per occurrence, $2,000,000 general and products/completed operations aggregate, $1,000,000 personal/advertising injury, $50,000 rented premises damage, $5,000 medical expense, and $250,000 product recall coverage; (ii) franchisee commercial auto insurance with a $1,000,000 combined single limit, covering hired and non-owned autos (with coverage added to general liability when no vehicles are owned by the company); (iii) Property/Business Interruption insurance with coverage for business personal property (≥ $150,000 full replacement cost value), tenant improvements (≥ $50,000 full replacement cost value), and business interruption (12 Months ALS), including franchisor royalties; (iv) workers' compensation insurance with coverage limits of $1,000,000 for bodily injury by disease per accident, $1,000,000 policy limit, and $1,000,000 per employee, regardless of state statutory requirements; (v) Employment Practices Liability Insurance with minimum coverage limits of $250,000 per occurrence and $250,000 aggregate; (vi) Crime insurance with the minimum coverage limits of $100,000 each claim, including third party coverage on a loss discovered form; and (vii) **:** Cyber Liability Insurance with minimum coverage limits of $250,000 per occurrence and $250,000 aggregate.

Each policy must be written by a responsible carrier or carriers acceptable to us, with an A.M. Best rating of no less than A-VII, must name us and our respective officers, directors, partners, agents and employees as additional insured parties, and must provide for a waiver of subrogation in favor of us and our designees. We have the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

Franchisee Compliance

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Specifically, no outside vendors are allowed. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

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 or Article in Franchise Agreement	Section or Article in Development Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	Not Applicable	11
b. Pre-Opening Purchase/Leases	8.3, 12.3.1	Not Applicable	7, 11
c. Site Development & other Pre-Opening Requirements	8.2, 8.3, 12.1.1, 12.1.3	Article 5	11
d. Initial and Ongoing Training	Article 7	Not Applicable	11
e. Opening	8.2.3, 8.3	Not Applicable	11
f. Fees	5.1, 5.2.7, Article 6, 12.3.7, 12.6, 15.6, 16.4, 18.1.4, 18.1.5, 18.1.8, 19.1.5	Article 4	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 12.1, 19.1.1	Not Applicable	8, 11
h. Trademarks and Proprietary Information	9.4, 12.1.8, Article 14, 19.2, 19.3, 19.4	Not Applicable	13, 14
i. Restrictions on Products/Services Offered	12.1.1, 12.1.4, 12.6	Not Applicable	8

Obligation	Section or Article in Franchise Agreement	Section or Article in Development Agreement	Item in Franchise Disclosure Document
j. Warranty and Customer Service Requirements	Not Applicable	Not Applicable	Not Applicable
k. Territorial Development and Sales Quotas	13.2	Article 5	12
l. Ongoing Product/Service Purchases	12.1.4, 12.3.5	Not Applicable	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.1, 12.1.2	Not Applicable	Item 11
n. Insurance	Article 15	Not Applicable	7
o. Advertising	12.1.9, Article 13	Not Applicable	6, 11
p. Indemnification	15.6, 16.3.6, 21.1	Article 9	14
q. Owner's Participation, Management, Staffing	11.1, 11.4, 12.1.6	Not Applicable	11, 15
r. Records/Reports	12.2	Not Applicable	6
s. Inspections and Audits	9.2, 12.1.7, 12.2.5	Not Applicable	6, 11
t. Transfer	Article 16	Article 6	17
u. Renewal	Article 5	Not Applicable	17
v. Post-Termination Obligations	Article 18	Section 7.4	17
w. Non-Competition Covenants	19.5	Article 8	17
x. Dispute Resolution	Article 20	Article 10	17
y. Guaranty	11.3, Attachment 7	Not Applicable	15

ITEM 10: FINANCING

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

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

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

1. **Pre-Opening Obligations**

Before you open your Franchised Business, we will:

a. provide you with site selection guidelines and approve a location for your Franchised Business. Within 60 days of signing the Franchise Agreement, you must submit a written request for approval to us describing the proposed location and providing other information about the site that we reasonably request. We will respond within 30 business days, either approving or rejecting the proposed location. We consider the following factors in approving a site: general location and neighborhood, distance from neighboring franchise territories, proximity to major roads and residential areas, traffic patterns, condition of premises, tenant mix, and demographic characteristics of the area. If you do not identify a site that meets our approval within 60 days of signing the Franchise Agreement and obtain possession of the site within 120 days of our approval, we reserve the right to terminate the Franchise Agreement. We will not own and/or lease a site to you. You are responsible for negotiating a lease with the owner of a site we approve. If you are a multi-unit developer, we will approve the location and territory of each Magnolia Soap and Bath Co outlet you develop in accordance with our then-current standards. (Franchise Agreement, Sections 8.1.2, 8.1.3 10.1).

b. provide you with specifications for the layout, design, appearance, and signage for your Franchised Business. You, your architect, and your contractor are required to adapt our specifications for the construction of your premises and obtain permits. We do not adapt plans or obtain permits for you. (Franchise Agreement, Sections 8.2.2, 10.2).

c. loan to you our operations manual, other manuals and operating materials we designate, as they may be available and revised from time to time. (Franchise Agreement, Section 10.3).

d. provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required to open the Franchised Business. We and our affiliates are not obligated to install or deliver any of these items; however, our Affiliate will fulfill your initial inventory of certain ingredients, raw materials, facial products and packaging. (Franchise Agreement, Section 10.5).

e. provide initial training remotely, through teleconference and/or web-based applications, and at our headquarters and/or affiliate-owned outlet. We have the right to designate an alternative location for the initial training program. We will determine, in our sole discretion, whether you satisfactorily complete the initial training program. (Franchise Agreement, Sections 7.1, 7.2).

f. subject to our trainers' availability, provide a trainer at your premises for on-site training, supervision and assistance for up to three (3) days upon the opening of your Franchised Business, for an additional, optional fee of $4,500. (Franchise Agreement, Section 7.3).

g. provide you with standards for qualifications and training of your employees. We do not otherwise assist you with employee hiring and training (Franchise Agreement, Section 12.1.6).

h. subject to applicable law, recommend minimum and maximum prices for products and services at your Franchised Business (Franchise Agreement, Section 12.5).

i. create a grand opening advertising campaign to promote the opening of the Franchised Business. The grand opening advertising campaign will be conducted in your territory in the 30 days before and the 30 days after the Franchised Business opens (Franchise Agreement, Section 13.2.3).

2. **Time to Open**

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is 180 days. Factors that may affect this time period include your ability to acquire financing or permits, build out of your location, have signs and equipment installed in your location, and completion of required training. You must find a site that we approve within 60 days of signing the Franchise Agreement, and in all cases you must commence operations within three months of the time you obtain possession of your premises. If you have not opened your Franchised Business within 365 days after you sign the franchise agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.1, 8.3).

3. **Obligations After Opening**

During the operation of your franchise, we will:

a. offer from time to time mandatory or optional additional training programs, including an annual meeting or conference. If we require it, you must attend an annual meeting or conference for up to five days and mandatory additional training offered by us for up to 12 days per year. Failure to attend mandatory additional training or an annual meeting or conference is a default of the Franchise Agreement. We reserve the right to impose our then-current fee per person per diem fee for attendance at all additional training programs, including the annual meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes a fee at the then-current rate for attendance, plus all of your travel costs and our trainer's travel costs (Franchise Agreement, Section 7.4).

b. upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance at your premises. For any on-site remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging. The current fee is $500 per trainer per day of on-site training (Franchise Agreement, Section 7.5).

c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conferencing, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).

d. from time to time, as may become available, provide you with samples or digital artwork, advertising and promotional materials (Franchise Agreement, Section 10.6).

e. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your products, service and premises to ensure that they meet our standards (Franchise Agreement, Section 10.4).

f. provide you with any written specifications for required equipment, products and services and updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.7).

g. subject to applicable law, recommend minimum and maximum prices for products and services at your Franchised Business (Franchise Agreement, Section 12.5).

h. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten business days, either approving or rejecting the proposed material and/or campaign; however, if we do not respond within ten business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).

4. Advertising

Local Advertising Requirement (Franchise Agreement, Section 13.2)

You are required to spend a minimum amount equal to one percent (1%) of the Gross Sales of your Franchised Business per month as your Local Advertising Requirement, which must be expended in connection with the promotion, marketing and advertising associated with your Franchised Business. You must also pay us a digital marketing fee of $1,000 per month (the "Digital Marketing Fee") for digital marketing campaign materials and related services/consent.

We may require you to expend your Local Advertising Requirement funds on suppliers we designate and approve (which may be us, an affiliate, or a third party). We reserve the right to require that you expend any portion of these funds on (a) products or services we direct or approve, or (b) services that you must acquire from an approved supplier. Otherwise, we must approve all advertising in writing before it is used in connection with the Franchised Business, including all use of the Proprietary Marks.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within ten business days; however, if we do not respond within ten business days, the proposed advertising or marketing material is deemed disapproved.

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. If feasible, you may do cooperative advertising with other Magnolia Soap and Bath Co franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, Instagram, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

Grand Opening Advertising; Project Management Fee (Franchise Agreement, Sections 13.2.3 and 13.2.4)

We require you to pay us $17,000 for the management, production, and execution of the grand opening advertising campaign we will conduct for you 30 days prior to and within the first 30 days following the opening of your Franchised Business. Additionally, you must pay us a one-time project management fee in the amount of $5,000 for our assistance in connection with other pre-opening obligations you will be required to undertake after signing the Franchise Agreement.

Brand Fund (Franchise Agreement, Section 13.3)

You are required to contribute to the Brand Fund 2% of monthly Gross Sales generated by your Franchised Business. Your Brand Fund Contribution is collected at the same time and in the same manner as your Royalty Fees. Magnolia Soap and Bath Co outlets operated by our affiliate or us currently contribute to the Brand Fund in the same amount as System franchisees.

The Brand Fund is administered by us. We may use Brand Fund Contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Brand Fund contributions to pay our costs (including salaries of our personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Fund.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Fund contributions. The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

The Brand Fund collects and expends the Brand Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the territory where your Franchised Business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund.

We will provide an annual unaudited financial statement of the Brand Fund to any franchisee upon written request, provided such request is made by March 31 of the year following the fiscal year for which the Brand Fund statement is requested.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry-forward any surplus or deficit to the next fiscal year.

During our fiscal year ended December 31, 2024, we collected $148,699.23 in Brand Fund Contributions, and spent fifty percent (50%) of such Contributions on digital strategies (online ads, social media and email marketing), twenty-five percent (25%) on a national marketing campaign,

ten percent (10%) on promotional materials, ten percent (10%) on a website redesign and administration, and five percent (5%) on market research. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

Regional Advertising (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Magnolia Soap and Bath Co outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. Currently, there are no governing documents available for your review.

If we establish a regional advertising fund or cooperative, you must contribute amounts equal to your share of the total cost of cooperative advertising. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund; however, contributions made by you to a regional advertising fund or cooperative will be credited against your required expenditures for local advertising and we may require you to contribute up to one-half of your local advertising requirement to a regional advertising fund or cooperative.

Advertising Council (Franchise Agreement, Section 9.6)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies, in an advisory capacity only. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance, and outlet profitability. We reserve the right to change or dissolve the council at any time.

5. **Computer Systems** (Franchise Agreement, Section 12.3)

You must purchase and use the point-of-sale system ("POS System") we specify, and have the latest versions of hardware, software and applications to operate the POS System. The POS System performs a variety of functions, including inventory management, payment processing, employee scheduling, and sales report generation.

You are required to use all other software and applications that we specify, including our designated loyalty program, and pay any subscription or access fees associated with them.

The current estimated cost of the hardware we require you to obtain as part of your Computer System is between $2,100 to $3,500.

We may in the future modify the sales reporting systems as we deem appropriate for the accurate and expeditious reporting of Gross Sales, and you must fully cooperate in implementing any such system at your expense.

The POS System allows us to independently and remotely access all of your sales data, including your Gross Sales, through the internet. There are no contractual limitations on our right to have full access to this information. We may retrieve, download, analyze and store such information and data at any time. We own all customer data stored in your customer management account.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of the required POS System or any replacement POS Systems. We cannot estimate the cost of maintaining, updating and upgrading your computer hardware and software because it will depend on the make and model of your hardware, required upgrades to operate our current management and payment processing applications, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict. However, the annual costs for optional or required maintenance, updating, upgrading or support contracts for the cash registers or computer systems will not exceed $25,000.

6. **Table of Contents of Operations Manual**

The Table of Contents of our operations manual (LMS version), current as of the date of this Disclosure Document is attached as Exhibit D. The operations manual has a total of approximately 70 pages.

7. **Training** (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity), must complete our initial training program, to our satisfaction, at least two weeks, but no more than six weeks, before opening your Franchised Business. We will train you remotely and at our headquarters and/or affiliate-owned outlet in New Albany, Mississippi, or at another location we specify.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Use of the LMS	3	0	Remote
Tour of the Location	0	2	New Albany, Mississippi
Pre-Opening Procedures	5	0	New Albany, Mississippi
Advertising	2	0	Remote

Management Procedures	0	2	New Albany, Mississippi
Franchise Reporting Requirements	1	0	Remote
Accounting/Record	1	0	Remote
Customer Service	2	3	Remote
Products, Position Training, Manufacturing	15	25	Remote
Application Procedures	1	0	Remote
Safety Procedures	1	0	Remote
Totals	33	32	

We periodically conduct our initial training program throughout the year, as needed. Training will be provided by or under the direction of Magen Bynum, our owner and founder. Magen established the Magnolia Soap and Bath Co brand in July 2018 and has worked exclusively developing and growing the brand. We reserve the right to substitute or add additional trainers to administer our initial training program, including our Franchise Directors of Training and Education Mallory Holcomb, Christy Phillips, Lauren Snyder, and Katie Langford.

Our training materials consist of our operations manual, supplemented with active observation, participation, and verbal instruction.

You are required to pay us $5,000 to cover the cost of our instructors and training materials for up to two individuals to attend the initial training program. You must pay for all travel and living expenses, including, but not limited to, all costs for your transportation, meals, and lodging for yourself and your personnel. Our current fee to provide initial training to any additional trainee is $1,500 per person.

If you do not complete our initial training program to our satisfaction, we have the right to terminate the Franchise Agreement.

Upon your request, and subject to our approval and our trainers' availability, we will provide you on-site training, supervision, and assistance for up to three (3) days upon the opening of your Franchised Business, for a fee of $4,500.

We may offer mandatory and/or optional additional training programs as we determine in our discretion. If we require it, you must participate in additional training for up to 12 days per year at a location we designate. We have the right to charge our then-current per person fee for all additional training programs. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training, including, without limitation, costs of travel, lodging, meals and wages. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes a fee at the then-current rate for attendance, plus all of your travel costs and our trainer's travel costs.

ITEM 12: TERRITORY

Franchise Agreement

Under the Franchise Agreement, you have the right to establish and operate your Franchised Business within a territory that will be defined after the location of your Franchised Business is identified and approved by us (the "Territory"). You are required to find and secure possession of a specific location for your Franchised Business that meets our site selection criteria and our approval.

Your Territory is located in all or a portion of a listed town, city, or county, and is identified by a marked map and/or list of one or more contiguous zip codes. The Territory is determined on an individual basis taking into account minimum numbers of households, average home prices and household incomes. System Territories will typically have a minimum population of 50,000 individuals or, if less than 50,000 individuals reside within five miles of your Franchised Business' location, a radius of five miles. Your Territory will be identified and attached to your Franchise Agreement as Attachment 2. If you do not yet have a location at the signing of the Franchise Agreement, you will receive a non-exclusive site search area listed in Attachment 2 instead.

During the term of the Franchise Agreement, we will not open another dedicated Magnolia Soap and Bath Co outlet or grant the right to anyone else to open a dedicated Magnolia Soap and Bath Co outlet within your Territory, provided that you are not in default of your Franchise Agreement. Although we grant you this territory protection, we reserve all rights to sell, either directly or through others, our products and services under the Marks in the Territory through alternative distribution channels, which are described below.

The size of your Territory may vary from the territory granted to other franchisees based on the location and demographics surrounding your Franchised Business. Your Territory may not be comprised of a typical radius around your Franchised Business location if such a radius encompasses the location of another previously developed System business and/or licensee.

You will not be permitted to relocate your Franchised Business without our prior written approval, which may be withheld in our discretion. We reserve the right to assess a relocation fee of $5,000. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection. Generally, we do not approve requests to relocate your Franchised Business after a site selection has been made and you have opened for business, unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If you wish to relocate, you must identify a new location for the Franchised Business that meets our approval, in accordance with our then-current site selection procedures, and build out the approved location within 120 days. If you do not identify a site and complete the build-out within this time period, we may terminate the Franchise Agreement. You must continue to operate at your original premises until construction of the new site is complete.

There is no minimum sales requirement, market penetration or other contingency that will affect your right to operate in the Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

Rights Within and Outside the Territory; E-Commerce, Pop-Up Locations, and Wholesale

While your Franchised Business and other System Businesses will be able to provide the Approved Products and service any customer that visits or otherwise contacts your Franchised Business, you will not be permitted to actively solicit or recruit customers outside your Territory without our prior written approval. You will not be permitted to advertise and promote your Franchised Business via advertising that is directed at those outside your Territory without our prior written approval, which we will not unreasonably withhold provided (a) the area you wish to advertise in is contiguous to your Territory, and (b) the area has not been granted to any third party in connection with a System Business (or Development Agreement) of any kind.

Under the Franchise Agreement, we grant you certain limited rights to (i) make sales to customers within and outside your Territory via the Internet, using only a specially designated website (a franchisee "Microsite") that we provide to you to make such sales; (ii) set up temporary "pop-up" locations ("Pop-Up Locations") within your Territory at which you may sell the Approved Products; and (iii) sell the Approved Products to larger customer accounts at wholesale prices, which we may designate subject to applicable state and federal law.

Regardless of the format (at-register or online) or venue (at the premises of your Franchised Business or via Pop-Up Location) at which you offer and sell the Approved Products, you must use our designated POS System to record your sales transactions. You must also use your Microsite to conduct any and all sales activity over the Internet. For sales made via your franchisee Microsite, (i) our Affiliate will fulfill the order(s) and ship the product(s) to the customer, and (ii) you will receive, in the form of a credit on your monthly Royalty Fee, an amount up to thirty percent (30%) of the receipt price for such sale (excluding any federal, state, and local taxes that are collected by your Franchised Business and remitted to the applicable taxing authority). We reserve the right to modify the amount of the credit in our sole discretion.

Development Agreement

If you sign a Development Agreement, you will not receive an exclusive Development Area. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. During the term of your Development Agreement, provided that you are not in default of your Agreement or development schedule, we will not open another Magnolia Soap and Bath Co outlet or grant the right to anyone else to open a Magnolia Soap and Bath Co outlet within your Development Area until the expiration or sooner termination of your Development Agreement. Although we grant you this limited protection right, we reserve all rights to sell our products and services under the Marks in the Development Area through alternative distribution channels, as discussed below. We will approve the location of each future Magnolia Soap and Bath Co outlet to be opened under the Development Agreement and the territories for those outlets based on our then-current site criteria. If you do not maintain compliance with the development schedule included in the Development Agreement, we may terminate the Development Agreement.

Unless you have signed our Development Agreement, we may, but have no obligation to, consider granting to you the right to establish additional Magnolia Soap and Bath Co outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Franchised Business in an area and at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

Reserved Rights

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Magnolia Soap and Bath Co outlets outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the term of your Franchise Agreement.

We and our affiliates may sell products and services under the Marks within or outside the Territory through any method of distribution other than a dedicated Magnolia Soap and Bath Co outlet location, such as distribution through retail outlets, including but not limited to, salons; spas; larger retail outlets, such as, department stores; catalog sales; and the internet ("Alternative Distribution Channels"). Except as disclosed above in this Item 11, you will not receive compensation for our sales through Alternative Distribution Channels in the Territory. You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, we will include a listing on our website of your Franchised Business' location.

Additional Disclosures

Neither the Franchise Agreement nor the Development Agreement provides you with any right or option to open and operate additional Franchised Businesses (other than as specifically provided for in your Development Agreement if you are granted multi-unit development rights). Regardless, 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 affiliates have established, nor do we presently intend to establish, other franchised or company-owned businesses that are similar to the Franchised Business and that provide the Approved Products and services under a different trade name or trademark, but we and our affiliate(s) reserve the right to do so in the future without your approval.

ITEM 13: TRADEMARKS

Our Parent is the owner of our trademarks and has granted us the exclusive right to use the marks and license to others the right to use the marks in the operation of a Magnolia Soap and Bath Co franchise in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Magnolia Soap and Bath Co service marks (the "Marks").

Our Parent has registered the following Marks with the U.S. Patent and Trademark Office (the "USPTO"):

Mark	Registration Date	Registration Number	Register
Magnolia Soap & Bath Co	September 13, 2022	6,848,561	Supplemental
	June 11, 2024	7,411,878	Principal

Our Parent intends to file all affidavits and to renew the registrations for the Marks when they become due.

You must notify us immediately when you learn about an infringement of or challenge to your use of any Mark or other mark. Our Parent and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of any Mark or other mark. Our Parent and we have the right to control any administrative proceedings or litigation involving any Mark or other mark licensed by us to you. You must cooperate fully with our Parent and us in defending and/or settling the litigation.

We have the right to substitute different marks if we can no longer use the current Marks, or if we determine that substitution of different marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any mark, including any Mark, or to use one or more additional or substitute marks.

You must not directly or indirectly contest our Parent's right, or our right, to any Principal Mark or other marks.

There are no other currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the marks. There is no pending infringement, opposition, or cancellation. There is no pending material federal or state court litigation involving the Marks or other marks.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Marks.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, product recipes, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the “Confidential Information”). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all Confidential Information and trade secrets will remain our exclusive property. You may never (during the initial term, any successor term, or after the Franchise Agreement expires or is terminated) reveal any of our Confidential Information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Your personnel who have access to our Confidential Information must sign our Confidentiality and Non-Compete Agreement (Franchise Agreement, Attachment 9).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

We reserve the right to modify or discontinue using the subject matter covered by a patent or copyright. In such event, we may require you, at your expense, to modify or discontinue using the subject matter in the operation of your Franchised Business.

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

The Franchise Agreement requires either you personally supervise and manage the day-to-day operation of your Franchised Business, or you hire a qualified general manager. You may not appoint a non-owner general manager unless you receive our prior approval. Upon approval, your manager must successfully complete our initial training program and all other training courses we require. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your manager is not required to have an equity interest in the franchisee entity but must otherwise meet our approval.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Confidentiality and Non-Compete Agreement, which is attached to our Franchise Agreement as Attachment 9. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a "Principal". If you are a married individual, your spouse must sign our Spouse Guaranty which is attached to our Franchise Agreement as Attachment 7.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer and sell all products and services that are part of the System, and all services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved. You may only engage in providing products and services to end-consumers.

You may not use our Principal Marks or other trademarks for any other business, and you may not conduct any other business from your Franchised Business location. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Magnolia Soap and Bath Co outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from, or modify the products and services that you can and must offer. You must abide by any additions, deletions, and modifications. There are no limits on our rights to make these changes.

Except as described in this franchise disclosure document and as provided for in the franchise agreement, you may only sell products and services from your approved Franchised Business location and in the manner we prescribe, and may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory.

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.

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Art. 4	10 years
b.	Renewal	Sections 5.1 and 5.4	If you are in good standing as defined below, you can sign a successor franchise agreement for one additional 10-year term, unless we have determined, in our sole discretion and subject to state law, to withdraw from the geographical area where your franchise is located.
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three events of default during current term; provide written notice to us at least six months before the end of the term; execute

	Provision	Section in Franchise Agreement	Summary
			a new franchise agreement; pay us a successor agreement fee; continue to maintain your location, current trade dress and other standards; execute a general release; comply with then-current qualifications and training requirements; including completion of additional training. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	None	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate upon your death or permanent disability and the franchise must be transferred within six months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	"Cause" defined – curable defaults	Section 17.3	You have five days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).
h.	"Cause" defined - non-curable defaults	Sections 17.1 and 17.2	The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Franchise Agreement upon notice to you if you: do not acquire a site, do not complete construction, obtain permits and/or open the Franchised Business within required time frames; falsify any report to us; cease operations for five days or more, unless the premises are damaged and you apply to relocate; lose possession of the premises, unless you are not at fault for loss and you timely apply to relocate; fail to restore and re-open the Franchised Business within 120 days after a casualty, as may be extended by us; fail to comply with applicable laws; default under any lease for the premises; understate Gross Sales two or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to

	Provision	Section in Franchise Agreement	Summary
			transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime or engages in conduct that could damage the goodwill or reputation of our trademarks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use our trademarks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three or more times during the term or receive two or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two or more times within any 12-month period; default, or your affiliate defaults, under another agreement with us or our affiliate or suppliers; or terminate the Franchise Agreement without cause.
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Magnolia Soap and Bath Co franchisee; cease to use our trademarks or other intellectual property; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the operations manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media and software accounts and the lease for the location.

	Provision	Section in Franchise Agreement	Summary
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee		No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully complete our initial training program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a Release in the form of Attachment 3 to the Franchise Agreement; you will subordinate any claims you have against the transferee to us; you will indemnify us for misrepresentations in the transfer process, excluding the representations we make in our Disclosure Document; our approval of the material terms and conditions of the transfer; payment of a transfer fee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b)we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you will give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your equipment, furniture, fixtures, signs, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the franchise must be transferred within six months to a replacement franchisee that we approve.

	Provision	Section in Franchise Agreement	Summary
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Magnolia Soap and Bath Co outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Magnolia Soap and Bath Co outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 10 miles of your former Franchised Business' location or any other Magnolia Soap and Bath Co outlet location (franchised or company owned); do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6 and 19.1.4	No oral modifications. We may change the operations manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements, such as any attachments to the Franchise Agreement or addenda, are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters (subject to state law).
v.	Choice of forum	Section 20.3	Litigation takes place in Mississippi (subject to applicable state law).
w.	Choice of law	Section 20.3	Mississippi law applies (subject to applicable state law).

THE FRANCHISE RELATIONSHIP
(UNDER THE DEVELOPMENT AGREEMENT)

This table lists certain important provisions of the multi-unit development agreement. You should read these provisions in the agreement attached to this disclosure document.

	Provision	Section in Development Agreement	Summary
a.	Length of the franchise term	Art. 4	As determined by you and us based on the number of Magnolia Soap and Bath Co outlets you are to develop.
b.	Renewal or extension of the Term	Not Applicable	Not Applicable
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d.	Termination by franchisee	Not Applicable	Not Applicable
e.	Termination by franchisor without cause	Section 6.6	The Development Agreement will terminate upon your death or permanent disability and your interest in the agreement must be transferred within six months to a replacement developer that we approve. Termination of the Development Agreement permits Franchisor to terminate a Developer's single unit Franchise Agreement.
f.	Termination by franchisor with cause	Article 7	We may terminate only if you default. The Development Agreement describes defaults throughout. Please read it carefully.
g.	"Cause" defined – curable defaults	Section 7.3	You have five days to cure non-payments and any other defaults (except for non-curable defaults listed in the Development Agreement and described in h. immediately below).
h.	"Cause" defined - non-curable defaults	Sections 7.1 and 7.2	The Development Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Development Agreement upon notice to you if you: misrepresent or omit a material fact in applying for the Development Rights; falsify any report to us; fail to comply with any federal, state, or local law, rule, or regulation, applicable to the development and operations of your Magnolia Soap and Bath Co outlets, including, but not limited to, the failure to pay taxes; failure to develop the Magnolia Soap and Bath Co outlets in accordance with the Mandatory Development Schedule; attempt to transfer in violation of the Franchise

	Provision	Section in Development Agreement	Summary
			Agreement; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of our trademarks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; fail to comply with non-competition covenants; default, or your affiliate defaults, under any other agreement, including any Franchise Agreement, with us or any of our affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or terminate the Multi-Unit Development Agreement without cause.
i.	Franchisee's obligations on termination/ non-renewal	Section 7.4	Upon termination, you must: cease all development operations and comply with the non-disclosure and non-competition covenants.
j.	Assignment of contract by franchisor	Section 6.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 6.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Multi-Unit Development Agreement or Development Rights.
l.	Franchisor approval of transfer by franchisee	Sections 6.2, 6.3	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 6.3 and 6.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying developers; you have paid us all amounts owed; transferee signs our then-current form of Multi-Unit Development Agreement, which may have materially different terms from your Multi-Unit Development Agreement; you and the transferee sign a Release in the form of Attachment 3 to the Franchise Agreement; you subordinate any claims you have against the transferee to us; our approval of the material terms and conditions of the transfer; payment of a transfer fee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 6.5	You must promptly notify us of any written offer to purchase your Development Rights. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.

	Provision	Section in Development Agreement	Summary
o.	Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p.	Death or disability of franchisee	Section 6.6	The Development Agreement will terminate upon your death or permanent disability and the Development Rights must be transferred within six months to a replacement developer we approve.
q.	Non-competition covenants during the term of the franchise	Section 8.3.1	You may not: divert, or attempt to divert, customers of any Magnolia Soap and Bath Co outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of our trademarks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 8.3.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Magnolia Soap and Bath Co outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 10 miles of your former Magnolia Soap and Bath Co outlet location or any other Magnolia Soap and Bath Co outlet location; do any act that could damage the goodwill of our trademarks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Section 12.4	No oral modifications. No amendment of the provisions will be binding upon either party unless the amendment has been made in writing and executed by all interested parties.
t.	Integration/merger clause	Section 12.4	Only the terms of the Development Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Development Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.

	Provision	Section in Development Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Sections 10.1, 10.2, 10.3, and 10.4	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, and then to binding arbitration, excluding claims related to injunctive relief, anti-trust, the trademarks, possession of the Franchised Business premises and post-termination obligations. Subject to state law.
v.	Choice of forum	Section 10.5	Litigation takes place in Mississippi, subject to applicable state law.
w.	Choice of law	Section 10.5	Mississippi law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: PUBLIC FIGURES

We do not currently use any public figures to promote our franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of December 31, 2025, we have Forty-Two (42) franchised outlets, along with one existing (1) licensee, and ten (10) affiliate-owned outlets in our System. In this Item 19, we disclose the historical performance of (i) Twenty-Six (26) franchised outlets and the one (1) existing licensee (collectively, the "**Reporting Franchised Outlets**") that were open for the entire 2025 calendar year (the "**Measurement Period**"), and (ii) the ten (10) affiliate-owned outlets that were open during the entirety of the Measurement Period (the "**Reporting Affiliate-Owned Outlets**"). We have excluded from this Item 19 the financial performance data of (i) Sixteen (16) franchised outlets that were not open during the entirety of the Measurement Period – four (4) of which were temporarily closed due to relocation or resale. We did not exclude any other System outlet that was open as of December 31, 2025.

There are no material financial or operational characteristics of our affiliate-owned outlets that differ materially from franchised outlet operations. Additionally, there are no material financial or operational characteristics of the existing licensee outlet that differ materially from either franchised outlet operations or from our affiliate-owned outlets' operations.

The information below was reported to us by the owner of each Reporting Outlet. We have not audited or otherwise independently verified this information. Written substantiation of the

information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

The data presented below reflects the Gross Sales performance of 26 franchised outlets and the one licensed Magnolia Soap and Bath Co. location that were open and operating for at least 12 months during the period from January 1, 2025 through December 31, 2025.

Metric	**Amount**
Total Gross Revenue	$12,364,969.96
Average Annual Gross Sales	$352,422.53
Median Annual Gross Sales	$282,354.04
Highest Annual Gross Sales	$1,012,443.18
# that Met or Exceeded the Average	13 stores- 38.24%

Expense Ratios of Company-Owned Locations

The following table reflects certain operating expense ratios for 10 company-owned Magnolia Soap and Bath Co. locations that were open and operating for at least 12 months during the period from January 1, 2025 through December 31, 2025. All amounts are presented as a percentage of Gross Sales.

Expense Category	**Low**	**High**
Cost of Goods Sold	19%	27%
Labor	8%	15%
Occupancy (Rent & CAM)	6%	13%

Explanatory Notes to Item 19 (All Parts):

A. Some outlets have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.

B. Defined Terms. The following terms as used above have the following meanings:

"Gross Revenue" means the aggregate of all revenues, sales, and other incomes of the applicable Reporting Outlet during the Measurement Period, including income from the sale of any products, services, gift cards or other items, and any proceeds from business interruption insurance, as reported to us by the Reporting Outlets.

"Cost of Goods Sold (COGS)" means the total cost, as reported to us by the applicable Reporting Outlet, of the goods sold at or from the applicable Reporting Outlet.

"Occupancy" means the total gross amount of rent, including real estate taxes and common area maintenance expenses (if any), expended by each Reporting Outlet in connection with the operation of each respective business during the Measurement Period, as reported to us by the Reporting Outlets.

"Labor" means the total amount expended by each Reporting Outlet for business employee wages during the Measurement Period, as reported to us by the Reporting Outlets, including wages paid to manager(s) of the applicable Reporting Outlets, as well as payroll-associated costs and payroll taxes. Payroll does not include any amount for an owners' draw for owner-operators.

C. The information presented in this Item 19 excludes tax liabilities. You will be responsible for all taxes incurred in connection with the operation of your Franchised Business. You are strongly advised to consult with a tax professional before investing in this franchise opportunity.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Magen Bynum, 706 Carter Avenue, New Albany, Mississippi, 38652, 662-209-7627, the Federal Trade Commission, and the appropriate state regulatory agencies.

(*Item 20 Continues Below)*

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1**
System-wide Outlet Summary
For Years 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	15	24	+9
	2024	24	40	+16
	2025	40	42	+2
Company – Owned*	2023	12	10	-2
	2024	10	10	0
	2025	10	10	0
Total Outlets	**2023**	**28**	**34**	**+6**
	2024	**34**	**50**	**+16**
	2025	**50**	**52**	**+2**

*The Company-Owned Outlets reflected in the chart above are owned and operated by our affiliates.

**This Chart excludes our one (1) Licensee-operated outlet operating in Illinois, as listed in Exhibit E.

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Alabama	2023	0
	2024	0
	2025	1
Mississippi	2023	1
	2024	0
	2025	0
Texas	2023	0
	2024	0
	2025	1
Total	**2023**	**1**
	2024	**0**
	2025	**2**

Table No. 3
Status of Franchised Outlets**
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	2	0	0	1	0	4
Arkansas	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	1	0	0	0	1
Connecticut	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Florida	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	3	0	0	0	0	5
Illinois	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	1	0	0	0	1
Kansas	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Louisiana	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Mississippi	2023	7	4	0	0	0	0	11
	2024	11	0	0	0	0	0	11
	2025	11	0	0	0	1	1	9
Missouri	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
North Carolina	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
North Dakota	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	1	0	0	0	0

Ohio	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Oklahoma	2023	2	0	0	0	0	0	2
	2024	2	2	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Rhode Island	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	1	0	2
Texas	2023	0	0	0	0	0	0	0
	2024	0	4	0	0	0	0	4
	2025	4	4	1	0	0	0	7
Wisconsin	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3
	2025	3	0	3	0	0	0	0
Total	**2023**	**15**	**9**	**0**	**0**	**0**	**0**	**24**
	2024	**24**	**16**	**0**	**0**	**0**	**0**	**40**
	2025	**40**	**13**	**7**	**0**	**3**	**1**	**42**

**This Chart excludes our one (1) Licensee-operated outlet operating in Illinois, as listed in Exhibit E.

Table No. 4
Status of Company Owned Outlets
For Years 2023 to 2025

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of the Year
Alabama	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
	2025	4	0	1	1	1	3
Mississippi	2023	6	0	0	0	1	5
	2024	5	0	0	0	0	5
	2025	5	0	1	1	0	5
Tennessee	2023	2	0	0	0	1	1
	2024	1	0	0	0	0	1
	2025	1	0	1	0	0	1
Total	**2023**	**12**	**0**	**0**	**0**	**2**	**10**

	2024	**10**	**0**	**0**	**0**	**0**	**10**
	2025	**10**	**0**	**3**	**2**	**1**	**10**

Table No. 5
Projected Openings as of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Alabama	2	2	0
Arizona	1	1	0
Arkansas	0	1	0
Connecticut	0	0	0
Florida	5	3	2
Georgia	0	2	2
Illinois	0	1	0
Kansas	0	0	0
Kentucky	0	0	1
North Carolina	3	2	0
North Dakota	0	0	0
Ohio	0	1	0
Oklahoma	1	1	0
Rhode Island	0	0	0
South Carolina	0	2	2
Tennessee	0	1	2
Texas	5	4	5
Wisconsin	0	1	0
Utah	0	1	0
Total	**17**	**23**	**14**

Exhibit E lists the location of each Magnolia Soap and Bath Co franchised outlet in our System and each franchisee during our last fiscal year who has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

Our audited financial statements from the fiscal years ended December 31, 2024, December 31, 2023, and December 31, 2022, are included in Exhibit C of this Disclosure Document.

Our fiscal year end is December 31.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in this Disclosure Document as follows:

- Exhibit B – Franchise Agreement with attachments
- Exhibit G – Development Agreement with attachments
- Exhibit H – Acknowledgment Statement

ITEM 23: RECEIPT

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A

LIST OF STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance – Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

FRANCHISE AGREEMENT

MAGNOLIA SOAP AND BATH CO. FRCH, LLC

FRANCHISE AGREEMENT

_____

FRANCHISEE

_____

DATE OF AGREEMENT

©2026 Magnolia Soap and Bath Co. FRCH, LLC

MAGNOLIA SOAP AND BATH CO. FRCH, LLC
FRANCHISE AGREEMENT
TABLE OF CONTENTS

1. RECITATIONS 3
2. GRANT OF FRANCHISE 3
3. TERRITORY 4
4. TERM 4
5. SUCCESSOR AGREEMENT OPTIONS 4
6. FEES 6
7. TRAINING. 8
8. FRANCHISED LOCATION REQUIREMENTS 9
9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED LOCATION AND SYSTEM 11
10. FRANCHISOR'S OBLIGATIONS. 12
11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS 13
12. FRANCHISEE'S OPERATIONS 15
13. ADVERTISING, PROMOTIONS AND RELATED FEES 19
14. INTELLECTUAL PROPERTY 21
15. INSURANCE AND INDEMNIFICATION 23
16. TRANSFERS 25
17. DEFAULTS 29
18. POST-TERMINATION 32
19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS 34
20. DISPUTE RESOLUTION 37
21. GENERAL 39

Attachments
1 - Trademarks
2 - Territory
3 - Release
4 - ACH Authorization
5 - Collateral Assignment of Lease
6 -Statement of Ownership Interests in Franchisee
7 - Spouse Guaranty
8 - Internet Advertising, Social Media, Software, and Telephone Listing Agreement
9 - Confidentiality and Non-Compete Agreement

©2026 Magnolia Soap and Bath Co. FRCH, LLC

THIS FRANCHISE AGREEMENT (the "**Agreement**") is being entered into this day of _____ _____ (the "**Effective Date**"), by and between Magnolia Soap and Bath Co. FRCH, LLC, a Mississippi limited liability company, with its principal place of business at 706 Carter Ave., New Albany, Mississippi, 38652 (herein "**Franchisor**"), and _____, a(n) (corporation/limited liability company), with its principal place of business located at _____ _____, and _____'s principal(s), _____, an individual, residing at _____, and _____, an individual, residing at _____ ("**Principal(s)**"). _____ and Principal(s) shall be collectively referred to in this Agreement as the "**Franchisee**".

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a high quality retail shop selling personal care products, including soap and bath products, under the Magnolia Soap and Bath Co trademarks, and using Franchisor's confidential operations manual ("**Manual**") of business practices and policies, and Franchisor's distinctive, décor, fixtures and furnishings, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the "**System**").

The System is identified by certain trade names, service marks**,** trademarks, logos, emblems and indicia of origin, including but not limited to the marks Magnolia Soap and Bath Co service mark, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the "**Marks**").

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS

The Recitations set out above form part of this Agreement.

2. GRANT OF FRANCHISE

Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Magnolia Soap and Bath Co franchise (the "**Franchise**" or "**Franchised Business**"), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to a single location within a territory that is designated in Attachment 2 attached hereto and incorporated herein (the "**Territory**").

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3. TERRITORY

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchised Business at a single location within the Territory. Subject to Section 3.2 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not operate, and will not authorize any other franchisees to operate, a Magnolia Soap and Bath Co outlet in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not expired or been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Magnolia Soap and Bath Co franchises bordering and adjacent to the Territory. Franchisee will be selling its products and services from a single location that will be determined by Franchisee with Franchisor's prior written approval, which may be withheld or denied in Franchisor's sole discretion. Except as otherwise specified in this Agreement, Franchisee is prohibited from selling to and soliciting customers through alternative distribution channels as more fully specified herein.

3.2 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other products or services not offered under the Marks, (ii) other personal care product concepts under the Marks or other trademarks, and (iii) products or services through any channel in the Territory other than a dedicated Magnolia Soap and Bath Co outlet, such as distribution through retail outlets, including but not limited to, salons, spas, and department stores; and the internet ("**Alternate Distribution Channels**"). Except as otherwise specified in this Agreement, Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels made within the Territory, except as may be set forth in the Manual. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

4. TERM

Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above and terminate on the date that is ten (10) years following the Effective Date (the "**Term**").

5. SUCCESSOR AGREEMENT OPTIONS

Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "**Successor Franchise Agreement**") for one (1) additional ten (10) year term. The term of such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee ("**Renewal Fee**") of Ten Thousand Dollars ($10,000.00).

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then-current Disclosure Document (including Franchisor's then-current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then-current Disclosure Document.

5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.

5.2 Conditions of Successor Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:

5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.

5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the then-current Term of this Agreement, whether or not such defaults were cured.

5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.

5.2.4 Franchisee shall have obtained the right to continue to occupy the premises of the Franchised Business following the expiration of the Term hereof for the full term of the Successor Franchise Agreement and/or have received Franchisor's approval regarding locating the Franchised Business at a new location.

5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Magnolia Soap and Bath Co. FRCH, LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 3. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.6 Franchisee performs such remodeling, repairs, replacements and redecoration as Franchisor may require in order to cause the Franchised Business premises, equipment, fixtures, furnishings and furniture to conform to the plans and specifications being used for new or remodeled franchised businesses at the time of the successor term.

5.2.7 Franchisee shall pay the required Renewal Fee and sign the Successor Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Magnolia Soap and Bath Co franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then-

current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then-current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a Successor Franchise Agreement for this Franchise as a result of a decision to withdraw from a marketing area or the Territory in which Franchisee's Franchised Business is located.

6. FEES

6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Sixty Thousand Dollars ($60,000.00) (the "**Initial Fee**"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, throughout the Term, a monthly royalty fee equal to seven percent (7%) of Gross Sales, as hereinafter defined (the "**Royalty Fee**"). The term "Gross Sales" means the aggregate of all revenues, sales and other incomes of Franchisee from whatever source derived, regardless of whether collected by Franchisee or collected in the form of check, cash, credit or otherwise, arising out of, in connection with or relating to the Franchised Business, including, without limitation, (a) income from the sale of any products or other items, including gift cards; (b) income from any services provided; (c) all proceeds from any business interruption insurance, but excluding (i) all refunds and discounts made in good faith to a customer; (ii) any sales, use retail sales and equivalent taxes which are collected by Franchisee for on behalf of any governmental or other public body and actually remitted to such body; and (iii) the value of any coupon, voucher or other allowance authorized by Franchisor and issued or granted to customers of Franchised Business which is received or credited by Franchisee in full or partial satisfaction of the price of any product or service offered in connection with the Franchised Business. In Franchisor's discretion, upon notice to Franchisee, Gross Sales may be revised to exclude gift card purchases at the time of purchase, and instead include the redemption amount of purchases made by gift card as part of Gross Sales. Franchisee agrees and acknowledges that, commencing in the thirteenth (13th) month of Franchisee's operation of the Franchised Business, the Royalty Fee set forth herein shall be equal to the greater of (i) seven percent (7%) of Gross Sales, or One Thousand Two Hundred Fifty Dollars ($1,250.00) per month.

6.1.3 Gross Sales Reports. Franchisee shall, on Tuesday of each week, furnish Franchisor with a report verifying Franchisee's Gross Sales at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the preceding week ending Sunday (the "Gross Sales Report"). The Gross Sales Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. Franchisor reserves the right to establish point-of-sale systems ("POS System") that Franchisor may require Franchisee to use from time to time in the operation of the Franchised Business. At Franchisor's

option, Franchisee shall submit, or grant Franchisor access to, the Gross Sales Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Sales Report, pay Franchisor the Royalty Fee and the Brand Fund Contribution, as defined and more particularly described in Article 13, then due. At Franchisor's request, Franchisee must execute documents, including but not limited to, the ACH Authorization attached as Attachment 4, that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House ("ACH") payments. Franchisee's failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement. Franchisee acknowledges and agrees that Franchisor may also require Franchisee to utilize ACH for payments made to Franchisor and/or its affiliate(s) for operational inventory used in connection with and sold by the Franchised Business. If Franchisee fails to timely report Gross Sales, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee payable. Franchisor shall reconcile amounts when Gross Sales are reported. Franchisor reserves the right to modify the method and frequency of collection of the Royalty Fee and Brand Fund Contribution upon forty-five (45) days' prior notice to Franchisee.

6.2 Late Fee. If the Royalty Fee, Brand Fund Contribution, or any Gross Sales Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Seventy-Five Dollars ($75.00). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Brand Fund Contribution, and/or submit Gross Sales Reports in accordance with the terms of this Agreement.

6.3 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of one and one-half percent (1.5%) per month or at the highest rate permitted by law, whichever is lower.

6.4 Technology Fee. Franchisee shall, on the fifth (5th) day following the close of each calendar month, pay Franchisor a technology fee in the amount of Five Hundred Dollars ($500.00), for the development, adoption and/or use of new or improved technology for the benefit of the System and Franchised Business, including but not limited to, use and maintenance of the POS system, use of a learning management system, loyalty program applications, assigned email addresses required for use in the Franchised Business, a franchisee portal, benchmarking platform, and ecommerce functionality ("Technology Fee"). In Franchisor's sole discretion, Franchisor may (i) increase the amount of the technology fees or (ii) replace the technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto.

6.5 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Twenty-Five Dollars ($25.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.6 Business Management System. Franchisee shall, together with payment of the Initial Fee, pay Franchisor or its affiliate a fee equal to Nine Thousand Five Hundred Dollars ($9,500.00) for the business management system Franchisee is required to use in the operation of the Franchise. This fee is a one (1) time fee due and payable upon the execution of the franchise agreement for Franchisee's first Magnolia Soap and

Bath Co outlet only.

6.7 Non-Compliance Fine. In addition to other remedies available to Franchisor under this Agreement, Franchisee shall pay Franchisor a non-compliance fee of One Hundred Dollars ($100.00) per day if Franchisee fails to comply with any mandatory standard or operating procedure and Franchisee fails to cure such non-compliance within the timeframe specified by Franchisor.

6.8 Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

7. TRAINING.

7.1 Initial Management Training Program. Franchisee (specifically including all Franchisee's principals) and Franchisee's general manager shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") at least two (2) weeks (but no more than six (6) weeks, prior to the opening of the Franchised Business. The Initial Management Training Program consists of a course conducted remotely through virtual platforms and at Franchisor's headquarters and/or an affiliate-owned or franchised outlet. Franchisor reserves the right to designate an alternate location for the any component of the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. Franchisee shall pay tuition at the then-current rate to Franchisor for up to two (2) individuals to attend the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Additionally, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program. If the Initial Management Training Program is not satisfactorily completed or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee and Franchisee's Principal(s), Franchisor may terminate this Agreement.

7.3 Opening Assistance. Upon Franchisee's request, and subject to the availability of Franchisor's training personnel, Franchisor may provide Franchisee on-site opening assistance, training, and supervision for a period of up to three (3) days. Franchisor reserves the right to charge Franchisee a fee amounting to Four Thousand Five Hundred Dollars ($4,500) in connection with Franchisor's provision of the opening assistance described in this Section.

7.4 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's Principals shall participate in the following additional training:

(i) on-going training for up to twelve (12) days per year at a location designated by Franchisor; and

(ii) an annual national business meeting or conference for up to five (5) days at a location designated by Franchisor.

Franchisor reserves the right to impose its then-current fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual conference, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual conference is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

7.5 On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.6 Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conferencing, electronic communications, mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding training, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

8. FRANCHISED LOCATION REQUIREMENTS

8.1 Site Selection.

8.1.1 Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a site for the Franchised Business within the Territory and for constructing and equipping the Franchised Business at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site location is approved by Franchisor. While Franchisor may render assistance to Franchisee in the selection of a site, as set forth in Section 8.1.2 below, Franchisee has sole responsibility for procuring and developing a site for the Franchised Business and Franchisee may and is encouraged to consult with professionals of Franchisee's choosing in discharging such responsibility. Franchisee acknowledges that Franchisor's approval of a prospective site location is permission only, does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Franchised Business operated at that site will be profitable or otherwise successful, and cannot, and does not, create a liability for Franchisor. Franchisee releases Franchisor from any claims over the site location selection and evaluation by Franchisor, and Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business.

8.1.2 Franchisee shall locate a site that satisfies the site selection guidelines provided to Franchisee by Franchisor and shall submit to Franchisor, in writing, a description of the site, together with written certification the site complies with Franchisor's site selection guidelines, and such other information

and materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisee shall submit such information and materials for a proposed site to Franchisor for its consent no later than sixty (60) days after the execution of this Agreement. Franchisor shall have thirty (30) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site as the location for the Franchised Business. No site may be used for the location of the Franchised Business unless it is consented to in writing by Franchisor.

8.1.3 Within one hundred twenty (120) days after Franchisor has consented to the site for the Franchised Business (or such longer period as Franchisor consents to in writing), Franchisee shall execute a lease therefor, as applicable, and obtain physical possession of the premises. Any lease must include Franchisor's Collateral Assignment of Lease Agreement, a copy of which is attached hereto as Attachment 5. Failure by Franchisee to acquire the site for the Franchised Business within the time and in the manner required herein shall constitute a material event of default under this Agreement.

8.1.4 Upon consent by Franchisor to the location for the Franchised Business, Franchisor shall set forth the location and Territory in Attachment 2 of this Agreement and shall provide a copy thereof to Franchisee. Attachment 2, as completed by Franchisor, shall be incorporated herein and made a part hereof. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment 2; otherwise, the Attachment 2 provided to Franchisee shall be deemed final.

8.2 Construction.

8.2.1 Franchisee shall be responsible for obtaining clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants or regulations relating to the Franchised Business premises; including but not necessarily limited to restrictions on manufacturing; cross-ventilation; storage, use, and disposal of soap-making ingredients, and signage. Prior to beginning the construction of the Franchised Business, Franchisee shall (a) obtain all permits, licenses, insurance and certifications required for the lawful construction or remodeling and operation of the Franchised Business, including, but not limited to, permits for the installation of signage, and (b) certify in writing to Franchisor that all required approvals, clearances, permits, insurance and certifications have been obtained.

8.2.2 During the time of construction or remodeling, Franchisee shall provide Franchisor, or its designated representative, with such periodic reports regarding the progress in obtaining all licenses and permits; and of the construction or remodeling as may be reasonably requested by Franchisor or its representative. In addition, Franchisor or its representative may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. At least thirty (30) days prior to completion of the construction or remodeling, Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling. Within a reasonable time after the date of completion of construction or remodeling, Franchisor or its representative may, at its option, conduct a virtual or in-person inspection of the completed Franchised Business.

8.2.3 Franchisee acknowledges and agrees that it will not open the Franchised Business for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

8.3 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within three (3) months after Franchisee has obtained possession of the Franchised Business premises, unless Franchisee obtains a written extension of such time period from Franchisor. The date the Franchised Business opens for business to the public shall be defined herein as

the "Opening Date". Prior to the Opening Date, Franchisee shall (i) complete all exterior and interior preparations for the Franchised Business, including installation and cleaning of equipment, fixtures, furnishings and signs, in accordance with System requirements and the plans and specifications consented to by Franchisor, (ii) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (iii) hire and train staff, as required, (iv) purchase and stock initial inventory, (v) obtain all required licenses to operate the Franchised Business, and (vi) obtain and provide to Franchisor all certificates of insurance as required pursuant to this Agreement. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within three hundred sixty-five (365) days following the date of this Agreement shall be deemed a material event of default under this Agreement.

8.4 No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Territory set forth in Attachment 2, and no other. Franchisee shall not relocate the premises of the Franchised Business at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and, if permitted, shall be at Franchisee's sole expense. In the event such permission is granted, Franchisee shall (i) pay a relocation fee equal to Five Thousand Dollars ($5,000), (ii) secure and outfit the replacement premises in accordance with Sections 8.1and 8.2 within one hundred twenty (120) days of Franchisor's consent, (iii) if feasible, continue to operate at the original premises during the construction of the replacement premises, and (iv) upon relocation, remove any signs or other property from the original Franchised Business premises which identified the original Franchised Business premises as part of the System. Failure to comply with the foregoing requirements shall be a default of this Agreement. Franchisor shall issue a revised Attachment 2, in accordance with Section 8.1.4, to reflect the address of the new Franchised Business location and, in Franchisor's sole discretion, any adjustment to the Territory.

9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED LOCATION AND SYSTEM

9.1 Maintenance of Franchised Business Location. Franchisee shall equip and maintain the Franchised Business location to the standards of décor, air quality, sanitation, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such additions, alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repainting and repairs or replacement of worn or impaired décor, materials, furniture, fixtures, equipment, and signage as Franchisor may direct.

9.2 Inspections. Franchisee shall operate and maintain the Franchised Business and Franchised Business location in conformance with all regulations and best practices for handling and disposal of soap-making ingredients, and in a manner that will ensure the highest rating possible for businesses of like kind from the governmental authorities that may inspect such businesses in the Territory. Franchisee shall submit to Franchisor a copy of any inspection reports. It shall be a default of this Agreement if, upon inspection, Franchisee does not obtain such rating or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by the System, and Franchisor may, at its option, terminate this Agreement.

9.3 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, design, display and storage equipment, POS Systems, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.4 Trade Dress Modifications.

9.4.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new exterior building designs, new interior decors, new color schemes, new or modified marks, and new furnishings (collectively, "Trade Dress Modifications").

9.4.2 No more than once in a five (5)-year period, at Franchisor's request, Franchisee shall refurbish the Franchised Business location at Franchisee's sole expense, as required by Franchisor, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on factors, including but not necessarily limited to, a franchisee's level of success, superior performance and outlet profitability.

10. FRANCHISOR'S OBLIGATIONS.

Franchisor and/or its designated representative will provide the services described below:

10.1 Site Selection Guidelines. Site selection criteria, as Franchisor may deem advisable. Franchisor shall also approve the site in accordance with Section 8.1.2.

10.2 Construction. Provide to Franchisee criteria and specifications for a Magnolia Soap and Bath Co outlet. Such criteria and specifications include, but are not necessarily limited to, criteria with respect to requirements for product manufacturing and ventilation systems. Franchisee shall independently, and at Franchisee's expense, have such criteria and specifications incorporated into the construction of the Franchised Business in accordance with Article 8.

10.3 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written and/or electronic materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the internet, at Franchisor's sole and absolute discretion.

10.4 Inspection. Inspection of the Franchised Business and evaluations of the products sold and services rendered therein whenever reasonably determined by Franchisor.

10.5 Pre-Opening Requirements. Provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.

10.6 Advertising Materials. Provide samples of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.

10.7 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, required products and services and a list of approved and/or recommended suppliers therefor.

10.8 Training. The training programs specified in Article 7 herein.

10.9 On-Site Assistance. On-site post-opening assistance at the Franchised Business location in accordance with the provisions of Article 7.

10.10 Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1 Best Efforts. Franchisee, including each of Franchisee's Principals covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

11.2.1 Franchisee is duly organized and validly existing under the state law of its formation;

11.2.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;

11.2.3 Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee; and

11.2.5 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities.

11.3 Guaranty. If any Franchisee Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 7 hereof.

11.4 Appointment of Manager.

11.4.1 Franchisee shall designate and retain at all times a general manager ("General Manager") to direct the operation and management of the Franchised Business outlet. Franchisee shall designate its General Manager prior to attending the Initial Management Training Program. The General Manager shall be responsible for the daily operation of the Franchised Business outlet. Unless otherwise permitted by Franchisor, the General Manager shall be, Franchisee, if Franchisee is an individual, or a Principal.

11.4.2 The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:

11.4.2.1 The General Manager shall meet Franchisor's standards and criteria for such individual, as set forth in the Manual or otherwise in writing by Franchisor and shall be an individual otherwise acceptable to Franchisor in its sole discretion.

11.4.2.2 The General Manager shall devote his or her full time and best efforts to the supervision and management of the Franchised Business and may not engage in any other business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.

11.4.2.3 The General Manager shall satisfy the training requirements set forth in Article 7.

11.4.3 If the General Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement (including, but not limited to, completing all training and obtaining all certifications required by Franchisor). Until such replacement is designated, Franchisee shall provide interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.

11.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, health and sanitation inspections, if required, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relates to or affects the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business location, including, but not limited to, the business operation and incidents and occurrences related

to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

11.7 Assignment of Numbers and Listings. At Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings, and provide Franchisor with passwords and administrator rights for all email, software, social media or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all tax returns and reports related to the Franchised Business filed by Franchisee with any state or federal taxing authority.

11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12. FRANCHISEE'S OPERATIONS

12.1 Operation of Franchised Business Location. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

12.1.1 Use only those furnishings, fixtures, décor, equipment, supplies, and signage that conform with Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor;

12.1.2 Maintain and operate the Franchised Business location in attractive condition and good repair, using Franchisee's best efforts to maintain a clean, enjoyable and inviting atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;

12.1.3 Procure and hold all necessary licenses or permits to allow the operation of a soap-making and retail shop business, including but not limited to, all licenses required for product manufacturing, and otherwise comply with all applicable governmental laws, ordinances, rules and regulations including those related to health and safety;

12.1.4 Maintain sufficient inventories of merchandise and supplies, as prescribed by Franchisor;

12.1.5 Conduct sales in accordance with Franchisor's standards and specifications. Franchisee acknowledges and accepts that, unless expressly permitted in writing by Franchisor, Franchisee may only engage in providing those personal care products, including, soap and bath products, as designated by Franchisor. Except as otherwise permitted by Franchisor in writing or as specified in Franchisor's Manuals, Franchisee is expressly prohibited from selling products outside of the Franchised Business outlet, on the internet, to dealers and/or distributors for subsequent re-sale, and engaging in such sales without authorization by Franchisor shall be a material default of this Agreement;

12.1.6 Employ only engaging, outgoing and qualified individuals who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential and proprietary information. Franchisee and its employees will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to patrons of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service by Franchisee or its employees are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

12.1.7 Permit Franchisor or its agents, to inspect the Franchised Business location and any services, products or equipment, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;

12.1.8 Prominently display signs in and upon the Franchised Business location using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to not display in or upon the Franchised Business location or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects, including signs and advertising media which have not been approved by Franchisor, or which have been improperly made or are outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business location or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.9 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

12.2 Bookkeeping and Reports.

12.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to purchase the computer systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees

that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's proprietary information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.

12.2.2 Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4 Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5 Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds an understatement of any Gross Sales Report, Franchisee shall pay Franchisor the amounts due together with interest thereon at the rate provided herein, and if understated by five percent (5%) or more, Franchisee shall reimburse Franchisor for the cost of such examination. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

12.3 Computer Systems.

12.3.1 Franchisee, at Franchisee's sole expense, shall install and maintain the POS System and computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

12.3.2 Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's POS System, other computer systems and web-based payment processing accounts, including, without limitation, information concerning Gross Sales. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's POS System, other computer systems and web-based payment processing accounts.

12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's POS System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any

additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

12.3.4 Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System, or for security purposes to protect the operation and integrity of Franchisor's systems.

12.3.5 Franchisee shall have and maintain adequate hardware and software in order to access the internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the internet except as provided and specifically permitted herein.

12.3.6 Franchisor has established a website that provides information about the System and the products and services offered by the Magnolia Soap and Bath Co System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee's Franchised Business location and calendar. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such link to Franchisee's location upon expiration or termination of this Agreement for any reason.

12.3.7 In addition to the requirements of Section 6.4, Franchisee shall pay all fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software, internet access, license fees, help desk fees, and licensing or user-based fees.

12.4 Safety and Security of Premises. Franchisee is solely responsible for the safety and security of the Franchised Business outlet for Franchisee, Franchisee's personnel, agents, customers, and the general public. Any suggestions by Franchisor on such matters are for guidance only and not binding on Franchisee. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5 Prices. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.

12.6 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge its then-current fee, not to exceed $1,000, to Franchisee for such inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. If Franchisor fails to respond to Franchisee's submission within said thirty (30) days, such item or supplier shall be deemed

"disapproved." Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

12.7 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

12.8 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

13. ADVERTISING, PROMOTIONS AND RELATED FEES

13.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2 Local Advertising.

13.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend monthly, throughout the term of this Agreement, not less than one percent (1%) of Gross Sales per month on advertising for the Franchised Business in the Territory ("Local Advertising"). Franchisor may require Franchisee to allocate to a regional advertising cooperative, as described in Section 13.4, up to one-half of Franchisee's required Local Advertising expenditures.

13.2.2 Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall ***not*** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.2.3 Franchisee shall pay Seventeen Thousand Dollars ($17,000) to Franchisor or its affiliate for management, production, and execution of a grand opening advertising campaign to promote the opening of the Franchised Business. The grand opening advertising campaign shall include advertising, marketing, social media and promotional elements. The grand opening advertising campaign shall be conducted in the Territory thirty (30) days prior to and within the first thirty (30) days after the opening of the Franchised Business.

13.3 Brand Fund.

13.3.1 Franchisor has established a national fund on behalf of the System for national advertising, marketing, and brand development (the "Brand Fund"). Franchisee is required to contribute an amount equal to two percent (2%) of the Gross Sales generated weekly by Franchisee's Franchised Business to the Brand Fund ("Brand Fund Contribution"). Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Sales, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Sales are reported.

13.3.2 Franchisor shall direct the Brand Fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

13.3.3 Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Magnolia Soap and Bath Co outlets operated by Franchisor or Franchisor's affiliates.

13.3.4 Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and staff salaries and other personnel and departmental costs for advertising that Franchisor internally administers or prepares). While Franchisor does not intend that any part of the Brand Fund will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund for public relations, to explain the franchise system, and/or to include a notation in any advertisement indicating "Franchises Available."

13.3.5 The Brand Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.

13.3.6 Franchisor will prepare an unaudited annual statement of the Brand Fund's operations and will make it available to Franchisee upon request, provided that such request is made no later than March 31 of the year following this fiscal year for which such statement is requested. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee

that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7 Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

13.4 Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts equal to Franchisee's share of the total cost of cooperative advertising, in addition to required Brand Fund Contributions.

13.5 Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Instagram, X, LinkedIn, YouTube, TikTok, Snapchat or any other social media and/or networking site without Franchisor's prior written approval and use of any social media accounts shall be in strict accordance with Franchisor's requirements. Franchisee shall provide Franchisor with all passwords and administrative rights to any and all social media accounts for the Franchised Business, and Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking whatever action as is necessary for the best interest of the System, if Franchisee fails to maintain such accounts in accordance with Franchisor's standards.

13.6 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Magnolia Soap and Bath Co brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

14. INTELLECTUAL PROPERTY

14.1 Ownership.

14.1.1 Franchisee expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) are the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) claim copyrights on certain material used in the System, including but not limited to its website, documents, recipes, advertisements,

promotional materials and the Manual, whether or not Franchisor and/or Franchisor's affiliate(s) have filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property".

14.1.2 As between Franchisor and Franchisee, Franchisor and/or Franchisor's affiliate(s) are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's and/or Franchisor's affiliate(s)'s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's and/or Franchisor's affiliate(s)'s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.

14.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and/or Franchisor's affiliate(s), and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

14.4 Validity. Franchisee shall not contest the validity of, or Franchisor's and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property.

14.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's and/or Franchisor's affiliate(s)'s rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor and/or Franchisor's affiliate(s) with all assignments, affidavits, documents, information and assistance Franchisor and/or Franchisor's affiliate(s) reasonably request to fully vest in Franchisor and/or Franchisor's affiliate(s) all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor and/or Franchisor's affiliate(s) to register, maintain and enforce such rights in the Intellectual Property.

14.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

14.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Magnolia Soap and Bath Co" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal

name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Magnolia Soap and Bath Co. FRCH, LLC".

14.7.2 Franchisee shall identify itself as the owner of the Franchised Business and as an independent Magnolia Soap and Bath Co franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

14.7.3 Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4 Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

15. INSURANCE AND INDEMNIFICATION

15.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies, which shall be primary and non-contributory to any insurance that Franchisor may carry. Franchisee's insurance shall be provided by insurance companies with an A.M. Best rating of not less than A-VII, protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as

additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1 General Liability. General Liability Insurance with minimums of $1,000,000 per occurrence, $2,000,000 general and products/completed operations aggregate, $1,000,000 personal/advertising injury, $50,000 rented premises damage, $5,000 medical expense, and $250,000 product recall coverage.

15.1.2 Franchisee Commercial Auto. Commercial Auto Insurance with a $1,000,000 combined single limit, covering hired and non-owned autos.

15.1.3 Workers' Compensation. Workers' Compensation Insurance with coverage limits of $1,000,000 for bodily injury by disease per accident, $1,000,000 policy limit, and $1,000,000 per employee. The policy must be in place regardless of state laws and cannot exclude owner-operators. It must also include uninsured independent contractors and a waiver of subrogation.

15.1.4 Property/Business Interruption. Property insurance with coverage for business personal property (≥ $150,000 full replacement cost value), tenant improvements (≥ $50,000 full replacement cost value), and business interruption (12 Months ALS), including franchisor royalties. Flood and earthquake required when applicable or contingent on loan.

15.1.5 Crime. Crime insurance with minimum coverage limits of $100,000 each claim, including third party coverage on a loss discovered form.

15.1.6 Cyber Liability. Cyber Liability Insurance with minimum coverage limits of $250,000 per occurrence and $250,000 aggregate; and

15.1.7 Employment Practices Liability. Employment Practices Liability Insurance with minimum coverage limits of $250,000 per occurrence and $250,000 aggregate. The policy must include third party liability and wage & hour coverage of at least $25,000, and the maximum deductible should not exceed $10,000.

15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. Franchisee shall deliver the initial Certificate of Insurance no later than ten (10) days before Franchisee opens the Franchised Business. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with an administrative fee of ten percent (10%) of the cost for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must

submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5 Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees, and all required insurance policies shall contain a waiver of subrogation in favor of the additional insureds.

15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS MAGNOLIA SOAP AND BATH CO. FRCH, LLC, MAGNOLIA SOAP & BATH HOLDING CO., LLC AND ANY OF EITHER'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "MAGNOLIA INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S MAGNOLIA SOAP AND BATH CO FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL THE MAGNOLIA INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE MAGNOLIA INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE MAGNOLIA INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE MAGNOLIA INDEMNITEES HARMLESS, FRANCHSIEE WILL REIMBURSE THE MAGNOLIA INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE MAGNOLIA INDEMNITEES.

_____ _____
Initial Initial

16. TRANSFERS

16.1 Transfers by Franchisor.

16.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments

and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Magnolia Soap and Bath Co franchise outlet during the Term of this Agreement.

16.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the soap and bath business or to offer or sell any products or services to Franchisee.

16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principals of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3 Transfers by Franchisee. Neither Franchisee nor any Principal(s) shall directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law, unless Franchisee or Principal(s) first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee and Principal(s) have complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1 The proposed transferee and all its principals must have the demeanor and be individuals of good character and otherwise meet Franchisor's then-applicable standards for franchisees.

16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

16.3.3 The transferee has agreed to complete Franchisor's initial training program to Franchisor's satisfaction;

16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;

16.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the initial franchise fee;

16.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;

16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and

16.3.9 If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.

16.4 As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to Ten Thousand Dollars ($10,000.00).

16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6 Franchisor 's Right of First Refusal.

16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator, or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that provided that Franchisor's rights to use or purchase the Assets as set forth in Sections 11.3.3, 16.6, 16.7, 17.4.2 and 18.2 are not impaired, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Uniform Commercial Code collateral Franchisee

uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's Uniform Commercial Code collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgment referenced in this Section.

17. DEFAULTS

17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 fails to acquire a site for the Franchised Business, complete construction of the Franchised Business, obtain all licenses and permits before opening, or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.2 falsifies any report required to be furnished Franchisor hereunder;

17.2.3 ceases to operate the Franchised Business for a period of five (5) days or more; provided, however, that this provision shall not apply if through no fault of Franchisee, the premises are damaged or destroyed by a casualty and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.

17.2.4 loses for any cause whatsoever the right of possession of the real property on which the Franchised Business is located; provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.5.

17.2.5 fails to restore the Franchised Business location to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Business location is rendered inoperable by any casualty or closed due to an order issued by a local authority having jurisdiction over the Franchised Business location;

17.2.6 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;

17.2.7 defaults under any lease or sublease of the real property on which the Franchised Business is located;

17.2.8 understates Gross Sales on two (2) occasions or more, or accepts payments from customers of the Franchised Business in a manner not authorized by Franchisor on two (2) occasions or more, whether or not cured on any or all of those occasions;

17.2.9 fails to comply with the covenants in Article 15;

17.2.10 permits a Transfer in violation of the provisions of Article 16 of this Agreement;

17.2.11 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.

17.2.12 has misrepresented or omitted material facts in applying for, or in operating, the Franchise;

17.2.13 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks; or does anything (whether criminal or otherwise) to harm the reputation of the System or the goodwill associated with the Marks;

17.2.14 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

17.2.15 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;

17.2.16 creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Business;

17.2.17 refuses to permit Franchisor to inspect or audit Franchisee's books or records;

17.2.18 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);

17.2.19 fails to comply with the non-competition covenants in Section 19.5;

17.2.20 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)–month period, whether or not the defaults have been corrected;

17.2.21 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

17.2.22 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or

17.2.23 terminates this Agreement, including by ceasing to operate the Franchised Business, without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)–month period, and the third such late payment in any twelve (12)–month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)–month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.20.

17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2 enter upon the Franchised Business location and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor the then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against

Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

17.6 Reimbursement of Costs. Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorneys' fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

18. POST-TERMINATION

18.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

18.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Magnolia Soap and Bath Co owner, franchisee or licensee;

18.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, logos, copyrighted material or other intellectual property, confidential or proprietary material or indicia of a Magnolia Soap and Bath Co outlet, or use any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Franchisor's affiliates, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

18.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

18.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business outlet at the time of default;

18.1.5 pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

18.1.6 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;

18.1.7 comply with the non-disclosure and non-competition covenants contained in Article 19; and

18.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty Fee payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

18.2 Right to Purchase.

18.2.1 Franchisor shall have the option, to be exercised within thirty (30) days after Franchisee has provided an itemization and valuation of assets, to purchase from Franchisee any or all of the furnishings, equipment (including any point-of-sale system), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after Franchisor notifies Franchisee that Franchisor exercises its option to purchase the assets.

18.2.2 With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3 Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3 Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related

to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.7, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4 Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

19.1 Operations Manual.

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2 Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principals, and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.2 Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, product recipes, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3 Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4 New Concepts. If Franchisee or any Principal develops any new concept, process, product, recipe, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, recipe or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5 Non-Competition Covenants. Franchisee and each Principal, if any, specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal, if any, will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's managers and employees. Franchisee and each Principal, if any, acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets

and Confidential Information is, therefore, a primary reason why Franchisee and each Principal, if any, are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal, if any, covenant that, except as otherwise approved in writing by Franchisor:

19.5.1 During the term of this Agreement, Franchisee and each Principal, if any, shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any soap and bath products business similar to the System; (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Magnolia Soap and Bath Co franchisees or Franchisor-affiliated outlets.

19.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals, if any, shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any soap and bath products business within ten (10) miles of the Territory or any Magnolia Soap and Bath Co outlet location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Magnolia Soap and Bath Co franchisees.

19.6 Reasonableness of Restrictions. Franchisee and each Principal, if any, acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principals, if any, since Franchisee or Principals, as the case may be, have other considerable skills, experience and education which afford Franchisee or Principals, as the case may be, the opportunity to derive income from other endeavors.

19.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

19.8 Injunctive Relief. Franchisee and each Principal, if any, acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal, if any, hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9 No Defense. Franchisee and each Principal, if any, expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

19.10 Covenants of Employees, Agents, and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 9 as revised and updated from time to time and contained in the Manual.

20. DISPUTE RESOLUTION

20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. 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.

20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorney's fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

20.3 Arbitration.

20.3.1 Except disputes not subject to alternative dispute resolution as set forth in Section 20.4, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Attachments hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 20.1 or 20.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

20.3.2 All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 20 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq*.) and the federal common law of arbitration. All hearings and other proceedings will take place in the county of the in the then-current location of Franchisor's corporate headquarters, or the nearest offices of the American Arbitration Association thereto, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located.

20.3.3 This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded

against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

20.3.4 The provisions of this Section 20.3 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

20.3.5 In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request or demand for arbitration shall stay, postpone or rescind the effectiveness of any termination of this Agreement.

20.3.6 Except as expressly required by law, Franchisor, Franchisee and any Principal shall keep all aspects of any mediation and/or arbitration proceeding in confidence, and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

20.4 Exceptions. Notwithstanding the requirements of Sections 20.2 or 20.3, the following claims shall not be subject to mediation or arbitration:

20.4.1 Franchisor's claims for injunctive or other extraordinary relief;

20.4.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

20.4.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks;

20.4.4 any claims by Franchisor to collect or recover any then-outstanding amounts due by Franchisee to Franchisor under this Agreement;

20.4.5 disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business; and

20.4.6 enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.

20.5 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Mississippi. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Mississippi. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Mississippi. Franchisee and its Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

20.6 Mutual Benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, its Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable

state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.7 Waiver of Certain Damages. Franchisee and each Principal, if any, hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principals, if any, agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual direct compensatory damages sustained.

20.8 Injunctive Relief. Nothing herein contained (including, without limitation, Sections 20.1 through 20.5 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

20.9 Limitations of Claims. Any and all claims asserted by Franchisee arising out of or relating to this Agreement or the relationship with Franchisor will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee knew or should have known of the facts giving rise to such claims.

20.10 Attorney's Fees. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.

21. GENERAL

21.1 Relationship of the Parties.

21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and

procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in Franchisor's Operations Manual or otherwise, does not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business.

21.1.3 Franchisee's Employees. Franchisee acknowledges and agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of an outlet pursuant to the System and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

21.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

21.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

21.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, provided that nothing in this Agreement is intended to disclaim the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

21.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

21.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

21.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective

addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

21.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business outlet approved by Franchisor shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the approved Franchised Business outlet.

21.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

21.10 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Mississippi, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Attachments, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

21.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12 Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

-Remainder of page intentionally left blank-

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The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISEE:	FRANCHISOR:
_____	MAGNOLIA SOAP AND BATH CO. FRCH, LLC
By:_____	By:_____
Name:_____	Name: Magen Bynum
Title:_____	Title: Founder & Owner

PRINCIPALS:

_____
Name:_____

_____
Name:_____

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ATTACHMENT 1

TRADEMARKS

Service Marks –

Magnolia Soap & Bath Co



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ATTACHMENT 2

TERRITORY

[If there is no Approved Location on the Effective Date, insert: **TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER THE MAGNOLIA SOPA AND BATH CO PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 8.1 OF THE FRANCHISE AGREEMENT, IN THE SITE SEACH AREA OF:

_____

Territory (insert map and/or define by zip codes):

_____

_____

_____

_____

Franchised Business Address:

_____

_____

ATTACHMENT 3

RELEASE

_____ ("Franchisee") and its Principal(s):

_____

_____

_____

_____

(collectively, "Franchisee's Principal(s)"), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless Magnolia Soap and Bath Co. FRCH, LLC ("Franchisor"), Magnolia Soap & Bath Holding Co., LLC, , their parents, subsidiaries, affiliates, and each of their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND FRANCHISEE'S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

[Signature Page Follows]

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Executed as of _____, 20___.

FRANCHISEE:

Attest: _____ By: _____

_____ _____, _____

(Name) (Name, Title)

FRANCHISEES'S PRINCIPAL:

_____ _____

Witness Name: _____ Print Name: _____

_____ _____

Witness Name: _____ Print Name: _____

_____ _____

Witness Name: _____ Print Name: _____

_____ _____

Witness Name: _____ Print Name: _____

ATTACHMENT 4

ACH AUTHORIZATION

Franchisor Name: **Magnolia Soap and Bath Co. FRCH, LLC**

I (We) hereby authorize Magnolia Soap and Bath Co. FRCH, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name:_____ Branch: _____

City:_____ State:_____ Zip:_____ Phone: _____

ACH/Routing Number:_____ Account Number:_____
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

_____ Print Franchisee / Account Holder Name	_____ Print Franchisee/Co-Account Holder Name
_____ Franchisee/ Account Holder Signature-Date	_____ Franchisee/Co-Account Holder Signature-Date
_____ Daytime Phone Number	_____ Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

Please Return Form to:

Magnolia Soap and Bath Co. FRCH, LLC
706 Carter Ave.
New Albany, Mississippi 38652

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ATTACHMENT 5

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____ ("**Assignor**") hereby assigns and transfers to Magnolia Soap and Bath Co. FRCH, LLC, a Mississippi limited liability company with a notice address of 706 Carter Ave., New Albany, Mississippi, 38652 ("**Assignee**"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "**Lease**") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and Assignor's interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of Assignor's interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Magnolia Soap and Bath Co outlet between Assignee and Assignor (the "**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any successor terms thereof, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

DATED: _____ By: _____

_____, _____
(Print Name, Title)

DATED: _____ _____

DATED: _____ _____

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CONSENT AND AGREEMENT OF LANDLORD

to that Conditional Assignment of Lease from _____ (Assignor) to Magnolia Soap and Bath Co. FRCH, LLC (Assignee) dated _____ for the property known as _____ _____.

The undersigned Landlord under the aforedescribed Lease further hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the Premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30)-day period the non-monetary defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

(e) Permits Assignee to enter upon the Premises without being guilty of trespass or any other crime or tort to de-identify the Premises as a Magnolia Soap and Bath Co outlet if Tenant fails to do so following termination of the Franchise Agreement or Lease, provided that Assignee shall repair any damage caused thereby.

DATED: _____ LANDLORD:

_____

_____

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ATTACHMENT 6

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE

Name	**Percentage of Ownership**
[PRINCIPAL #1 NAME]	[PRINCIPAL #1 OWNERSHIP %]
[PRINCIPAL #2 NAME]	[PRINCIPAL #2 OWNERSHIP %]

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ATTACHMENT 7

SPOUSE GUARANTY

This Guaranty and Covenant (this "**Guaranty**") is given by the undersigned ("**Guarantor**") on __ _____, (the "**Effective Date**") to Magnolia Soap and Bath Co. FRCH, LLC, a Mississippi limited liability company ("**Franchisor**"), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the "**Franchisee Agreement**") with _____, a(n) (corporation/limited liability company), and _____ _____(collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement ("**Guaranteed Obligations**"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any obligations guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

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Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

_____

Signature
Name: _____

Address: _____

ATTACHMENT 8

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT (the "**Agreement**") is made and entered into this day of _____ (the "**Effective Date**"), by and between Magnolia Soap and Bath Co. FRCH, LLC, a Mississippi limited liability company, with its principal place of business at 706 Carter Ave., New Albany, Mississippi, 38652 (the "**Franchisor**"), and _____, a(n) (corporation/limited liability company), with its principal place of business located at _____ _____, and _____'s principal(s), _____, an individual, residing at _____, and _____, an individual, residing at _____ ("**Principal(s)**"). _____ and Principal(s) shall be collectively referred to in this Agreement as the "**Franchisee**".

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Magnolia Soap and Bath Co retail business ("**Franchise Agreement**") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Magnolia Soap and Bath Co brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Listings**

2.1 Interest in Websites, Social Media Accounts, Other Electronic Listings and Software. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, the right to hyperlink to certain websites and listings on various internet search engines, and the right to use certain software (collectively, "**Electronic Advertising and Software**") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "**Telephone Listings**") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the "**Internet and Software Companies**") with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee's interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "**Telephone Companies**") with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee's interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

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2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Mississippi, without regard to the application of Mississippi conflict of law rules.

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The undersigned have executed or caused their duly authorized representatives to execute this Internet Advertising, Social Media and Telephone Account Agreement as of the Effective Date.

FRANCHISEE:	FRANCHISOR: MAGNOLIA SOAP AND BATH CO. FRCH, LLC
By:_____	By:_____
Name: [PRINCIPAL NAME]	Name: Magen Bynum
Title: [PRINCIPAL'S TITLE]	Title: Founder & Owner

PRINCIPALS:

_____
Name: [PRINCIPAL #1 NAME]

_____
Name: [PRINCIPAL #2 NAME]

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ATTACHMENT 9

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the "**Agreement**") is made and entered into this day of _____, by _____ _____, a(n) _____ ("**Franchisee**"), a franchisee of Magnolia Soap and Bath Co. FRCH, LLC, a Mississippi limited liability company ("**Franchisor**"), and _____, an individual ("**Covenantor**"), in connection with a Franchise Agreement.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated (the "**Franchise Agreement**"), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the trademark "Magnolia Soap and Bath Co" and design, and certain proprietary products, services, promotions and methods (the "**System**") for the establishment and operation of Magnolia Soap and Bath Co outlets;

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Magnolia Soap and Bath Co operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as "**Confidential Information**");

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

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d. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Magnolia Soap and Bath Co outlet or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any soap and bath products business substantially similar to the System.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the Magnolia Soap and Bath Co System to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational, or supervisory capacity in any soap and bath products business within the within ten (10) miles of Franchisee's Territory or any Magnolia Soap and Bath Co location.

c. The parties acknowledge and agree that each of the covenants contained herein 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.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor 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 Covenantor's or Franchisee's consent, effective immediately

upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to 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.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure by Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MISSISSIPPI, WITHOUT REFERENCE TO MISSISSIPPI CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF MISSISSIPPI. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY MISSISSIPPI OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN MISSISSIPPI; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

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

i. All notices and demands required to be given hereunder shall be in writing, and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom

intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

_____

_____

_____

If directed to Covenantor:

_____

_____

_____

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____

COVENANTOR:

_____

Name: _____

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EXHIBIT C

FINANCIAL STATEMENTS

MAGNOLIA SOAP AND BATH CO. FRCH, LLC

FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

MAGNOLIA SOAP AND BATH CO. FRCH, LLC

TABLE OF CONTENTS

	PAGE
Independent auditors' report	1 - 2
Financial statements:	
Balance sheets	3
Statements of operations	4
Statements of member's equity	5
Statements of cash flows	6
Notes to financial statements	7 - 13

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INDEPENDENT AUDITORS' REPORT

To the management and the owner of
Magnolia Soap and Bath Co. FRCH, LLC

Opinion

We have audited the accompanying financial statements of Magnolia Soap and Bath Co. FRCH, LLC (a wholly-owned subsidiary of Magnolia Soap and Holding Co., LLC, a Mississippi Limited Liability Company), which comprise the balance sheet as of December 31, 2025, 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 Magnolia Soap and Bath Co. FRCH, LLC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Magnolia Soap and Bath Co. FRCH, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements as of December 31, 2024, were audited by other auditors whose report dated March 18, 2025, expressed an unmodified opinion on those statements.

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 Magnolia Soap and Bath Co. FRCH, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

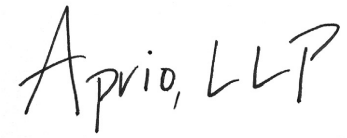
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 Magnolia Soap and Bath Co. FRCH, LLC’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 Magnolia Soap and Bath Co. FRCH, LLC’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.



New York, New York
May 29, 2026

MAGNOLIA SOAP AND BATH CO. FRCH, LLC
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
Current assets		
Cash and cash equivalents	$ 101,851	$ 23,686
Franchise fees receivable	12,910	40,000
Royalties receivable, net	179,471	165,759
Prepaid expenses	-	12,501
Deferred commissions - current portion	153,225	153,225
Total current assets	447,457	395,171
Property, plant and equipment	6,033	7,733
Other assets		
Receivable from Holding Co.	1,318,036	1,659,608
Deferred commissions, net of current portion	895,316	1,261,484
Total other assets	2,213,352	2,921,092
Total assets	$ 2,666,842	$ 3,323,996

LIABILITIES AND MEMBER'S EQUITY

Current liabilities		
Note payable	$ 275,000	$ -
Accounts payable	17,537	243,708
Accrued liabilities	1,820	16,973
Deferred revenue - franchise sales, current portion	294,750	340,100
Deferred revenue - training fees	10,000	10,000
Total current liabilities	599,107	610,781
Long-term liabilities		
Note payable, net of current portion	75,000	-
Deferred revenue - franchise sales, net of current portion	1,990,073	2,551,557
Total long-term liabilities	2,065,073	2,551,557
Member's equity	2,662	161,658
Total liabilities and member's equity	$ 2,666,842	$ 3,323,996

See accompanying notes to the financial statements

MAGNOLIA SOAP AND BATH CO. FRCH, LLC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	2025	2024
Revenue		
Royalties	753,524	576,908
Brand fund fees	197,571	151,871
Franchise fees	696,834	270,964
Technology fees	111,500	33,500
Digital marketing fees	82,000	34,000
Digital board fees	14,455	10,849
Training fees	5,000	63,000
Transfer fees	19,000	25,000
Total revenues	1,879,884	1,166,092
Operating expenses		
Administration expenses	12,765	2,493
Credit loss expense	47,192	6,760
Depreciation	1,700	2,600
Marketing, advertising, and promotional expenses	92,562	87,788
Professional fees	553,060	649,769
Subscriptions and memberships	-	460
Travel and entertainment	29,824	92,399
Office expenses	8,620	27,315
Utilities	5,760	168
Salaries and related payroll taxes	621,668	450,010
Other operating expenses	2,881	-
Franchise sales commissions	366,168	109,002
Initial buildout support for franchisees	-	8,163
Contract termination expense	296,681	-
Total operating expenses	2,038,881	1,436,927
Net loss	$ (158,997)	$ (270,835)

See accompanying notes to the financial statements

MAGNOLIA SOAP AND BATH CO. FRCH, LLC
STATEMENTS OF MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025

	Member's Equity
Balance at January 1,2024	$ 432,493
Net Loss	(270,835)
Balance at December 31, 2024	161,658
Net Loss	(158,997)
Balance at December 31, 2025	$ 2,662

See accompanying notes to the financial statements

MAGNOLIA SOAP AND BATH CO. FRCH, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Net loss	$ (158,997)	$ (270,835)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation	1,700	2,600
Credit loss expense	-	6,760
Provision for termination of franchise commission contract	296,681	-
(Increase) decrease in assets:		
Royalties receivable	(13,712)	(57,963)
Accounts receivable	27,089	(40,000)
Receivable from Holding Co.	341,572	(206,158)
Prepaid expense and other assets	12,500	25,000
Increase (decrease) in liabilities:		
Deferred commissions	366,168	(1,010,498)
Accounts payable	(22,848)	243,708
Accrued expenses	(15,154)	(4,065)
Deferred revenue - franchise fees	(606,834)	1,299,536
Deferred revenue - training fees	-	(8,000)
Net cash provided by (used in) operating activities	228,165	(19,915)
Cash flows from financing activities		
Payment of franchise commissions	(150,000)	-
Net cash used in financing activities	(150,000)	-
Net increase (decrease) in cash and cash equivalents	78,165	(19,915)
Cash and cash equivalents, beginning of the year	23,686	43,601
Cash and cash equivalents, ending of the year	$ 101,851	$ 23,686
Supplemental disclosure of non-cash financing activity		
Accounts payable for termination converted to Note Payable	$ 203,319	$ -

See accompanying notes to the financial statements

Note 1
Summary of Significant Accounting Policies

Nature of Operations:

Magnolia Soap and Bath Co. FRCH, LLC, a limited-liability company (the "Company"), was formed on March 12, 2021 and has franchise locations in Mississippi and several other states. Magnolia Soap & Bath Holding Co., LLC ("Holding Co.") is the sole member of the Company. The Company had 52 and 60 franchised locations as of December 31, 2025 and 2024, respectively.

The Company franchises a soap and bath company receiving pre-opening franchise fees (training fees), amortized franchise fees, royalties and brand fund fees from each franchisee in exchange for distinguishing characteristics of the franchised business including, but not limited to, initial training and many obligations for the life of the franchise agreement (distinctive trade dress, procedures for management, advertising, and promotional programs, etc).

Basis of Accounting:

The financial statements of the Company have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Changes in estimates are recorded in the period in which they become known. Actual results could differ from these estimates.

Cash and Cash Equivalents:

For purposes of financial statement presentation, the Company considers all highly liquid instruments with maturities of ninety days or less, from the date of purchase, to be cash equivalents.

Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

The Company maintains cash balances at one commercial bank and these balances can exceed the FDIC insured deposit limit of $250,000 per financial institution. As of December 31, 2025 and 2024, the Company's cash balances did not exceed FDIC limits. The Company has not experienced any losses in these accounts through the date when the financial statements were available to be issued.

Note 1
Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Credit Losses:

The Company accounts for receivables at their original invoice amount, less an estimate made for credit losses. The Company monitors trade and other receivable balances and contract assets and estimates the allowance for lifetime expected credit losses in accordance with ASU No. 2016-13, *Financial Instruments - Credit Losses*. Estimates of expected credit losses are based on historical collection experience and other factors, including current market factors and forecasted economic conditions.

The Company has elected to apply the practical expedient in accordance with ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets For Private Companies And Certain Not-For-Profit Entities* and assumes that the current conditions as of the balance sheet date do not change over the remaining life of the asset.

The election of this practical expedient was applied prospectively and did not have a material impact on the Company's financial statements.

At December 31, 2025 and 2024, no allowance for credit losses was deemed necessary.

Property, Plant and Equipment:

Property, plant and equipment are stated as cost on the balance sheet. The Company capitalizes purchases with a useful life exceeding one year and a per-unit acquisition cost exceeding $5,000. Capital assets will be capitalized and depreciated over their useful lives. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method of depreciation. Estimated useful lives for vehicles is five years. Depreciation expense for the years ended December 31, 2025 and 2024 was $1,700 and $2,600, respectively.

Revenue Recognition:

Revenues are recorded when: (i) a contract with a client has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation.

Franchise revenues consist of 1) franchise royalties, 2) training fees, 3) franchise license fees, 4) brand funds, 5) technology/digital board fees, 6) digital marketing fees, and 7) transfer fees.

The Company is obligated to provide franchisees with the franchise rights to operate a Magnolia Soap and Bath franchised business and to provide training, technology, and marketing. The initial term of the franchise agreement is typically ten years, with the option to renew for a fee or to transfer the franchise agreement to a new or existing franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee ranging from $35,000 to $60,000 and continuing fees based on a percentage of sales.

Note 1
Summary of Significant Accounting Policies (Continued)

Franchise Royalties:

Franchise royalties are based on a percentage of franchise store sales and are recognized at a point in time. Each franchise agreement contains a requirement for each franchisee to pay 6-7% of gross monthly sales (less any coupon discounts, sales tax, etc.) to the Company. Revenue is recognized at the end of each month based on the monthly sales reports provided by each location (franchisee).

Training Fees:

During the year ended December 31, 2025 and 2024, when an initial franchise was sold, the Company agreed to provide certain services to the franchisee. These services include required initial training for up to two people. The fee for such training was excluded in the initial franchise fee and the franchise agreement assessed a value per person for that training. The Company recognizes these initial training fees as revenue when substantially all initial services required by the franchise agreement have been performed, which is generally upon opening of a store. Until the initial fee performance obligations have been fulfilled, the fees prepaid by the franchisee are held in deferred revenue (separate from the franchise fee deferred revenue). The initial fee (training fee) revenues earned during the year ended December 31, 2025 and 2024 are separately stated on the statement of operations.

Franchise License Fees:

Franchise license fees are typically received in full upon execution of the franchise agreement and the fees are amortized over the term of the franchise agreement which is ten years. Fees received for renewal periods are amortized over the life of the renewal period. Revenue is recognized in a systematic manner over the ten-year period (recognized every month on a straight-line basis). If the franchise is returned to the Company before the ten-year period has expired, the remaining unamortized balance at the time of franchise revocation is recognized as revenue at that point in time as the franchise fees are non-refundable. The unamortized franchise fees are held as a deferred revenue liability.

Brand Funds:

Advertising fund contributions (brand fund) from franchisees represent contributions collected where the Company has control over the activities of the fund. The brand funds are not included as part of the franchise contract for franchisees prior to the year ended December 31, 2023. Contributions are based on a percentage (1-3%) of franchisees' monthly gross sales (less any coupon discounts, sales tax, etc.). The Company has determined that it is the principal in these arrangements, and advertising fund contributions and expenditures are, therefore, reported on a gross basis in the statement of income. The payments received are to be held in a restricted cash fund by the Company and spent only on branding and advertising for all of the franchise locations in general. The funds are collected at the same time as the royalty fees and revenue is recognized on the same basis as the royalty fee revenue. At December 31, 2025 and 2024, the restricted cash balance for the brand fund was $0.

Note 1
Summary of Significant Accounting Policies (Continued)

Technology/Digital Board Fees:

On a monthly basis, franchisees are required to pay a technology fee in the amount of $500 for the use and maintenance of the POS system, learning management system, loyalty program applications, assigned email addresses, a franchise portal, a benchmarking platform, and ecommerce functionality. The technology fees are not included as part of the franchise contract for franchisees prior to the year ended December 31, 2023 since those locations are required to pay digital board fees on a monthly basis for the same purpose. Technology and digital board fees are recognized at a point in time and are separately stated on the statements of income.

Transfer Fees:

As a condition to any transfer, franchisees are required to pay the Franchisor a transfer fee from $10,000 to $15,000. Transfer fees are recognized at a point in time and are separately stated on the statements of operations.

The beginning and ending contract balances as of December 31, 2025 and 2024 were as follows:

	December 31, 2024	December 31, 2024	January 1, 2024
Royalties receivable, net	$ 179,471	$ 165,759	$ 114,566
Franchise fees receivable	$ 12,910	$ 40,000	$ -
Deferred commissions	$ 1,048,541	$ 1,414,709	$ 404,211
Deferred revenue - franchise sales	$ 2,284,823	$ 2,891,657	$ 1,592,121
Deferred revenue - training fees	$ 10,000	$ 10,000	$ 18,000

Franchise Commissions Expense:

Franchise commissions paid to sales personnel are considered incremental and recoverable costs of obtaining a contract with a franchisee. Franchise commissions for initial contracts are capitalized and amortized monthly on a straight-line basis over ten years which represents the expected benefit period of the associated contracts. Amortization expense related to capitalized commissions is included as a component of operating expenses sold in the accompanying statements of income and is $366,168 and $109,002 for the years ended December 31, 2025 and 2024, respectively. Total unamortized capitalized franchise commissions as of December 31, 2025 and 2024 are $1,048,541 and $1,414,709, respectively

Revenue is disaggregated according to the timing of the recognition of the revenue. Franchise fees recognized over time are disaggregated from the training fees recognized at a point in time. The royalty fees are also recognized separately as they are recognized at a point in time and the terms for payment are different than the franchise fees. The franchise fees are paid in full up front. The royalty fees and brand fund fees are invoiced just after month end and payment is generally received within the same month.

Selling, general, and administrative costs are charged to expenses as incurred.

Note 1
Summary of Significant Accounting Policies (Continued)

Contract Assets and Liabilities:

Deferred Revenue:

Deferred revenue consists of contract liabilities resulting from franchise fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement. Unbilled receivables relate to revenue recognized on contracts for which billings have not yet been presented to customers as of the balance sheet date. Revenue is recognized net of sales taxes.

Deferred Expenses:

Deferred expenses consist primarily of commissions paid to third parties by the Company for locating and obtaining franchisees which are generally recognized on a straight-line basis over the term of the associated underlying franchise agreement.

The following table reflects the change in deferred revenue and expenses as of December 31, 2025 and 2024:

	2025	2024
Deferred revenue	$ 2,294,823	$ 2,901,657
Deferred expenses	$ 1,048,541	$ 1,414,709

Total amortized franchise fee revenues for the years ended December 31, 2025 and 2024 were $294,750, and $340,100 respectively. The total amortized commission expenses for the years ended December 31, 2025 and 2024 were $153,225, and $153,225 respectively.

Advertising:

The Company expenses advertising costs as incurred. Advertising expenses were approximately $92,562 and $87,788 for the years ended December 31, 2025 and 2024, respectively.

Note 1
Summary of Significant Accounting Policies (Continued)

Income Taxes:

The Company is a limited liability company. For income tax purposes, the revenues, expenses, and credits of a limited liability company are allocated to its member. Accordingly, no provision, assets, or liabilities have been recorded in the accompanying financial statements for federal and state income taxes.

The Company follows accounting standards applicable to uncertain income tax positions. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company had no liability for unrecognized tax benefits as of December 31, 2025 or 2024.

Note 2
Accounts Receivable

The components of accounts receivable were as follows at December 31:

	2025	2024
Franchise fees receivable	$ 12,910	$ 40,000
Royalties receivable	179,471	165,759
	$ 192,381	$ 205,759

Note 3
Commitments and Contingencies

Litigation:

The Company has legal proceedings arising from the normal course of business. The Company believes that the ultimate outcome of the proceedings will not have a material adverse impact on the Company's financial position, results of operations, or cash flows.

Contract Termination:

The Company entered into an agreement with a former franchise consultant to terminate its contract and settle amounts due. The Company and the consultant settled on a $500,000 note payable to pay passed due invoices and for a fee for termination. The Company paid $150,000 during the year ended December 31, 2025. The Company is required to pay $275,000 in 2026 and $75,000 in 2027. The note is secured by the franchise agreements of the Company.

Note 4
Related Party Transactions

The Company is a wholly-owned subsidiary of Holding Co. which holds the license and property rights and process administration rights for the franchise agreements sold by the Company. Holding Co. is able to influence the Company's operations.

Upon formation of the Company on March 12, 2021, Holding Co. transferred agreements it held with licensees into the Company at the unamortized value of those agreements.

Numerous related party transactions occur between the Company and Holding Co. Revenues collected by Holding Co. on behalf of the Company or expenditures paid by the Company on behalf of Holding Co. are recorded as receivable from Holding Co. Cash payments received by the Company on behalf of Holding Co. are applied against the receivable from Holding Co. As of December 31, 2025 and 2024, the Company has a net receivable from Holding Co. of $1,318,036 and $1,659,608, respectively.

The Company reimbursed Holding Co. for services performed by a shared employee in the amount of $0 and $45,769 as of December 31, 2025 and 2024, respectively. Holding Co. also pays the utilities and similar occupancy expenses for the benefit of the Company.

The Company has many transactions with and a large receivable balance due from Holding Co. The accompanying financial statements may not be indicative of the conditions that would have existed or the results of operations if the Company operated as an unaffiliated company.

Note 5
Subsequent Events

The Company evaluated subsequent events through May 29, 2026, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have a material impact on the financial statements.

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

1. Preface 5

1.1 Preface for Manual 5
1.2 The Manual Organization 5
1.3 The Purpose of this Manual 5
1.4 Keeping the Manual Current 6
1.5 Submitting Suggestions 6
1.6 Manual Disclaimer 6

2. Introduction 7

2.1 Mission Statement 7
2.2 Welcome Letter from the Founder 7
2.3 Corporate Biographies 8
2.4 History of Magnolia Soap & Bath Co. 8
2.5 Services Provided to Franchisee 9
2.6 Responsibilities of Franchisee 9
2.7 Franchise Support Center Visits 10

3. Pre-Opening Procedures 10

3.1 Introduction 10
3.2 Pre-Opening Checklist 11
3.3 Developing Your Route 11
3.4 Building Out Your Territory 14
3.5 Equipment & Initial Inventory 15
3.6 Insurance Credentials 16
3.7 Licenses & Permits 18
3.8 Setting Up Bank Accounts 19
3.9 Tax Obligations 20

4. Administrative Procedures 21

4.1 Introduction 21
4.2 Software System 21
4.3 Pricing Structure 21
4.4 Services 22
4.5 Products 23
4.6 Generating Reports 23
4.7 Weekly/Monthly Reports 23
4.8 Petty Cash 24
4.9 Inventory Management 24
4.10 Ordering Products 25
4.11 Approved Suppliers 26
4.12 Royalty Payment 26

5. Personnel 27

5.1 Introduction 27
5.2 Wage & Labor Laws 28
5.3 I-9 Requirements 34
5.4 Ideal Team Member Profile 35
5.5 Job Descriptions 36
5.6 Recruiting 36
5.7 Reference Checks 36
5.8 Background Checks 37
5.9 Interview Process 37
5.10 Completing Interview Process 39
5.11 Training Procedures 40
5.12 Uniform & Dress Code 41
5.13 Performance Evaluations 41
5.14 Discipline Procedures 44
5.15 Separation/Termination 45

6. Public Relations & Marketing 48

6.1 Promoting Your Location.....48
6.2 Marketing Guidelines.....50
6.3 Referral Strategies.....52
6.4 Community Involvement.....53
6.5 Advertising Approval.....53

7. Operating Procedures 54

7.1 Introduction.....54
7.2 Hours of Operation.....54
7.3 Daily Procedures.....54
7.4 Opening Procedures.....55
7.5 Mid-Day Procedures.....55
7.6 Closing Procedures.....56
7.7 Task Lists.....56
7.8 Customer Service Procedures.....56
7.9 Handling Complaints.....58
7.10 Refund Requests.....60
7.11 Cleaning & Maintenance.....61
7.12 Safety & Security.....61
7.13 Emergency Procedures.....61
7.14 Closing Message.....62

EXHIBIT E

LIST OF CURRENT FRANCHISEES AND FORMER FRANCHISEES

CURRENT FRANCHISEES
(as of December 31, 2025)

Alabama	
Candi and Matt Herbert 4504 Old Shell Road Mobile, AL 36608 mobile@magnoliasoapandbath.com	Josh and Jessica Jefcoat 160 Morrow Avenue, Suite 104 Trussville, AL 35173 trussville@magnoliasoapandbath.com
Bennett and Brian Key 995 US-43 Winfield, AL 35594 winfield@magnoliasoapandbath.com	
Arkansas	
Michelle and Brad Schaffner 4204 West Green Acres Road, Suite 120 Rogers, AR 72758 rogers@magnoliasoapandbath.com	
Connecticut	
Leslie Gladstone 2941 Main Street Glastonbury, CT 06033 glastonbury@magnoliasoapandbath.com	
Florida	
Laenen and Company LLC 4277 Legendary Drive Destin, FL 32541 destin@magnoliasoapandbath.com	Edward and Stephanie Turner 107 W 23rd Street Unit W4 Panama City, FL 32405 panamacity@magnoliasoapandbath.com
Phillip & Cynthis Everett 2701 SW College Rd., Suite C07A Ocala, FL 33474	Thomas & Jennifer 23668 US Hwy 19 N, Unit 10 Clearwater, FL 33765
Jessica & Cedric Davis 3432 Lithia Pinecrest Rd. Valrico, FL 33596	
Illinois	
Erica and Warren Cage 1413 W US-50, Suite A O'Fallon, IL 62269 ofallon@magnoliasoapandbath.com	
Indiana	
Candace & Michael Oakes 1316 N Green River Rd Evansville, IN 47715 evansville@magnoliasoapandbath.com	
Kansas	

Leeann & Randy Omstead 2350 N. Greenwich Rd., Suite 100 Wichita, KS 67226 wichita@magnoliasoapandbath.com	
Louisiana	
Byrd Soap, LLC Chris Byrd 3441 East Causeway Approach Mandeville, LA 70448 mandeville@magnoliasoapandbath.com *Temporarily closed 2022*	
Mississippi	
Courtney Adams & Brittany Purnell** 210 North Main Street Amory, MS 38821 amory@magnoliasoapandbath.com	Gabe and Lauren Null 410 East Waldron Street Corinth, MS 38834 corinth@magnoliasoapandbach.com
Jenny Bolster 3705 Hardy Street Hattiesburg, MS 39402 hattiesburg@magnoliasoapandbath.com	Gregory Girls LLC 1317 Highway 15 North, #C Laurel, MS 39440 Laurel@magnoliasoapandbath.com
Golden Girl LLC** Courtney Golden 103 South Frontage Road Meridian, MS 39301 meridian@magnoliasoapandbath.com	Dean Jones 2841 May Boulevard, Suite 1 Southaven, MS 38672 southaven@magnoliasoapandbath.com
Kerry Wygil 100A W Main Street Fulton, MS 38843 fulton@magnoliasoapandbath.com	Mary Leigh Schramko 3821 Promenade Parkway, Suite A D'lberville, MS 39540 dlberville@magnoliasoapandbath.com
Courtney Adams and Brittany Purnell 2445 Hwy 51, Suite 1 Hernando, MS 38632 hernando@magnoliasoapandbath.com	
Missouri	
April & Aidan Baker 2448 Taylor Rd. Wildwood, MO 63040 wildwood@magnoliasoapandbath.com	Marnie & Brad Ward 3144 Spring Lake Trail Jackson, MO 63755 cape@magnoliasoapandbath.com
North Carolina	
Dan & Jenny Reilly 135 Cross Center Rd Denver, NC 28037 denvernc@magnoliasoapandbath.com	
Ohio	
Lindsay Array Williams 1372 Ety Road NW Lancaster, OH 43130 lancaster@magnoliasoapandbath.com	
Oklahoma	

Scottie Lawrence 7021 South Memorial Drive, #182 Tulsa, OK 74133 tulsa@magnoliasoapandbath.com	Scottie Lawrence 1325 East 15th Street, Suite 102 Tulsa, OK 74120 tulsa@magnoliasoapandbath.com
Charris Edwards 2740 140th Street Oklahoma City, OK 73134 okc@magnoliasoapandbath.com	Scott Lawrence 201 S. Main Street Broken Arrow, OK 74012 broeknarrow@magnoliasoapandbath.com
Rhode Island	
Aaron & Yolanda Rome 1000 Division St., Unit 80 East Greenwich, RI 2818 eastgreenwich@magnoliasoapandbath.com	
Tennessee	
Maggie Smithey 112 North Main Street Collierville, TN 38017 collierville@magnoliasoapandbath.com	Dean Jones 7820 Poplar Avenue Germantown, TN 38138 germantown@magnoliasoapandbath.com
Texas	
Ashlie Lawson 5100 I-30 Fate, TX 75189 fate@magnoliasoapandbath.com	Trang Trinh 3201 Tracewood Way, Suite 111 Forth Worth, TX 76177 dallas@magnoliasoapandbath.com
Marisa Rzik 9430 Fry Road, Suite 300 Cypress, TX 77433 cypress@magnoliasoapandbath.com	Bert and Charis Echterling 193 Archway Dr., Suite 400 Waco, TX 76707 waco@magnoliasoapandbath.com
Daniel & Michelle Galfione 6318 FM 1488 Suite 110 Magnolia, TX 77354 magnolia@magnoliasoapandbath.com	Kathryn & Marcus Fleming 14660 Memorial Dr. Houston, TX 77079 memorial@magnoliasoapandbath.com
Laura Powers 12030 Culebra Rd San Antonio, TX 78253 alamoranch@magnoliasoapandbath.com	

LICENSEE

Illinois	
1 West Illinois Street, Suite 110 St. Charles, IL 60175	

Franchise Agreements signed before December 31, 2025, but outlets not yet open:

Alabama	
Bennett and Brian Key 995 US-43 Winfield, AL 35594 winfield@magnoliasoapandbath.com	Josh and Jessica Jefcoat 160 Morrow Avenue, Suite 104 Vestavia, AL 35173 trussville@magnoliasoapandbath.com
Arizona	
Natalie Miko and Jason Wick 2046 E. Avenida Del Sol Phoenix, AZ 85024	
Florida	
Jessica & Cedric Davis 11737 Newberry Grove Loop Riverview, FL 33579	
Thomas & Jennifer Davis 3325 Cobbs Circle Palm Harbor, FL 34684	
Phillip and Cindy Everett 5400 SW College Road, Suite 112 Ocala, FL 34474 everett@magnoliasoapandbath.com	
Kentucky	
Candace & Michael Oakes 3630 Frederica Owensboro, KY 42301	
North Carolina	
Dan & Jenny Reilly 300 Coutrytyme Lane Iron Station, NC 28080	Christopher & Claire Young 8645 Kings Arms Way Raleigh, NC 27615
Nocha Van Thielen and Fernando Ferreira 507 Siltstone Place Cary, NC 27519	
Texas	
Bert & Charis Echterling 200 Hillside Dr. Robinson, TX 76706	Norman and Lori Hampton 4420 Liberty Drive Prosper, TX 75078
Kristi & Joshua Morris 510 Moonlight Circle New Braunfels, TX 78132	Marisa Rzik 9430 Fry Road, Suite 300 Cypress, TX 77433
Kathryn & Marcus Fleming 14660 Memorial Dr. Houston, TX 77079	

FORMER FRANCHISEES
(as of December 31, 2025)

Alabama	
Justin & Lauren Laenen 396 Evans Road Niceville, Florida 32578 *Reacquired by Franchisor*	Patience McRee and Ricky McCollum 1923 11th Avenue S. Birmingham, AL 35205 birmingham@magnoliasoapandbath.com *Reacquired by Franchisor*
Arkansas	
Joshua and Maryanne Carter 2411 Race Street, Suite B Jonesboro, AK 72401 mcarter@magnoliasoapandbath.com *Termination/Mutual Release*	
Illinois	
Jennifer & James Rouzan 5139 S. Main St. Downers Grove, IL 60515 *Termination/Mutual Release*	
Mississippi	
Courtney & Joesph Golden 2305 West Jackson Ave., Suite 206 Oxford, MS 38655 oxford@magnoliasoapandbath.com *Ceased Operations- Other Reasons*	Patience McRee and Rick McCollum 222 Main Street Starkville, MS 39759 starkville@magnoliasoapandbath.com *Reacquired by Franchisor*
North Dakota	
Teddi and Dan Walvatne 628 2nd Avenue N. Fargo, ND 58102 fargo@magnoliasoapandbath.com *Termination/Mutual Release*	
Tennessee	
Amy Hartley 1880 North Eastman Road Kingsport, TN 37664 kingsport@magnoliasoapandbath.com *Reacquired by Franchisor*	
Texas	
Norman and Lori Hampton 8604 Preston Road, Suite 120 Plano, TX 75024 northdallas@magnoliasoapandbath.com *Termination/Mutual Release*	
Wisconsin	
Nancy Justman 18000 W Bluemound Road, Suite P	Julie Fox 320 North 3rd Street

Brookfield, WI 53045 brookfield@magnoliasoapandbath.com *Termination/Mutual Release*	Wausau, WI 54401 wausau@magnoliasoapandbath.com *Termination/Mutual Release*
Nancy Justman 1429 Carriage Dr. West Bend, WI 53095 mequon@magnoliasoapandbath.com *Termination/Mutual Release*	

EXHIBIT F

STATE ADDENDA
MAGNOLIA BATH AND SOAP CO. FRCH, LLC
ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the Franchise Agreement.

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 Section 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 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 action on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchisor will defer collection of initial franchise and development fees until Franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

MAGNOLIA SOAP & BATH CO. FRCH, LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF ILLINOIS ARE HEREBY AMENDED AS FOLLOWS:

Illinois law governs the Franchise Agreement.

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 Section 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 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 action on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchisor will defer collection of initial franchise and development fees until Franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

MAGNOLIA SOAP & BATH CO. FRCH, LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

ILLINOIS ADDENDUM TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF ILLINOIS ARE HEREBY AMENDED AS FOLLOWS:

Illinois law governs the Multi-Unit Development Agreement.

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 Section 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 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 action on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchisor will defer collection of initial franchise and development fees until Franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

MAGNOLIA SOAP & BATH CO. FRCH, LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

WISCONSIN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF WISCONSIN

IN THE STATE OF WISCONSIN CHAPTER 135 OF THE WISCONSIN FAIR DEALERSHIP LAW GOVERNS THIS AGREEMENT. YOU MAY WANT TO REVIEW THIS LAW.

For franchises and franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Franchise Disclosure Document.

Item 17:

For Wisconsin Franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with the Law.

WISCONSIN ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WISCONSIN ARE HEREBY AMENDED AS FOLLOWS:

The Franchisor and Franchisee hereby acknowledge that the Franchise Agreement shall be governed by The Wisconsin Fair Dealership Law (Wisconsin Statutes, 1979-1980, Title XIV-A, Chapter 135, Sections 135.01 through 135.07) which makes it unlawful for a franchisor to terminate, cancel or fail to renew a franchise without good cause, as well as providing other protections and rights to franchisees. To the extent anything in the Franchise Agreement is contrary to the laws in the State of Wisconsin, said laws shall prevail.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

MAGNOLIA SOAP & BATH CO. FRCH, LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

EXHIBIT G

DEVELOPMENT AGREEMENT

MAGNOLIA SOAP AND BATH CO. FRCH, LLC

MULTI-UNIT DEVELOPMENT AGREEMENT

_____

MULTI-UNIT DEVELOPER

_____

DATE OF AGREEMENT

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MAGNOLIA SOAP AND BATH CO. FRCH, LLC

TABLE OF CONTENTS

1. RECITATIONS. 3
2. GRANT OF DEVELOPMENT RIGHTS. 4
3. TERM. 4
4. DEVELOPMENT AND FRANCHISE FEES. 4
5. EXERCISE OF DEVELOPMENT RIGHTS 5
6. TRANSFER 6
7. DEFAULT AND TERMINATION. 9
8. NON-DISCLOSURE AND NON-COMPETITION COVENANTS. 10
9. INDEMNIFICATION 12
10. DISPUTE RESOLUTION. 13
11. GENERAL. 15

ATTACHMENTS:

1 - DEVELOPMENT AREA
2 - MANDATORY DEVELOPMENT SCHEDULE

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MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (this "**Agreement**") is being entered into this day of _____ (the "**Effective Date**"), by and between Magnolia Soap and Bath Co. FRCH, LLC, a Mississippi limited liability company, with its principal place of business at 706 Carter Ave., New Albany, Mississippi, 38652 (herein "**Franchisor**"), and _____ , an individual, residing at _____, and _____, an individual, residing at _____ _____ (individually and together herein "**Developer**").

RECITATIONS

Through the expenditure of considerable time, effort, and money, Franchisor has developed and established high quality retail shop selling personal care products, including soap and bath products, under the Magnolia Soap and Bath Co trademarks, and using Franchisor's confidential operations manual ("**Manual**") of business practices and policies, and Franchisor's distinctive, décor, fixtures and furnishings, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the "**System**").

The System is identified by certain trade names, service marks**,** trademarks, logos, emblems and indicia of origin, including but not limited to the Magnolia Soap and Bath Co service mark, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the "**Marks**").

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality, appearance, and service.

Pursuant to franchise agreements, Franchisor licenses to others the right to operate Magnolia Soap and Bath Co outlets, using the Marks and System, in strict conformity therewith, which may be changed, improved and further developed by Franchisor from time to time (each a "**Franchise Agreement**").

Developer understands and acknowledges the importance of Franchisor's high and uniform standards of quality, service, and appearance, and the necessity of operating franchised businesses of the System in conformity with Franchisor's standards and specifications.

Developer desires to obtain the right to further develop and expand the System in accordance with the development schedule described on Attachment 2 of this Agreement (the "**Mandatory Development Schedule**") within the development area described on Attachment 1 (the "**Development Area**"), under the System and Marks, on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the parties, in consideration of the promises, undertakings, and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS.

The Recitations set out above form part of this Agreement.

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2. GRANT OF DEVELOPMENT RIGHTS.

2.1 Grant. Franchisor hereby grants to Developer, and Developer hereby accepts from Franchisor, on the terms and conditions set forth in this Agreement, which includes, but is not limited to, the execution of a Franchise Agreement pursuant to Section 4 hereof, the right to develop, construct, open, and operate one (1) Magnolia Soap and Bath Co outlet within the Development Area set forth in Attachment 1. Developer shall be granted rights to establish additional Magnolia Soap and Bath Co outlets in the Development Area, up to the total number of outlets set forth in the Mandatory Development Schedule on Attachment 2 hereof, subject to Developer's full compliance with all conditions precedent to the grant of such rights outlined below, which rights shall be exercised in accordance with Sections 5.1 and 5.4 hereof.

2.2 Reservation of Rights. Notwithstanding the provisions of Section 2.1 above, Developer understands and agrees Franchisor fully reserves all other rights, other than as specified in this Agreement, for sales, solicitation and distribution of Magnolia Soap and Bath Co products and services outside of the Development Area. This reservation of Franchisor's rights includes, but is not limited to, Franchisor's right to offer (i) other products or services not offered under the Marks, (ii) other personal care product concepts under other trademarks, and (iii) products or services through any channel in the Development Area under other trademarks and through other channels of distribution such as through retail outlets, including but not limited to, salons, spas, and department stores; and the internet ("**Alternative Distribution Channels**").

2.3 No License to System and Marks. Developer expressly acknowledges that this Agreement is not a Franchise Agreement and does not grant to Developer any right or license to operate a Magnolia Soap and Bath Co outlet, distribute any product or service, or use the Marks. This Agreement sets forth conditions which, if fully satisfied, confer upon Developer the rights to enter a Franchise Agreement with Franchisor to establish one (1) or more Magnolia Soap and Bath Co outlets in the Development Area only. Developer's rights to open and operate a Magnolia Soap and Bath Co outlet and use the System and Marks shall be derived only through the execution of a Franchise Agreement for each Magnolia Soap and Bath Co outlet to be established in the Development Area.

3. TERM.

Unless sooner terminated in accordance with this Agreement, the term of this Agreement and all rights granted by Franchisor under this Agreement shall expire on the date on which Developer successfully and in a timely manner has complied with all of Developer's obligations hereunder and has completed the development obligations in accordance with the Mandatory Development Schedule.

4. DEVELOPMENT AND FRANCHISE FEES.

In consideration of the rights granted under this Agreement, Developer shall pay Franchisor a development fee in accordance with the following table (the "**Development Fee**"):

Number of Outlets	Development Fee
2	$110,000
3	$150,000
4	$180,000
5	$225,000
6	$240,000
More than 6	$40,000 multiplied by the number of outlets you commit to develop

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The Development Fee is fully earned at the time this Multi-Unit Development Agreement is signed and is not refundable under any circumstances. Developer shall pay the full amount of the Development Fee to Franchisor upon Developer's execution of this Agreement.

Contemporaneous with the execution of this Agreement, Developer shall execute the initial Franchise Agreement for the first Magnolia Soap and Bath Co outlet to be established pursuant to the Mandatory Development Schedule. Upon the execution of the second and each additional Franchise Agreement pursuant to the Mandatory Development Schedule, no initial franchise fees shall be due and payable. Upon Franchisor's approval, Developer may enter into the initial Franchise Agreement or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation or partnership, for the sole purpose of entering into a Franchise Agreement and operating the Magnolia Soap and Bath Co outlet pursuant thereto, provided that Developer shall also personally sign such Franchise Agreement as a principal.

5. EXERCISE OF DEVELOPMENT RIGHTS.

5.1 Valid Exercise. Developer shall exercise the development rights granted hereunder only by entering into a separate Franchise Agreement with Franchisor for each Magnolia Soap and Bath Co outlet for which a development right is granted. Developer shall execute and deliver to Franchisor, concurrently with the execution and delivery of this Agreement, Franchisor's current form of Franchise Agreement for the first Magnolia Soap and Bath Co outlet to be established by Developer pursuant to the Mandatory Development Schedule. For each subsequent Magnolia Soap and Bath Co outlet to be established hereunder, Developer shall execute and deliver to Franchisor Franchisor's then-current form of Franchise Agreement, which shall be presented to Developer together with Franchisor's then-current Franchise Disclosure Document. The then-current form of Franchise Agreement may differ from the current form of Franchise Agreement. Further, Developer acknowledges and agrees that Developer shall not receive any initial training related to each additional Magnolia Soap and Bath Co outlet. Developer hereby waives all obligations by Franchisor to provide any training to Developer contained in each Franchise Agreement, other than the initial Franchise Agreement executed concurrently herewith, by and between Franchisor and Developer. Developer hereby acknowledges and agrees that the training Developer receives pursuant to the initial Franchise Agreement executed concurrently with this Agreement is sufficient to allow Developer to construct, equip, open, and operate each of Developer's Magnolia Soap and Bath Co outlets in the Development Area.

5.2 Mandatory Development Schedule. Subsequent to Developer's signing of this Agreement and the initial Franchise Agreement, and provided that all conditions in Section 5.4 hereof are satisfied or waived, upon the execution of a lease for Developer's first Magnolia Soap and Bath Co outlet, Developer shall execute an additional Franchise Agreement for the development of the second Magnolia Soap and Bath Co outlet to be opened under the Mandatory Development Schedule and pay the balance of the initial franchise fee for such second outlet. Provided that all conditions in Section 5.4 hereof are satisfied or waived, upon the execution of a lease for each subsequent Magnolia Soap and Bath Co outlet to be developed by Developer, Developer shall execute an additional Franchise Agreement for the development of the next Magnolia Soap and Bath Co outlet to be opened under the Mandatory Development Schedule and pay the balance of the initial franchise fee for each subsequent outlet. Notwithstanding the foregoing, Developer shall open the Magnolia Soap and Bath Co outlets in accordance with the Mandatory Development Schedule attached hereto as Attachment 2.

Developer acknowledges and agrees that the terms of the Mandatory Development Schedule are reasonable and viable based upon Developer's independent investigation and analysis. Failure by Developer

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to adhere to the Mandatory Development Schedule (including any extensions thereof approved by Franchisor in writing pursuant to Section 5.3 below) shall constitute a material event of default under this Agreement.

5.3 Extension of Mandatory Development Schedule. If Developer is unable to meet the Mandatory Development Schedule for any outlet, Developer may seek a reasonable extension from Franchisor. Any request for an extension must be in writing and submitted to Franchisor at least sixty (60) days prior to the Mandatory Open Date for such outlet. Franchisor shall not unreasonably withhold consent for such reasonable extension provided that Developer has (i) submitted its extension request in a timely manner; (ii) demonstrated diligent efforts to meet the original Mandatory Open Date; and (iii) has at all times acted in good faith and is otherwise fulfilling its obligations under this Agreement.

5.4 Conditions to Exercise Developer's Rights. All of the following conditions must be satisfied or waived, in Franchisor's sole discretion, before Franchisor grants Developer the right to develop an additional Magnolia Soap and Bath Co outlet in accordance with Section 4 hereof and pursuant to a Franchise Agreement:

5.4.1 Developer shall (i) request Franchisor's then-current Franchise Disclosure Document, (ii) submit to Franchisor all information and other documents requested by Franchisor prior to and as a basis for the issuance of Franchise Agreements in the System, (iii) submit to Franchisor all financial statements reasonably requested by Franchisor, and (iv) satisfy Franchisor's then-current financial criteria.

5.4.2 Developer shall be in full compliance with this Agreement, the Mandatory Development Schedule, and all Franchise Agreements with Franchisor and any other agreement with Franchisor or Franchisor's affiliates;

5.4.3 Developer has demonstrated the management skills necessary for competent operation, organization, customer service, and record keeping of an additional Magnolia Soap and Bath Co outlet as determined by Franchisor, in Franchisor's sole discretion.

5.5 Termination for Failure of Condition. Notwithstanding anything to the contrary contained herein, in the event that Franchisor determines, in Franchisor's sole and absolute discretion, that any condition set forth in Section 5.4 hereof cannot be satisfied, Franchisor may terminate this Agreement upon written notice to Developer. Termination of this Agreement in accordance with this Section 5.5 shall have no effect on the validity of any other agreement between Franchisor and Developer, provided that Developer is in full compliance therewith.

6. TRANSFER.

6.1 Transfers by Franchisor.

6.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Developer's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Developer expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments,

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and dispositions, Developer expressly and specifically waives any claims, demands, or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business subject to development hereunder or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

6.1.2 Developer agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise, or license those businesses and/or facilities operating under any other marks following Franchisor's purchase, merger, acquisition, or affiliation, regardless of the location of the facilities (which Developer acknowledges may be within the Development Area, proximate thereto, or proximate to any of Developer's locations). Franchisor will not convert any acquired business in Developer's Development Area to an outlet operating under the Marks during the term of this Agreement.

6.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor or any of its affiliates to remain in any line of business or to offer or sell any products or services to Developer.

6.2 Restrictions on Transfers by Developer. Developer's rights and duties under this Agreement are personal to Developer, and Franchisor has made this Agreement with Developer in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Developer. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

6.3 Transfers by Developer. Developer shall not directly or indirectly sell, assign, transfer, give, devise, convey, or encumber this Agreement or any right granted or interest herein or hereunder (a "Transfer") or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless Developer first obtains the written consent of Franchisor, which Franchisor may or may not grant in Franchisor's sole discretion, and subject to the following:

6.3.1 The proposed transferee must be an individual of good moral character and otherwise meet Franchisor's then-applicable standards for multi-unit franchisees.

6.3.2 The transferee must have sufficient business experience, aptitude, and financial resources to operate multiple Magnolia Soap and Bath Co outlets and to comply with this Agreement;

6.3.3 The transferee has agreed to complete Franchisor's initial training program to Franchisor's satisfaction;

6.3.4 Developer has paid all amounts owed to (i) Franchisor pursuant to this Agreement and all Franchise Agreements and other agreements between Franchisor and/or Franchisor's affiliates and Developer and (ii) third-party creditors;

6.3.5 The transferee has executed Franchisor's then-standard form of Multi-Unit Development Agreement, which may have terms and conditions different from this Agreement, for a term no less than the unexpired term of future development obligations due pursuant to the Mandatory Development Schedule of this Agreement;

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6.3.6 Developer and the transferee shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances. Developer agrees to subordinate any claims Developer may have against the transferee to Franchisor and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

6.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the transferee's development obligations. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Developer's development rights on such terms and conditions. Developer shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer; and

6.3.8 If Developer, through Developer or any entity, finances any part of the sale price of the Transfer, Developer agrees that all obligations of the transferee under any notes, agreements, or security interests to Developer or Developer's entity will be subordinate to the transferee's obligations to Franchisor.

6.4 Transfer Fee. As a condition to any Transfer, Developer shall pay Franchisor a transfer fee of Ten Thousand Dollars ($10,000.00).

6.5 Franchisor 's Right of First Refusal.

6.5.1 If Developer wishes to transfer all or part of his or her interest in this Agreement pursuant to any bona fide offer received from a third party to purchase such interest, then Developer shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

6.5.2 Franchisor has the right, exercisable by written notice to Developer within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement for the price and on the terms and conditions contained in the offer.

6.5.3 Developer further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the third-party offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from Developer all customary representations and warranties given by a seller of franchise development rights.

6.5.4 If Franchisor does not exercise its right to buy within thirty (30) days, Developer may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor 's prior written approval pursuant to Section 6.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days

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after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

6.6 Death or Permanent Disability. The grant of rights under this Agreement is personal to Developer, and on the death or permanent disability of Developer, the executor, administrator, conservator, or other personal representative of Developer shall be required to transfer Developer's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and all that is granted by this Agreement will terminate. A transfer under this Section 6.6, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 6 and unless transferred by gift, devise, or inheritance, subject to the terms of Section 6.5 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Developer's Magnolia Soap and Bath Co outlet(s) and remaining development schedule during the six (6)-month period from its onset.

7. DEFAULT AND TERMINATION.

7.1 Default and Automatic Termination. Developer shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if Developer shall become insolvent or makes a general assignment for the benefit of creditors; or if Developer files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing his or her inability to pay debts when due; or if Developer is adjudicated a bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if execution is levied against Developer's business or property; or if suit to foreclose any lien or mortgage against any of Developer's Magnolia Soap and Bath Co outlet premises or equipment is instituted against Developer and not dismissed within thirty (30) days.

7.2 Defaults With No Opportunity to Cure. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon notice to Developer, if Developer:

7.2.1 has misrepresented or omitted material facts in applying for the development rights granted hereunder;

7.2.2 falsifies any report required to be furnished Franchisor hereunder;

7.2.3 fails to comply with any federal, state, or local law, rule or regulation, applicable to the development and operations of Developer's Magnolia Soap and Bath Co outlets, including, but not limited to, the failure to pay taxes;

7.2.4 fails to develop the Magnolia Soap and Bath Co outlets in accordance with the Mandatory Development Schedule.

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7.2.5 attempts a Transfer in violation of the provisions of Article 6 of this Agreement;

7.2.6 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything that may harm the reputation of the System or the goodwill associated with the Marks;

7.2.7 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

7.2.8 fails to comply with the non-disclosure and non-competition covenants in Article 8 hereof;

7.2.9 defaults, or an affiliate of Developer defaults, under any other agreement, including any Franchise Agreement, with Franchisor or any of its affiliates or suppliers and does not cure such default within the time period provided in such other agreement; or

7.2.10 terminates this Agreement without cause.

7.3 Curable Defaults. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Developer fails to cure the default within the time period set forth in this Section 7.3, effective immediately upon notice to Developer, if Developer:

7.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)–month period, and the third such late payment in any twelve (12)–month period shall be a non-curable default under Section 7.2;

7.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 7.1 and 7.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Developer proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)–month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 7.2.

7.4 Post-Termination Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Developer shall immediately terminate and Developer shall (i) immediately cease all development operations pursuant to this Agreement; and (ii) comply with the non-disclosure and non-competition covenants contained in Article 8.

8. NON-DISCLOSURE AND NON-COMPETITION COVENANTS.

8.1 Confidential Information. Developer acknowledges and accepts that during the term of this Agreement, Developer will have access to Franchisor's trade secrets, including, but not limited to,

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product recipes, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret, or other proprietary rights (collectively referred to herein as the "**Confidential Information**"). Developer shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for Developer's own benefit, any Confidential Information that may be communicated to Developer or of which Developer may be apprised in connection with the development of Magnolia Soap and Bath Co outlets under the terms of this Agreement. Developer shall not at any time copy, duplicate, record, or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person, without Franchisor's prior written consent. The covenant in this Section 8.1 shall survive the expiration, termination, or transfer of this Agreement or any interest herein and shall be perpetually binding upon Developer.

8.2 Protection of Information. Developer shall take all steps necessary, at Developer's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Developer finds that any Confidential Information has been divulged in violation of this Agreement.

8.3 Non-Competition Covenants. Developer acknowledges that, pursuant to this Agreement and the Franchise Agreement, Developer will receive valuable training, trade secrets, and Confidential Information of the System that are beyond the present knowledge, training, and experience of Developer. Developer acknowledges that such specialized training, trade secrets, and Confidential Information provide a competitive advantage and will be valuable to him or her in the development and operation of Magnolia Soap and Bath Co outlets, and that gaining access to such specialized training, trade secrets, and Confidential Information is, therefore, a primary reason why Developer is entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information, and rights, Developer covenants that, except as otherwise approved in writing by Franchisor:

8.3.1 During the term of this Agreement, Developer shall not, either directly or indirectly, for himself or herself or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Developer's Magnolia Soap and Bath Co outlets or of other developers or franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant, or agent or serve in any other capacity in any soap and bath products business similar to the System; (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System, or (iv) in any manner interfere with, disturb, disrupt, decrease, or otherwise jeopardize the business of the Franchisor or any Magnolia Soap and Bath Co developers or franchisees or Franchisor-affiliated outlets.

8.3.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Developer shall not, either directly or indirectly, for himself or herself or through, on behalf of, or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of Developer's Magnolia Soap and Bath Co outlets or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent, or serve in any Competitive Business within ten (10) miles of the Development Area or any Magnolia Soap and Bath Co location; (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the

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Marks and the System, or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Magnolia Soap and Bath Co developers or franchisees.

8.4 Reasonableness of Restrictions. Developer acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Developer since Developer has other considerable skills, experience, and education which afford Developer the opportunity to derive income from other endeavors.

8.5 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 8 or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to forthwith comply with any covenant as so modified.

8.6 Injunctive Relief. Developer acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Developer hereby consents to the entry of an injunction prohibiting any conduct by Developer in violation of the terms of the covenants not to compete set forth in this Agreement.

8.7 No Defense. Developer expressly agrees that the existence of any claims he or she may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

9. INDEMNIFICATION.

TO THE FULLEST EXTENT PERMITTED BY LAW, DEVELOPER AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS MAGNOLIA SOAP AND BATH CO. FRCH, LLC, AND ANY OF ITS PARENT COMPANIES, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS, AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES, AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "MAGNOLIA SOAP AND BATH CO INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE DEVELOPMENT, OPERATION, CONDITION, OR ANY PART OF ANY OF DEVELOPER'S MAGNOLIA SOAP AND BATH CO OUTLETS TO BE DEVELOPED HEREUNDER, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO ANY OF SUCH MAGNOLIA SOAP AND BATH CO OUTLETS, WHETHER CAUSED BY DEVELOPER'S AGENTS OR EMPLOYEES, OR ARISING FROM DEVELOPER'S ADVERTISING OR BUSINESS PRACTICES. DEVELOPER AGREES TO PAY FOR ALL THE MAGNOLIA SOAP AND BATH CO INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES), OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY DEVELOPER HEREUNDER. THE MAGNOLIA SOAP AND BATH CO INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE MAGNOLIA SOAP AND BATH CO INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. DEVELOPER AGREES THAT

TO HOLD THE MAGNOLIA SOAP AND BATH CO INDEMNITEES HARMLESS, DEVELOPER WILL REIMBURSE THE MAGNOLIA SOAP AND BATH CO INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE MAGNOLIA SOAP AND BATH CO INDEMNITEES.

_____
Initial

10. DISPUTE RESOLUTION.

10.1 Internal Dispute Resolution. Developer shall first bring any claim, controversy, or dispute arising out of or relating to this Agreement, the Attachments hereto, or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 11.7 below, Developer must exhaust this internal dispute resolution procedure before Developer may bring Developer's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

10.2 Mediation. At Franchisor's option, any claim, controversy, or dispute that is not resolved pursuant to Section 10.1 hereof shall be submitted to non-binding mediation. Developer shall provide Franchisor with written notice of Developer's intent to pursue any unresolved claim, controversy, or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Developer's notice to exercise Franchisor's option to submit such claim, controversy, or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

10.3 Arbitration.

10.3.1 Except disputes not subject to alternative dispute resolution as set forth in Section 10.4, any dispute between Franchisor and Developer arising out of or relating to this Agreement, the Attachments hereto, or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal, or otherwise voidable or void, which has not been resolved in accordance with Sections 10.1 or 10.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

10.3.2 All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 10 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq*.) and the federal common law of arbitration. All hearings and other proceedings will take place in the State of Mississippi, or the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Developer is then located.

10.3.3 This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final, and not subject to appeal. No punitive or exemplary damages will be awarded against

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Franchisor, Developer, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

10.3.4 The provisions of this Section 10.3 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

10.3.5 In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify, or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request, or demand for arbitration shall stay, postpone, or rescind the effectiveness of any termination of this Agreement.

10.3.6 Except as expressly required by law, Franchisor and Developer shall keep all aspects of any mediation and/or arbitration proceeding in confidence and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

10.4 Exceptions. Notwithstanding the requirements of Sections 10.2 or 10.3, the following claims shall not be subject to mediation or arbitration:

10.4.1 Franchisor's claims for injunctive or other extraordinary relief;

10.4.2 claims by Franchisor to collect or recover any outstanding amounts due by Developer pursuant to this Agreement;

10.4.3 disputes and controversies arising from the Sherman Act, the Clayton Act, or any other federal or state antitrust law;

10.4.4 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks; and

10.4.5 enforcement of Developer's post-termination obligations, including but not limited to, Developer's non-competition covenants.

10.5 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in the State of Mississippi. Any claims, controversies, disputes, or actions arising out of this Agreement shall be governed, enforced, and interpreted pursuant to the laws of the State of Mississippi. Developer, except where specifically prohibited by law, hereby irrevocably submits him/herself to the sole and exclusive jurisdiction of the state and federal courts in Mississippi. Developer hereby waives all questions of personal jurisdiction for the purpose of carrying out this provision.

10.6 Mutual Benefit. Developer and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 10.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Developer and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

10.7 Waiver of Jury Trial and Certain Damages. Developer hereby waives, to the fullest extent permitted by law, any right to or claim for (i) a trial by jury in any action, proceeding, or counterclaim brought by or against Franchisor, and (ii) any punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Developer agrees that in the event of a dispute, Developer shall be limited to the recovery of any actual damages sustained.

10.8 Limitations of Claims. Any and all claims asserted by Developer arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Developer knew or should have known of the facts giving rise to such claims.

10.9 Attorneys' Fees. In the event of any action in law or equity by and between Franchisor and Developer concerning the operation, enforcement, construction, or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.

10.10 Survival. The provisions of this Article 10 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Developer of his/her respective interests in this Agreement.

11. GENERAL.

11.1 Independent Licensee. Developer is and shall be an independent licensee under this Agreement, and no partnership shall exist between Developer and Franchisor. This Agreement does not constitute Developer as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Developer is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Developer agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other developers or franchisees of Franchisor. Pursuant to the above, Developer agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of the relationship hereby established which specifically, but not exclusively, includes costs, losses, expenses, attorneys fees relative to assignment or the transfer of right to develop and transactional costs relative thereto, defaults under any leases, subleases, notes, receipt of revenues or any other relationships arising directly or indirectly out of the development and operation of the Magnolia Soap and Bath Co outlets.

11.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Developer and his or her respective heirs, executors, administrators, and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Developer in this Agreement, except in accordance with Article 6 hereof.

11.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

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11.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Developer, except the representations made to Developer in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

11.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements, and obligations assumed herein by Developer shall be deemed to be joint and several covenants, agreements, and obligations of each of the persons named as Developer, if more than one person is so named.

11.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

11.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as first above written, or at such other address or addresses as the parties may from time to time designate in writing.

11.8 Effect of Waivers. No waiver, delay, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising from any default or breach by Developer shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind.

11.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure, or default or threatened breach, failure, or default of any term, provision, or condition of this Agreement or any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination, or exercise of Franchisor's rights pursuant to Article 7 shall not discharge or release Developer from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination, or the exercise of such rights under this Agreement.

11.10 Consent to Do Business Electronically. The parties to this Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Mississippi, the parties hereby affirm to each other that they agree with the terms of this Agreement, and by attaching their signature electronically to this Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to this Agreement can rely on an electronic signature as the respective party's signature.

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11.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

11.10 Survival. Any obligation of Developer that contemplates performance of such obligation after termination, expiration, or transfer of this Agreement shall be deemed to survive such termination, expiration, or transfer.

The parties hereto have executed this Multi-Unit Development Agreement on the day and year first above written.

DEVELOPER:	FRANCHISOR: MAGNOLIA SOAP AND BATH CO. FRCH, LLC
_____	
Name:_____	By:_____ Name: Magen Bynum Title: Founder & Owner
_____	
Name:_____	

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ATTACHMENT 1

DEVELOPMENT AREA

Insert Map and/or ZIP Codes:

APPROVED:

DEVELOPER:	FRANCHISOR: MAGNOLIA SOAP AND BATH CO. FRCH, LLC
_____	
Name:_____	By:_____ Name: Magen Bynum Title: Founder & Owner
_____	
Name:_____	

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ATTACHMENT 2

MANDATORY DEVELOPMENT SCHEDULE

Outlet for Development	Mandatory Open Date
1	___ months following the Effective Date
2	___ months following the Effective Date
3	___ months following the Effective Date

APPROVED:

DEVELOPER:

_____

Name:_____

_____

Name:_____

FRANCHISOR:
MAGNOLIA SOAP AND BATH CO. FRCH, LLC

By:_____

Name: Magen Bynum

Title: Founder & Owner

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EXHIBIT H

FRANCHISEE ACKNOWLEDGMENT STATEMENT

DO NOT COMPLETE OR SIGN THIS QUESTIONNAIRE IF YOU RESIDE, OR INTEND TO OPERATE THE FRANCHISED BUSINESS, IN ONE OR MORE OF THE FOLLOWING STATES:

CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement (or Development Agreement). Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

1. Franchisee (or Developer) has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee (or Developer) further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee (or Developer) by Franchisor and Franchisee (or Developer) and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee (or Developer) may experience as a franchisee (or developer) under this Agreement.

_____
Initial

2. Franchisee (or Developer) has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee (or Developer) and its efforts as an independent business operation.

_____
Initial

3. Franchisee (or Developer) agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement (or Multi-Unit Development Agreement) and that it/she/he understands all the terms and conditions of the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) further acknowledges that the Franchise Agreement (or Multi-Unit Development Agreement) contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee (or Developer) has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement (or Multi-Unit Development Agreement) that are contrary to the terms of the Franchise Agreement (or Multi-Unit Development Agreement) or the documents incorporated herein. Franchisee (or Developer) acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement (or Multi-Unit Development Agreement).

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee (or Developer) acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement (or Multi-Unit Development Agreement).

_____
Initial

6. Franchisee (or Developer) acknowledges that Franchisor's approval or acceptance of Franchisee's (or Developer's) Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee (or Developer) acknowledges that it has received the Magnolia Soap and Bath Co. FRCH, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement (and Multi-Unit Development Agreement) and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement (or Multi-Unit Development Agreement) was executed. Franchisee (or Developer) further acknowledges that Franchisee (or Developer) has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee (or Developer) acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee (or Developer) with respect to

the Franchise Agreement (or Multi-Unit Development Agreement) or the relationship thereby created.

_____
Initial

9. Franchisee (or Developer), together with Franchisee's (or Developer's) advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement (or Multi-Unit Development Agreement).

_____
Initial

10. Franchisee (or Developer) is aware of the fact that other present or future franchisees (or developers) of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's (or Developer's) Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), FRANCHISEE (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE MAGNOLIA SOAP AND BATH CO. FRCH, LLC, MAGNOLIA SOAP & BATH HOLDING CO., LLC, MAGNOLIA SOAP AND BATH PRODUCT CO LLC, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR

UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE (OR DEVELOPER).

_____
Initial

FRANCHISEE:

_____

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

PRINCIPALS:

_____
Name:_____
Date:_____

_____
Name:_____
Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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	Not Registered
Hawaii	Not Registered
Illinois	Pending
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	May 31, 2026

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.

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Magnolia Soap and Bath Co. FRCH, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Magnolia Soap and Bath Co. FRCH, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Magen Bynum 706 Carter Ave. New Albany, Mississippi 38652 662-209-7627	Kade Mackey 706 Carter Ave. New Albany, Mississippi 38652 662-209-7627

Issuance Date: May 31, 2026

I received a Disclosure Document dated May 31, 2026, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Franchise Agreement with Attachments
EXHIBIT C: Financial Statements
EXHIBIT D: Operations Manual Table of Contents
EXHIBIT E: List of Current Franchisees and Former Franchisees
EXHIBIT F: State Addenda
EXHIBIT G: Development Agreement with Attachments
EXHIBIT H: Acknowledgment Statement

Date Received:_____ Date:_____
(If other than date signed)

_____
(Signature of recipient)

Print Name:_____

Print Address:_____
_____

KEEP FOR YOUR RECORDS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Magnolia Soap and Bath Co. FRCH, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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EXHIBIT G: Multi-Unit Development Agreement with Attachments
EXHIBIT H: Acknowledgment Statement

Date Received:_____ Date:_____
(If other than date signed)

_____
(Signature of recipient)

Print Name:_____

_____
Print Address

Please return signed receipt to Magnolia Soap and Bath Co. FRCH, LLC
706 Carter Ave.
New Albany, Mississippi 38652