

XTENSION ENVY

THE HAIR EXTENSION SALON

FRANCHISE DISCLOSURE DOCUMENT

Xtension Envy Franchise Group, LLC
—an Arizona Limited Liability Company
14850 N. 87th St., Ste. 130
Scottsdale, AZ 85260
Phone: (612) 418-9900

E-mail: franchise@xtensionenvy.com
http://franchise.xtensionenvy.com

XTENSION ENVY

THE HAIR EXTENSION SALON

~~You will~~ **E-mail: franchise@xtensionenvy.com**
http://franchise.xtensionenvy.com

~~The franchise offered is for the right to own and operate a high quality, hair extension salon Xtension Envy Salon which will perform hair extension sales, installations, and ongoing maintenance to include coloring, washing, blow outs, straightening and cuts under the trademark “Xtension Envy”.~~

~~The total investment necessary to begin operation of a Xtension Envy franchise ranges from \$322,750 - \$583,750. This includes \$115,250 - \$130,250 that including \$104,500 to \$114,000 which must be paid to the 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 this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this document.~~

~~You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Peter Taunton at 14850 N. 87th St., Ste. 130, Scottsdale, AZ 85260; phone number (612) 418-9900.~~

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

~~Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information comparing franchisors is available. Call your state agency or your public library for sources of information. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise”, which can help you understand how to use this disclosure document, is available from the Federal Trade Commission, FTC. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 New Jersey Pennsylvania Avenue, NW, Washington, DC, 20580. You can also~~

visit the FTC's ~~home page~~ homepage at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

~~There~~In addition, ~~there~~ may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: ~~April 29, 2025~~**July 8, 2024**

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 <u>20</u> or Exhibit <u>E</u> .
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?	<u>Item 21</u> or Exhibit <u>C</u> 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 Xtension Envy 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 Xtension Envy	<u>Item 20</u> or Exhibit <u>E</u> lists current and former franchisees. You can contact them to ask about their experiences.

franchisee?_	
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. D.

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 us by mediation, arbitration and litigation only in Arizona. Out-of-state mediation, arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate ~~arbitrate~~ with us in Arizona than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for your ~~all~~ financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. ~~franchise.~~ This guarantee will place both your and your spouse's ~~spouse's marital and personal~~ marital assets, perhaps including your house, at risk if your franchise fails.

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.

NOTICE REQUIRED BY 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.~~

~~Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:~~

- ~~(a) A prohibition on the right of a franchisee to join an association of franchisees.~~
- ~~(b) A requirement that the 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 terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure 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 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 or 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) The 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 (e).~~

~~(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 there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.~~

~~Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.~~

~~**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**~~

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Xtension Envy Franchise Group, LLC
Franchise Disclosure Document

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~~APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT E.~~

ITEM 1: THE FRANCHISOR, AND ANY PARENT/PARENT, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, the terms “Franchisor”, or ~~Franchise Disclosure Document~~, “~~Xtension Envy~~,” “we” or, “us,” and “our” means Xtension Envy Franchise Group, LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the franchisor. “You,” “your,” and “Franchisee”. We refer to the purchaser(s) of a Xtension Envy franchise as “you” or “” means the person, and its owners if the 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 a-business, certain provisions of our ~~entity~~, who buys the franchise from us.

The Franchisor

~~Xtension Envy Franchise Agreement will also apply to that spouse.~~

~~We were formed as a limited liability company in the State of Group, LLC, is an Arizona Limited Liability Company formed on April 9, 2021. We operate under the name Xtension Envy and no other name. Our principal business address is 14850 N. 87th Street, Suite 130, Scottsdale, AZ 85260. We do business using our trade name, “Xtension Envy” and its associated design (the “Marks”). We offer franchises which operate under the “(“Xtension Envy” Marks only. Franchise(s)” or “Franchise(s)” for Xtension Envy Salons and have done so since April 9, 2021. We do not own or operate conduct business under any businesses of the type you will be operating. We have not offered franchises other name or in any other line of business and we do not offer franchises in any other line of business. We began offering franchises in 2021. We have no other business activities.~~

~~Our agent for service of process in Arizona is Mark Chester, Chester Law, PLLC with an address of 8360 E. Raintree Drive Suite 140, Scottsdale, Arizona 85260, with a phone number of (480) 922-3939 and the state agency addresses shown on Exhibit A.~~

Our Parents, Predecessors and Affiliates

~~OurThe franchisor does not operate any Xtension Envy Salons or similar type of business.~~

~~We have a parent company is, XE Holdings, LLC, an Arizona limited liability company which formed on February 23, 2021, with a principal business address of 14850 N. 87th Street, SuiteSt., Ste. 130, Scottsdale, AZ 85260. XE Holdings, LLC operates our single company owned Xtension Envy unit and does not offer franchises in any line of business.~~

~~We have no predecessor.~~

~~We have an affiliate company, USAMAO, LLC, which was formed on May 6, 2014, with a principal business address of 8360 E Raintree Dr., Ste. 140, Scottsdale, AZ 85260. USAMAO, LLC does not operate any Xtension Envy unis or similar type of business and does not offer franchises in any line of business. USAMAO, LLC owns the Xtension Envy trademark.~~

~~We have a second affiliated company BSM Franchise Sales and Consulting, LLC which was formed as a limited liability company in the state of Florida on April 29, 2021. BSM Franchising has a notice address of 2020 N. Bayshore Drive, Unit 4104, Miami, Florida. BSM Franchising does not offer franchises in any line of business.-~~

~~We do not have any predecessors.~~

~~Our agent for service of process in Arizona is Mark Chester, Chester Law, PLLC with an address of 8360 E. Raintree Drive Suite 140, Scottsdale, Arizona 85260, with a phone number of (480) 922 3939. Our agents for service of process for other states are identified by state in Exhibit D. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.~~

Xtension Envy 2025 FDD 2024-C

The Franchise Offered:

We grant franchises for the right to own and operate a Xtension Envy salon, a high quality, hair extension salon which will perform Salons offer hair extension sales, installations, and ongoing maintenance to include including coloring, washing, blow outs, straightening and cuts. You will offer services and products to individuals under the “our system (“System”) and uses Xtension Envy” Envy’s trademarks, service marks, trade names and logos (the “Marks in a designated territory and”). The System may be changed or modified by us throughout your ownership of the Franchise. Required locations for Xtension Envy Salons typically measure from a single premises that is approximately 1,200 to 2,000 square feet (the “Franchised Business”). The distinguishing characteristics of a-

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit A (“Franchise Agreement”). You may operate one Xtension Envy Franchised Business include the Xtension Envy distinctive operating procedures and standards, trade dress, instructional methods, inventory, procedures for management, training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the “System”). Salon for each Franchise Agreement you sign.

Market and Competition:

The primary market for the products and services offered by Xtension Envy Salons is the general public. The products and services offered by Xtension Envy are not seasonal, although you may experience peak months and fluctuations in revenue. The hair extension market, as a whole, is somewhat developed but growing. You will also face normal business risks that could have an adverse effect on your Xtension Envy franchise.

Industry -Specific Regulations:Laws

Many states and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of your Xtension Envy Salon. In all cases, you must also comply with laws that apply generally to all businesses. You should investigate these laws and consult with a legal advisor about whether these and/or other requirements apply to your Franchise.

Also, you must comply with all laws, rules and regulations governing the operation of the Xtension Envy Salon and obtain all permits and licenses necessary to operate the Xtension Envy Salon. Many states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Xtension Envy Salon, including those that: (a) require a permit, certificate or other license; (b) establish general standards, specifications and requirements for the construction, design and maintenance of your business site and premises; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking and exposure to tobacco smoke or other carcinogens, availability of and requirements for public accommodations, including restroom facilities and public access; (d) set standards pertaining to employee health and safety; (e) set standards and requirements for fire safety and general emergency preparedness; and (f) regulate the proper use, storage and disposal of waste or other hazardous materials.

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.

You must obtain all necessary permits, licenses, and approvals to operate your Xtension Envy Salon. There may be other regulations that establish certain standards, specifications, and requirements that must be followed by you. You alone are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your Xtension Envy franchise, despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your Xtension Envy Salon. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2: BUSINESS EXPERIENCE

Founder and CEO – Scott Lewandowski

~~SCOTT LEWANDOWSKI – FOUNDER AND CEO~~

Scott has been with Xtension Envy Franchise Group since its founding. Mr. Lewandowski opened and operated four The Joint chiropractic clinics in the Phoenix metro area from January 2013 to March 2017. He also served as the CEO of allfinancialhub.com from August 2014 to August 2016 and as a Management Consultant at MGA Home Healthcare from October 2014 to December 2019. In November 2017 he launched the first Xtension Envy salon with his wife, Christine Lewandowski.

Chief Creative Officer and Lead Trainer – Christine Lewandowski

~~CHRISTINE LEWANDOWSKI – CHIEF CREATIVE OFFICER AND LEAD TRAINER~~

Christine has been with Xtension Envy Franchise Group since its founding in April 2021 and is one of its co-founders along with her husband, Scott. Mrs. Lewandowski began operating Adagio Beauty Supply in May 2016 and began offering hair extensions as a service in November 2017, eventually transitioning into launching the first Xtension Envy salon with her husband.

PETER TAUNTON — CO-OWNER AND VP OF BUSINESS DEVELOPMENT

Peter has been the Co-Owner and VP of Business Development of Xtension Envy since May of 2024. Peter has been the CEO of Lift Brands, Inc. since 2003. Peter is also the Co-Founder of Nautical Bowls and was their President from September of 2020 until June of 2024.

ITEM 3: LITIGATION

: LITIGATION

~~No Kirin Hawley, et al v. Nautical Bowls Franchising, LLC, Peter Taunton, et al Fourth Judicial District, State of Minnesota (Case No. 27 CV 23 19306). On December 22, 2023, a former franchisee of Nautical Bowls sued the franchisor, Peter Taunton as its former CEO and other representatives of Nautical Bowls alleging violations of the Minnesota Franchise Law, the Minnesota Deceptive Trade Practices Act, the Texas Deceptive Trade Practices Act, claims of common law fraud and negligent misrepresentation in connection with the sale of her franchise, and promissory/equitable estoppel and breach of contract. Plaintiffs seek compensatory and exemplary damages and recovery of attorneys' fees. Defendant filed a Motion to Dismiss which was granted in part and denied in part on June 14, 2024. This case is in the pre-trial stage.~~

~~Cheryl Hatfield, et al v. Nautical Bowls Franchising, LLC, Peter Taunton, et al, Fourth Judicial District, State of Minnesota (Case No. 27 CV 19329). On December 22, 2023, a former franchisee of Nautical Bowls sued the franchisor, Peter Taunton as its former CEO, and other representatives of Nautical Bowls alleging violations of the Minnesota Franchise Law, the Minnesota Deceptive Trade Practices Act, the Texas Deceptive Trade Practices Act, claims of common law fraud and negligent misrepresentation in connection with the sale of her franchise, and promissory/equitable estoppel and breach of contract. Plaintiffs seek compensatory and exemplary damages and recovery of attorneys' fees. Defendant filed a Motion to Dismiss which was granted in part and denied in part on July 3, 2024. This case is in the pre-trial stage.~~

~~Bright Beacon, Inc. v. Nautical Bowls Franchising, LLC, Peter Taunton, et al. U.S. District Court for the Southern District of California, Case # 3:24-cv-00500-RBM-MMP. On December 27, 2023, a former franchisee of Nautical Bowls sued the franchisor, Peter Taunton as its former CEO, and other representatives of Nautical Bowls alleging violations of the California Franchise Investment Law, fraud, negligent misrepresentation, breach of contract, violation of the Unfair Competition Law, and violation of the Texas Deceptive Trade Practices Act, in connection with the sale of the franchise. Plaintiff seeks compensatory and exemplary damages and recovery of attorneys' fees. This case is pending a Motion to Dismiss filed by Defendant on March 27, 2024, which is still pending before the Court.~~

~~Except for these three actions, no litigation is required to be disclosed in this Item.~~

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement, which is included in this Disclosure Document in Exhibit B. Initial Franchise Fee

The “Initial Franchise Fee” for a single Xtension Envy Salon is \$49,500. The Initial Franchise Fee is fully earned by us and due in lump sum when you sign the Franchise Agreement. ~~payment for the pre-opening assistance that we provide to you to allow you to open your Xtension Envy Salon and also offsets some of our franchisee recruitment expenses. The Initial Franchise Fee is uniform, payable when you sign your Franchise Agreement and is nonrefundable. We offer a \$5,000 discount off the Initial Franchise Fee for retired Veterans who were not~~ refundable under any circumstance. For franchisees that purchase three (3) Franchised Businesses, the cost of the ~~dishonorably discharged and who sign a franchise agreement with us.~~

~~To the extent required by state franchise administrators, certain states may require that we defer the initial franchise fee until our initial fee shall be \$124,500. obligations are met. See the State Law Addenda Attached as Exhibit E to this disclosure document.~~

Tech Start Up Fee

Franchisee shall pay to Franchisor a Tech Start Up Fee of \$750. These funds are ~~used~~ use for setting up our technology in relation to your franchise, such as creating your email address, adding your location to our website and the setup of other technologies required for your Salon. This fee is due upon signing of the Franchise Agreement and is nonrefundable.-

Initial Supplies

Franchisees will be required to purchase various products and supplies from our affiliate(s), including hair extensions and various tools necessary for their operation. The cost for these initial supplies will be from ~~\$65,000~~ \$53,500 to \$8056,000.

Delay in Opening Fee

Even though we do not anticipate your location taking longer than nine (9) months to open, we charge a fee of \$500 per month for every month you are not open starting nine months after the effective date of your Franchise Agreement. If you have not opened your location within 15 months of the effective date, you will be in default of you Franchise Agreement and your agreement may be terminated.

ITEM 6: OTHER FEES

<u>Type of Fee</u> TYPE OF FEE ⁽¹⁾	<u>Amount</u> AMOUNT	<u>Due Date</u> DUE DATE	<u>Remarks</u> REMARKS
Royalty Fee ⁽²⁾	6% of monthly Gross Revenue <u>6% of monthly Gross Revenue</u>	Weekly on Monday of every week for Gross Revenue of the prior week.	Payable to us. See footnote 1. The “Royalty” is based on “Gross Sales”⁽³⁾ during the previous month. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Brand National Advertising Fund Contribution ⁽⁴⁾	2% of your monthly Gross Revenue, subject to increase to up to 4% of Gross Revenue <u>2% of your monthly Gross Revenue, subject to increase to up to 4% of Gross Revenue</u>	Weekly on Monday of every week for Gross Revenue of the prior week.	Payable to us. See Item 11. This contribution will be used for a system-wide “National Advertising Fund” for our use in promoting and building Xtension Envy brand and technological advances. We currently are not collecting this fee but may start at any

<u>Type of Fee</u> TYPE OF FEE⁽¹⁾	<u>Amount</u> AMOUNT	<u>Due Date</u> DUE DATE	<u>Remarks</u> REMARKS
			time during our agreement. This contribution will be used for a system-wide "National Advertising Fund" for our use in promoting and building the Xtension Envy brand. We can raise this fee to up to 2% upon written notice.
<u>Required Minimum Expenditure for Local Marketing and Advertising-</u>	There is no required local advertising. We recommend you spend at least 2% of Gross Sales per month on local advertising.-	As Invoiced by third parties	Local Advertising is recommended, but not required.
<u>Advertising Cooperative</u>	<u>Your share of actual cost of advertising</u>	<u>As determined by cooperative</u>	<u>No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Xtension Envy outlets in a designated geographic area. Any affiliate-owned outlet may participate in an advertising cooperative, in our sole discretion. Amounts you pay to the advertising cooperative will be credited to your required local advertising expenditure.</u>
<u>Insurance System Technology Fee</u>	<u>Currently \$150 per month, subject to increase based on the number of employees accessing the system. You must reimburse us for the actual cost plus 20% for the insurance policies.</u>	<u>Due on the 1st of each month for the upcoming month. As Invoiced</u>	<u>This is paid directly to us for the use of integration software between website, CRM platform, and email account management. It may also include the cost of an intranet platform where training modules, marketing materials and pertinent documents will be made accessible. If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained of the Premium plus twenty percent (20%) of the premium for an administrative cost of obtaining the insurance.</u>
<u>Salon Management and Point of Sale (POS) platform</u>	<u>\$132 for up to 10 users; \$249 for up to 25 users</u>	<u>Monthly</u>	<u>This is paid directly to us for the use of the salon management/POS platform and member management system.</u>
<u>Software Licensing</u>	<u>Currently, none</u>	<u>As incurred</u>	<u>If we create a proprietary software for</u>

<u>Type of Fee</u> TYPE OF FEE ⁽¹⁾	<u>Amount</u> AMOUNT	<u>Due Date</u> DUE DATE	<u>Remarks</u> REMARKS
<u>Fee</u>			<u>us at all Xtension Envy locations, you will pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees.</u>
<u>Late Charge</u>	<u>\$100</u>	<u>As incurred</u>	<u>If you fail to pay us any amount when due, or if you fail to submit your Gross Revenue report when due, we may charge a late fee.</u>
<u>Interest Charge</u>	<u>18% of overdue amount or the maximum permitted by law, whichever is lower</u>	<u>As incurred</u>	<u>If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.</u>
<u>Insufficient Funds Fee</u>	<u>\$75 per occurrence</u>	<u>As incurred</u>	<u>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 an Insufficient Funds Fee.</u>
<u>Relocation Fee</u>	<u>\$10,000</u>	<u>50% of the Relocation Fee is due at the time you request our consent to relocate. The balance is due when we consent to your replacement premises.</u>	–
<u>Successor Term Fee</u>	<u>\$4,500 or 10% of the then-current initial franchise fee, whichever is greater</u>	<u>Before signing successor agreement</u>	<u>Payable to us. See Item 17.</u>
<u>Transfer Fee</u>	<u>75% of the then-current initial franchise fee; however, for transfers to: (i) an existing franchisee, the transfer fee is 50% of the then-current initial franchise fee; (ii) an entity owned and controlled by the franchisee for convenience purposes or for transfers among owners that does not change</u>	<u>\$5,000 is due at the time you request our consent to transfer. The balance is due on or before the transferee signs a new franchise agreement or assignment.</u>	<u>Payable to us. See Item 17. Any transfer must be approved by us.</u>

<u>Type of Fee</u> TYPE- OF FEE⁽⁴⁾	<u>Amount</u> AMOUNT	<u>Due Date</u> DUE- DATE	<u>Remarks</u> REMARKS
	<u>management control, the transfer fee is \$1,500, or (iii) a spouse, parent or child upon death or permanent disability, the transfer fee is \$3,500</u>		
Retraining fee	If attending a regularly scheduled training, there is no fee for retaining. If training is required outside of a regularly scheduled training the cost is \$1,500 per day.	At the time of retraining	Payable to us if your manager does not pass initial training and we permit you to send a substitute manager to us for training.
<u>Additional Training - Courses</u>	<u>Up to \$250 per person per day, subject to increase. You pay all travel and other related expenses incurred by all trainees.</u>	<u>As incurred</u>	<u>See footnote 2.</u>
<u>Additional Training – Franchisee Convention or Business Meeting</u>	<u>\$500 registration fee per person, subject to increase. You pay all travel and other related expenses incurred by all trainees.</u>	<u>As incurred</u>	<u>See footnote 2.</u>
<u>Remedial/Additional Training Fees or Assistance Fees⁽⁵⁾</u>	<u>Our then-current per diem rate for each trainer, plus travel and other expenses. Our current rate is \$350 per trainer per day. Currently, we charge \$250 per person per day if training is at our location, and we charge \$350 per person per day plus hotel, air fare, and other expenses incurred by our trainer if the training is at</u>	<u>As incurred</u> Invoiced	<u>We may impose this fee, payable to us, if you request additional training at your premises from time-to-time, 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. We provide initial training at no charge for up to three people. If you need training provided by us for newly hired personnel, refresher training courses, advanced training courses, and additional or special assistance or</u>

<u>Type of Fee</u> TYPE OF FEE ⁽¹⁾	<u>Amount</u> AMOUNT	<u>Due Date</u> DUE DATE	<u>Remarks</u> REMARKS
	your location		training you need or request. The fee amount will depend on the training required and experience level of the trainer.
<u>Technician Training at Corporate HQ</u>	<u>\$2,500 per training session.</u>	<u>As incurred.</u>	<u>Payable to us.</u>
<u>Client Refunds and Resolution</u> Late Payment Fee	<u>The amount of any refund we issue to a client, or any costs associated with resolution of a customer complaint.</u> \$100 per occurrence, plus the lesser of the daily equivalent of \$100 per year simple interest or the highest rate permitted by your state's law.	<u>As incurred.</u> Invoiced	<u>If we refund a client of yours due to not meeting the required standard put forth in our operation manual, we will charge you for the amount paid back to your customer. We reserve the right, in our sole discretion, to resolve customer complaints regarding your Franchise on your behalf. You must reimburse us for our costs associated with the required resolution.</u> Payable if any payment due to us or our affiliates is not made by the due date. Interest begins to accrue 5 days after billing if no due date is specified; otherwise, interest accrues from the date the payment was due.
<u>Interim Management Support</u> Non-Sufficient Funds Fee ⁽⁶⁾	<u>The greater of 10% of Gross Revenue or \$250/day, plus our representative(s)' wages, travel and living expenses.</u> \$35 for the first violation, \$75 for all subsequent violations.	<u>As incurred.</u> Invoiced	<u>We may impose this fee (in addition to all regularly occurring fees such as the Royalty Fee and Brand Fund Contributions), payable to us, if we provide management of your Franchised Business. See footnote 3.</u> Payable if any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event.
<u>Examination of Books and Records</u> Audit Expenses ⁽⁷⁾	<u>Cost of examination</u> inspection <u>plus related expenses</u> the amount of underpayment plus the late payment fees as described above.	<u>As incurred</u> Cost of inspection when billed; underpayment and interest immediately.	<u>We have the right under the Franchise Agreement</u> You will be required to examine your books, records and tax returns. If <u>pay this if an examination</u> audit <u>reveals that you have understated any</u> weekly <u>Gross Revenue report</u> Sales by more than two percent (2%) or more, you must pay <u>fail to us the cost of the audit and all travel and related expenses, in addition to repaying monies owed, including</u>

<u>Type of Fee</u> TYPE OF FEE⁽¹⁾	<u>Amount</u> AMOUNT	<u>Due Date</u> DUE DATE	<u>Remarks</u> REMARKS
			interests submit required reports.
<u>Operational Standard Violation Fee</u> <u>Indemnification⁽⁸⁾</u>	<u>\$500, plus \$250 per week until the violation is cured</u> Will vary under circumstances	As incurred	We may charge this fee if you violate an operational standard 2 or more times in a 12-month period. You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Xtension Envy Salon or Franchise.
<u>Evaluation Fee of Unapproved Item or Supplier Renewal Fee⁽⁹⁾</u>	<u>Actual costs of inspection and/or testing</u> \$4,500 or 10% of the current Franchise Fee	<u>As incurred</u> At time of Renewal	Payable to us. See footnote 4. Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. You must sign a then current version of our Franchise Agreement.
<u>Quality Review Services Opening Deadline Extension</u>	<u>Actual costs</u> \$500 per month (or portion of month) for which the deadline is extended	As incurred	Payable to third-party providers for on-site inspections, mystery shoppers, or customer service evaluations. Us by ACH
<u>Relocation Fee Insurance Reimbursement</u>	<u>Amount paid by us for your insurance obligations, plus a 20% administrative fee and other actual expenses</u> \$10,000	<u>As incurred</u> Once application is approved	You must reimburse us for any insurance costs and other fees or reasonable expenses plus \$500 if we incur due permit you to relocate your failure to meet the insurance obligations required by the Franchise Agreement Xtension Envy salon. We will provide you with copies of our invoices for our expenses from any third party providers upon request.
<u>Liquidated Damages – Default and Termination of Franchise Transfer Fee⁽¹⁰⁾</u>	<u>Up to 24 months of Royalty Fees and Brand Fund Contributions</u> 50% of our then current initial franchise fee if transferring to an existing Xtension Envy franchisee; 75% of our then current initial franchise fee, if transferring to a new franchisee entering the system.	<u>Upon termination of the Franchise Agreement due to your default, in a lump sum</u> At the time of transfer	<u>If Payable in connection with the transfer of your Xtension Envy Salon, a transfer of ownership of your legal entity, or the Franchise Agreement is terminated due to your default,</u> – There are various other conditions you must pay us the average monthly Royalty Fee and Brand Fund Contribution payable by you meet for the 12 months prior us to approve your default multiplied by the lesser of 24 months or the number of months remaining in the term of your Franchise Agreement transfer request.

<u>Type of Fee</u> TYPE OF FEE ⁽¹⁾	<u>Amount</u> AMOUNT	<u>Due Date</u> DUE DATE	<u>Remarks</u> REMARKS
Liquidated Damages – Breach of Confidentiality or Non-Competition Covenant Testing of products or approval of new suppliers ⁽¹¹⁾	\$100,000, plus our attorney’s fees Actual cost	As incurred When billed	Payable to us. This covers the costs of testing new products or inspecting new suppliers you propose to us.
Interest ⁽¹²⁾	The lesser of 1.5% per month or the highest commercial contract interest rate allowed by law.	Amounts not received by us within five (5) days after the due date shall incur interest	Due on all overdue amounts.
Maintenance and Refurbishing of Business ⁽¹³⁾	You must reimburse our expenses.	As Invoiced	If, after we notify you, you do not undertake efforts to correct deficiencies in store appearance, then we can undertake the repairs and you must reimburse us.
Enforcement Costs ⁽¹⁴⁾	Varies depending on mitigating circumstances.	As incurred.	You must reimburse us for all costs and attorney fees if we are the prevailing party in litigation with you.
Technology Fee	\$125 per month per executed franchise agreement from the date of signing franchise agreement through the date of opening the salon. \$250 per month per franchise agreement thereafter. Subject to change once per calendar year	Due on the 1st of each month for the upcoming month.	This is paid directly to us for the use of integration software between website, CRM platform, and email account management. It may also include the cost of an intranet platform where training modules, marketing materials and pertinent documents will be made accessible.
Technician Training at Corporate HQ	\$2,500 per training session.	As incurred.	Us by ACH
Client Refunds and Resolution ⁽¹⁵⁾	The amount of any refund we issue to a client, or any costs associated with resolution of a customer complaint.	As incurred.	Us by ACH
Advertising Cooperative ⁽¹⁶⁾	Then current fee (but not less than 1% of Gross Sales)	As incurred.	This contribution will be used for a regional advertising cooperative consisting of franchisees and corporate owned locations within a delineated geographic location. No advertising cooperatives currently exist, but we have the right to create them during the term of your agreement.
Convention Fee	Then current fee (currently estimated to be \$500 per person).	Annually	Payable to us to help defray the cost of your attendance at any annual convention that we choose to hold. This fee is due regardless of whether or not you attend our annual convention in any given year.

Indemnification Management Fee	Amount of loss or damages plus costs Will vary, currently \$250 per person per day plus hotel, air fare, and other expenses incurred by us in managing the franchise.	As incurred	See footnote 5. You must pay this fee when we (or a third party) manage your franchise after your default or abandonment.
Reimbursement of fees and expenses Liquidated damages	Our 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. Will vary under the circumstances	As Incurred Within 15 days after termination of the Franchise Agreement	Payable to us. Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Taxes Use of Unauthorized Marketing Materials	Amount of taxes \$250 per occurrence	When As 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, excise, use, privilege, or income taxes imposed by any authority. You are required to get our approval to use any marketing material prior to use. You may have to pay this fee for each time you use marketing material without our written approval.

Salon Management and Point of Sale (POS) platform	\$132 for up to 10 users; \$249 for up to 25 users	Monthly	This is paid directly to us for the use of the salon management/POS platform and member management system.
Software Licensing Fee ⁽¹⁷⁾	Currently, none	As incurred	If we create a proprietary software for us at all Xtension Envy locations, you will pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees.

Notes:

- ~~1. Fees: All fees paid to Us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and~~

suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via ACH payment or other similar means. You are required to complete the ACH authorization (in the form attached to this Franchise Disclosure Document in Exhibit F. We can require an alternative payment method or payment frequency for any fees or amounts owed to Us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. All fees payable to third parties may increase over the term of the Franchise Agreement. Company and affiliate owned franchised Xtension Envy Salons are not required to pay Royalties.

2. ~~**Royalty Fee:** As a Franchisee, you are obligated to pay us a percentage of your sales as compensation for your rights as a Franchisee (the "Royalty"). The Royalty rate is currently set at 6% of your Gross Sales as calculated per week for the entire term of the Franchise Agreement. Royalty fees shall be payable to us by direct deposit from franchisee's account. We reserve the right to change the time and manner of payment at any time upon written notice to you.~~
3. ~~**"Gross Sales":** means the total selling price of all revenue and income from the sale of all Xtension Envy products and services and other related charges to your customers, whether or not sold or performed at or from your Xtension Envy Salon, and whether received in cash, check, credit card, coupon, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise. You may deduct from Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips, and allowances you give in good faith to your customers. All barter and/or exchange transactions in which you furnish products and/or services in exchange for products and/or services provided to you by a vendor, supplier, or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the products and/or services so provided to you.~~
4. ~~**National Advertising Fund:** you will pay us a National Advertising Fund contribution equal to 2% of your weekly Gross Sales for every month during which this Franchise Agreement remains in effect. The National Advertising Fund contribution is collected by us from all Franchisees. You shall pay the National Advertising Fund contribution at the same time, and on the same terms, as the Royalty Fee described above. We will place all National Advertising Fund contributions in a separate bank account dedicated to the National Advertising Fund. We may use this fund for marketing, local, regional, national, or international advertising, public relations, product and service promotions, surveys, test marketing, research and development, administrative costs related to National Advertising Fund services (including salaries, accounting, collections, legal fees, and any other costs), media expenses, and any other related costs. We will make the expenditures at our sole discretion in accordance with our judgment and needs. We do not represent that any particular level of expenditure will be made for any particular program, or to benefit particular franchisees or franchised locations; nor are we required to dedicate any amount whatsoever on advertising or marketing in the area where you are located. We will not spend any National Advertising Fund funds for activities that are principally or solely a solicitation for the sale of additional franchises. Your contribution to the National Advertising Fund does not create any fiduciary relationship between us and you concerning our expenditure, control, or use of the National Advertising Fund.~~
5. ~~**Additional Training or Assistance Fees:** Training fees may be imposed on you in accordance with our policies.~~

- ~~6. **Non-Sufficient Funds Fee:** We may charge you an insufficient funds fee if any payment you owe is rejected due to insufficient funds in your EDTA, or if any other payment instrument you are authorized to use is rejected for insufficient funds.~~
- ~~7. **Audit Expenses:** We will assess Audit fees against you if you fail to provide us reports, supporting records, or any other information we require under the Franchise Agreement; or if you understate Royalty payments, or National Advertising Fund contributions by more than 2%. Audit fees are payable to us, collected by us, and are non-refundable. The total amount of the audit fees that you pay us will vary depending on the cost of the audit itself (for which you will be entirely liable), and whether you have any unpaid Royalties or National Advertising Fund Contributions for which you may be penalized in accordance with the Franchise Agreement.~~
- ~~8. **Indemnification:** You must protect, defend, indemnify, and hold us harmless against any claims, lawsuits, or losses arising out of your operation of the Franchised Business brought by third parties, or any default under the Franchise Agreement. You must pay for any and all damages, legal fees, enforcement, or collection costs, and/or any other costs assessed against us in any proceeding related to your Franchised Business to the extent permitted by law, provided that no indemnification fee shall exceed the actual total costs assessed against us.~~
- ~~9. **Renewal Fee:** Renewal fees are due at the time of renewal of the Franchise Agreement.~~
- ~~10. **Transfer Fee:** The term "transfer" means any of the following: the sale of 20% or more of the assets of your franchise; the sale, assignment, or conveyance of 20% or more of your stock, membership interest, membership units, or partnership units of your franchise to any third party; or the placement of your assets, stock, membership interest, partnership units, or membership units of your business into a business trust.~~
- ~~11. **Testing of Products or Approval of New Suppliers:** You will be required to obtain our written approval for any product, vendor, supplier, or piece of equipment that you wish to use in the operation of our Business (as described in Item 8), and you will be charged an assessment fee for the examination of any product, vendor, supplier, or piece of equipment submitted to us for approval. This fee is up to, but not in excess of, for any single product, vendor, supplier, or piece of equipment you wish to offer, use, and/or substitute in your operation of the Business. We may waive these fees at our sole and absolute discretion if the equipment, products, vendors and/or suppliers you select meet our requirements and are added to our approved list of equipment, products, vendors and/or suppliers for all franchise locations.~~
- ~~12. **Interest:** Interest and late charges begin to accrue from the due date of any payment you owe pursuant to the Franchise Agreement. In addition to any interest and late charges, you must also pay any damages, expenses, collection costs, and/or reasonable attorney fees we may incur when you do not make the required payments, provided no interest charged shall exceed the maximum legal rate of any local, national, or international authority having jurisdiction over your Business activities.~~
- ~~13. **Maintenance and Refurbishment:** We may charge you certain maintenance and refurbishment fees for any work we perform on your behalf to repair or otherwise improve your franchise location, including any such repairs or improvements made on our own initiative if you refuse to complete any requested maintenance or refurbishment. Maintenance and refurbishing fees are payable to us, collected by us, and are non-refundable. The total amount of the maintenance and refurbishment fees that you pay us will vary depending on the labor and material costs of any such maintenance and refurbishing, as well as any associated costs or losses we may incur due to your failure to maintain or refurbish the location in accordance with our requests but will not exceed \$25,000.~~

~~14. **Cost of Enforcement:** Cost of enforcing the Franchise Agreement fees will be levied against you if we prevail against you in any dispute arising out of the Franchise Agreement. The total amount of any such fees will vary depending on the value of legal fees, expert witness fees, accountant fees, costs to us or our employees in complying or addressing the dispute, and any travel expenses that we deem necessary to resolve the dispute.~~

~~**Client Refunds and Resolution:** If we refund a client of yours due to not meeting the required standard put forth in our operation manual, we will charge you for the amount paid back to your customer. We reserve the right, in our sole discretion, to resolve customer complaints regarding your Franchise on your behalf. You must reimburse us for our costs associated with the required resolution. 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 Revenue” includes all revenue of every kind and nature at or from your Franchised Business outlet or made pursuant to the rights granted to you by the Franchise Agreement. Gross Revenue does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, and (iii) properly documented promotional discounts (i.e. coupons).~~

~~² We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must attend mandatory additional training course(s) for up to 5 days per year and a national business meeting or systemwide franchisee convention for up to 5 days per year at location(s) we designate. In addition to tuition or attendance fees, you are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor’s national business meeting or systemwide franchisee convention, including, without limitation, costs of travel, lodging, meals and wages.~~

~~³ In the event of your death or disability, your default of the Franchise Agreement, absence of a qualified manager, or other reasons, in our sole discretion, we may provide interim management of your Franchised Business, and you must pay us an interim management support fee, in addition to payment of the Royalty Fee, Brand Fund Contribution, and all other fees and expenses of your outlet operations.~~

~~⁴ If you wish to purchase, lease or use any equipment, supplies, services or other items unapproved or from an unapproved supplier, you must request our prior written approval. As a condition to our approval, we may require inspection of the proposed supplier’s facilities and evaluation and testing of the proposed item or service. If we approve your proposed item or supplier for use by the entire System, we will reimburse to you any evaluation fee paid.~~

~~⁵ You must indemnify and hold us, our parent and 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.~~

~~15.—~~

~~16. **Advertising Cooperative:** We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of Gross Sales. If our own outlets are members of a cooperative, they must contribute to the fund on the same basis as franchisees. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as advertising agency or accounting firm, or to the franchisee members of the cooperative.~~

17. ~~**Software Licensing Fee:** At any time, we may also develop proprietary software or technology that must be used by all of our franchisees. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We also reserve the right to enter into a master software or technology license agreement with a third party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology.~~

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Low)	• Amount (High)	Method of Payment	When Due	To Whom Payment is Made to be Paid	
	Low	High				
Initial Franchise Fee ⁽¹⁾	\$49,500	\$49,500	Lump Sum	When you sign the Franchise Agreement	Us	
Tech Setup Fee ⁽²⁾	\$750	\$750	Lump Sum	When you sign the Franchise Agreement	Us	
Real Estate Rent Deposits and Pre-Paid Expenses ⁽³⁾	\$15,000	\$25,000	As arranged	As incurred	Third Parties	
Traveling costs while training ⁽⁴⁾	\$2,500	\$7,500	As Arranged	Before Opening	Providers of Travel, Lodging, and Food Services	
Grand Opening Marketing ⁽⁵⁾	\$15,000	\$20,000	As Arranged	As Arranged	Third Parties	
Fixtures, Furnishings and Interior Design Elements ⁽⁶⁾	\$90,000		\$ 145 115,000	As Arranged	As Arranged	Third Parties
Exterior Signage	\$5,500	\$15,000	As Arranged	As Arranged	Third Parties	
Equipment	\$1,000	\$2,500	As Required	Before Opening	Third Parties	
Computers, hardware, and software ⁽⁷⁾	\$2,000	\$4,000	As Required	As Incurred	Third Parties	
Leasehold Improvements ⁽⁸⁾	\$50,000		\$ 165 125,000	As Required	As Incurred	Third Parties
Inventory and Supplies	\$65,000		\$ 85 75,000	As Arranged	As Arranged	Third Parties, Us

Professional Fees ⁽⁹⁾	\$1,500	\$5,000	As Required	As Incurred	Your Attorneys, Advisors, CPA's And Other Professionals
License, Permits and other Licenses ⁽¹⁰⁾	\$1,000	\$2,500	As Incurred	As Incurred	Gov't Agencies / Third Parties
Insurance ⁽¹¹⁾	\$1,000	\$2,000	As Arranged	As Incurred	Third Parties
Architectural/Engineering Fees ⁽¹²⁾	\$8,000	\$15,000	As Arranged	As Incurred	Third Parties
Additional Funds –3 Months ⁽¹³⁾	\$15,000	\$40,000	As Required	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT ⁽¹⁴⁾	TOTAL \$322,750 - \$583,750		\$503,750		

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Xtension Envy franchise. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Xtension Envy franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Xtension Envy franchise may be greater or less than the estimates given, depending upon the location of your Xtension Envy franchise, and current relevant market conditions. The figures contained in Item 7 to not include any required tariffs that may be levied on foreign sourced goods. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us, or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. 1. **Initial Franchise Fee.** See Item 5 for more information on the Initial Franchise Fee.
2. 2. **Tech Setup Fee.** This fee goes to offset our costs of setting up our technology in relation to you franchise, such as creating your email address, adding your location to our website and the setup of other technologies required for your Salon.
3. 3. **Real Estate Rent Deposits and Pre-Paid Expenses.** If you do not own a location for your Xtension Envy Salon, you must purchase or lease a commercial location. Locations for Xtension Envy Salons typically measure from 1,200 to 2,000 square feet. You must use our building specifications for your real property space and design plans for building out, remodeling, or retrofitting your Franchised Business Site. The Site must be approved by us. The location must meet certain basic requirements described in the Franchise Web-based Operations Manual. The estimate for these deposits includes your first month's rent payment, security deposits and utility deposits (i.e.: telephone, gas, electric and water). We have assumed a security deposit equal to one month's rent, but this may vary with each location.
4. 4. **Traveling Costs while Training.** We provide training at our training center in Scottsdale, Arizona or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to four people, one of which must be a principal owner; if additional initial training is required or more people must be trained, an additional fee will be assessed.
5. 5. **Grand Opening Marketing.** This cost is for marketing geared toward your grand opening such as local ads, social media campaigns. We require you spend at least \$15,000 on such advertising.

6. 6. **Fixtures, Furnishings.** As described in Item 8, you must purchase all fixtures and furnishings that we specify to operate a Xtension Envy. This estimate includes items provided by a required vendor and other items as deemed necessary. Items include but may not be limited to salon fixtures, furniture, décor items and other items not listed here.

7. 7. **Computers, Hardware, and software.** You must purchase or obtain a computer system prior to opening your Xtension Envy Salon. The computer system will include the hardware and software necessary to operate your Xtension Envy Salon and manage the sales, application, and servicing areas of your Xtension Envy Salon. This estimate also includes office supplies, mobile telephone fees, and high-speed Internet.

8. 8. **Xtension Envy Salon Leasehold Improvements.** The range in this category reflects an estimate for layout and construction build-out costs for your Xtension Envy Salon. Your cost for leasehold improvements will vary depending upon the size of your Xtension Envy Salon, its geographic location, and the work that the lessor may do as a result of the lease negotiation. If you are converting an existing business into a Xtension Envy Salon, your costs may be higher or lower depending on the available assets, and conversion costs. Construction costs in some areas of the country may exceed these estimates. You must meet our standard plans and specifications.

9. 9. **Professional Fees.** We strongly recommend that you hire a lawyer, accountant or other professional to advise you on this Franchise offering and to assist you in setting up your Xtension Envy Salon. Rates for professionals can vary significantly based on area and experience.

10. 10. **Licenses and Permits.** These costs represent fees paid to permit the buildout of you location, business licenses you will need and other similar required payment to government agencies, which can change based on where you open your salon.

11. 11. **Insurance.** You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Xtension Envy Salon, your rates may be significantly higher than those estimated above.

12. 12. **Architect and Engineering.** You must engage the services of a licensed architect and/or engineer in retrofitting or constructing the Franchised Business location.

13. 13. **Additional Funds.** These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your Xtension Envy Salon. They include payroll costs during the first three months of operation, but not any draw or salary for you. These figures do not include standard pre-opening expenses, Royalties, or National Advertising Fund contributions payable under the Franchise Agreement or debt service and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Xtension Envy Salon opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Xtension Envy Salon. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your Xtension Envy Salon. Additional funds for the operation of your Xtension Envy Franchise will be required after the first three months of operation if sales produced by the Xtension Envy Franchise are not sufficient to produce positive cash flow.

14. 14. **Figures May Vary.** This is an estimate of your initial startup expenses for one Xtension Envy Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

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 payee.

ITEM 8:: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, supplies and services that your Franchised Business must use or provide which meet our standards and requirements. You must purchase all equipment, furniture, fixtures, supplies and services from our designated suppliers and contractors or in accordance with our specifications. We maintain written lists of approved items of equipment, furniture, fixtures, inventory, supplies and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

Standards and Specifications

You must operate your Xtension Envy Franchise according to our System and specifications. This includes purchasing or leasing all products, services, supplies, materials, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the Xtension Envy Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. You must not deviate from these methods, standards, and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System.

Our confidential Web-based Operations Manual (“Franchise Web-based Operations Manual”) states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Xtension Envy Franchise and approved vendors for these products and services. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Franchise Web-based Operations Manual or through other written communication (including electronic communication such as e-mail or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply, and use only fixtures, furnishings, equipment, materials, signs, and supplies that conform to the standards and specifications described in the Franchise Web-based Operations Manual or otherwise in writing.

You must use the computer hardware and software systems, applications, and web technologies that we periodically designate to operate your Xtension Envy Salon. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify.

Other than us, none of our officers owns any interest in any approved supplier of any product, good or service that you are required to lease or purchase for the operation of your Franchised Business.

Insurance

You must obtain the insurance coverage required under the Franchise Agreement. You must obtain your required insurance from our required vendor, currently Brown & Brown Insurance of Arizona. It must also be rated “A+” or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties and state that we will receive at least 30 days’ prior written notice of any intent by the insurer to reduce coverage or policy limits, cancel or amend the policy. Below are the required insurance policies and limits you must acquire for your Xtension Envy franchise.

Policy Name	Minimum Limits	
Liability Insurance.	\$1,000,000	Per Occurrence
	\$2,000,000	In the Aggregate
Umbrella Policy.	\$2,000,000	Per Occurrence
Workers' Compensation.	\$1,000,000	Per Occurrence
Employee Related Practices Liability.	\$1,000,000	Per Occurrence

Policy Name	Minimum Limits	
Commercial Automobile Insurance _s	\$1,000,000	Combined Single Limit
Optional: Business Interruption Insurance Property Coverage _s	\$50,000	Per Occurrence
Optional: Property Coverage _s	\$50,000	Per Occurrence
Optional: Comprehensive Crime and Employee Dishonesty Insurance _s	\$50,000	Per Occurrence General

We approve suppliers after careful review of the quality of the products and services they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us, pay the Evaluation Fee, 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 meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will 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. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If we approve your proposed item or supplier for use by the entire System, we will reimburse the Evaluation Fee you had paid to us.

Neither we nor any of our affiliates has received any revenue from franchisees' required purchases or leases in the past fiscal year. We and our affiliates also have not received any other revenue, rebates, discounts or other material consideration from any other suppliers based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 75% of your costs to establish your Franchised Business and approximately 30% of your costs for ongoing operation.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

Although we do not do so currently, we may in the future negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

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. 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.

You must also acquire any insurance policy, such as Workers Compensation, required by the state in which you operate in. If we require the same policy as the state you operate in, you must use the higher of the coverage limits.

Purchases from Approved Suppliers

We will provide you with a list of our designated and approved suppliers in our Franchise Web-based Operations Manual.

If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications, and samples we request. We reserve the right to charge a fee to evaluate the

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proposed supplier, product, or service, not to exceed per evaluation (See Item 6). We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 14 days, we generally respond to a request for an additional approved supplier within seven days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier. We apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to Xtension Envy Franchises to ensure timely delivery of the product or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product, or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

You must purchase all products, equipment, supplies, and materials only from approved suppliers (including manufacturers, wholesalers, and distributors). We estimate that approximately seventy five percent (75%) of purchases required to open your Xtension Envy Salon and thirty percent (30%) of purchases required to operate your Xtension Envy Salon will be from us or from other approved suppliers or under our specifications.

Purchases from US

We will derive revenue or other material consideration from required purchases by you. We will not derive revenue or other material consideration from required leases by you. You must buy certain supplies for your franchise from us.

We and our affiliates may receive rebates from some suppliers based on your purchase of services and products and we have no obligation to pass them on to our franchisees or use them in any particular manner.

We may negotiate purchase arrangements with suppliers and distributors for the benefit of our franchisees and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you. We currently do not have any purchasing or distribution cooperatives.

During our last fiscal year, we received no revenue from franchisees' required purchases and leases of products and services.

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 disclosure document.

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document-Item
a. a. Site Selection and Acquisition/Lease	8.1 Section 4, 8 and Attachment A	Items 7 and 11
b. b. Pre-Opening Purchase/Leases	8.1.3, 12.3.1 Sections 5, 6 and 8	Items 7, 8 and 11
c. c. Site Development & development and other Pre-Opening Requirements	8.2, 8.3, 12.1.1, 12.1.3 Sections 5, 6 and 7	Items 7 and 11
d. d. Initial and Ongoing Training	Article Sections 6, 7 and 9	Items 6, 7 and 11
e. e. Opening	8.2.3, 8.3 Sections 4, 6 and 8	Items 6, 7, 9, and 11

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document-Item
f. f- Fees	5.1, 5.2.7, Article Sections 6, 7.4, 7.5, 8.4, 11.5.3-9, 12.2.5, 12.3.7, 12.6, 12.7, 12.8, 13.3.1, 15.3, 16.4, and 18.1.8, 19.9	Items 5, 6, and 7
g. g- Compliance with Standards standards and Policies/Operating policies/ Franchise Web-based Operations Manual	Article 9, Article 12, 19.1.1 Sections 1, 4, 13 and 18	Items 8, 11, 12, 14
h. h- Trademarks and Proprietary Information proprietary information	9.4, 12.1.8, Article 14, 19.2, 19.3, 19.4 Sections 1, 3, 16 and 19	Items 13, and 14
i. i- Restrictions on Products/Services Offered products/services offered	12.1.1, 12.1.5, 12.6 Sections 1 and 13	Items 8, and 16
j. j- Warranty and Customer Service Requirements customer service requirements	Sections 6 and 13 Not Applicable	Not Applicable Items 1 and 11
k. k- Territorial Development development and Sales Quotas sales quotas	13.2 Section 4	Items 1, 11 and 12
l. l- Ongoing Product/Service Purchases product/service purchases	12.1.4, 12.3.2, 12.3.5 Sections 12 and 13	8 Items 8 and 16
m. m- Maintenance, Appearance appearance, and Remodeling Requirements remodeling requirements	Article 9, 12.1.2 Sections 8, 9 and 13	Items 7, 8 and 11
n. n- Insurance	Article 15 Section 17.1	7 Items 6, 7 and 8
o. o- Advertising	12.1.9, Article 13 Sections 12, 14 and 15	6, Items 11, 13 and 14
p. p- Indemnification	15.6, 16.3.7, 17.4.2, 19.11, 21.1 Section 20 and Attachment A	Not Applicable 6
q. q- Owner's Participation, Management, Staffing participation/management and staffing	11.1, 11.5, 12.1.6 Sections 6, 9, 13 and 16	Items 11, 15 and 17
r. r- Records /Reports and reports	6.1.4, 12.2 Section 17	6 Item 11

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document-Item
s. s- Inspections and Audits	9.2, 12.1.7, 12.2.5 Section 18	Items 6, and 11
t. t- Transfer	Article 16 Section 21	Item 17
u. u- Renewal	Article Section 5	Item 17
v. v- Post-Termination Obligation	Article 18 Section 23	Item 17
w. w- Non-Competition Covenant	Sections 16 and 19.5	17 Item 17 and Exhibit F 2
x. x- Dispute Resolution	Article 20	17
y. y- Spouse Guaranty	11.4, Attachment 6	15

ITEM 10: FINANCING

We do not or our affiliates offer direct or indirect any form of 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 ~~Xtension Envy Franchise Group, LLC~~ is not required obligated to provide you with any assistance.

1. Pre-Opening opening Obligations

Before you open your Franchised Business ~~Xtension Envy Salon~~, we (or our designee(s)) will:

- a. provide you with site selection guidelines and accept or reject a location for your Franchised Business. You must identify a site that is acceptable to us within 90 days after you sign the Franchise Agreement. 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, vehicular and pedestrian traffic, parking availability, condition of premises, and demographic characteristics of the area. If you do not sign a lease for an acceptable site within 120 days of signing the Franchise Agreement, as we may extend in our reasonable discretion, you will be in default and 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. (Franchise Agreement, Sections 8.1.2, 8.1.3, and 10.1).
- b. provide you with specifications for the layout, design, materials, and signage for your Xtension Envy outlet, approve your architect and contractor(s), and, at our discretion, make on-site inspections of your construction progress. 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, 10.2).
- c. provide the Xtension Envy Brand Standards Manual and other manuals and training aids we designate for use in the operation of your Franchised Business, as they may be revised from time to time (Franchise Agreement, Section 10.3).
- d. provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. We do not provide, purchase, deliver, or install any of these items for you (Franchise Agreement, Sections 10.5).

e. provide you with initial training and opening assistance. We will determine, in our sole discretion, whether you satisfactorily complete the initial training (Franchise Agreement, Sections 7.1, 7.2 and 7.3). ~~and services to you:~~

1. ~~f. approve your~~ Provide an initial training program at a location designated by us (“Initial Training Program”) for up to three people. If you want to have additional persons attend the Initial Training Program, then you must pay to us a fee in an amount set by us for each additional attendee (see Item 6). You must also pay the wages, travel, lodging, and living expenses of each required and additional attendee of yours. All persons who attend our Initial Training Program must complete it to our satisfaction. You may not employ a (“Designated Salon Manager”) that does not complete this Initial Training Program to our satisfaction (See Item 15 and Franchise Agreement—Section 6.1).
2. ~~Provide approval of the site for your Franchised business which must be located in your Protected Territory. As of the date this Franchise Disclosure Document was issued, these basic requirements consisted of requiring that the location: (i) be in your territory; and (ii) comply with any applicable rules or laws applicable to related business activity.~~
3. ~~Provide you with mandatory and discretionary specifications for the Xtension Envy Salon, including standards and suggested criteria for design, image, and branding of the location and trade dress. (See Franchise Agreement—Section 8.1, 8.3, 13.2 and 13.7).~~
4. ~~Identify operating assets, computer systems, and other products and supplies that you must use to develop and operate your Xtension Envy Salon; establish minimum standards and specifications that you must satisfy while operating your Xtension Envy Salon; and identify the designated and approved suppliers from whom you may be required to purchase and/or lease items for your Xtension Envy Salon (See Franchise Agreement—Section 8.3, 13.3, 13.4, 13.5 and 13.6).~~

5. ~~Provide you with materials and consultation in connection with the grand opening marketing plan (for your Xtension Envy Salon (See Franchise Agreement, Sections 13—Section 12.2.3 and 13.6). 2)~~

2. Time to Open

We estimate the Schedule for Opening

~~The typical length of time between the signing of the Franchise Agreement or the payment of any fees and the time you open opening of your Franchised Business is approximately Xtension Envy Salon can vary from 6 to 9 months. Before you may open, you must (a) Some factors which may affect this timing are your ability to secure any necessary financing; your ability to obtain any necessary permits and certifications; the time to complete all improvements to required training; the Franchised Business premises, (b) complete our Initial Training Program, (c) hire and train your staff, (d) obtain all required insurance and licenses to operate timing of the Franchised Business, and (e) commence your grand opening campaign. Factors that may affect this time period include identifying of your speed in securing suitable premises, acquiring licenses and permits, financing any portion of location and the initial investment and completion of required training, the leasehold improvements; the receipt of any inventory or equipment; and hiring and training of your staff. We charge a fee of \$500 per month for every month you are not open starting 9 months after the effective date of your Franchise Agreement. If you have not opened your Franchised Business location within 12 months 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 may 15 months of the effective date you will be extended, is a in default of theyou Franchise Agreement. (and your agreement may be terminated. You must secure a location for your Xtension Envy Salon within 3 months of the effective date of the Franchise Agreement, Section 8.3).~~

3. Continuing Obligations After Opening

During the operation of your franchise, we will ~~Xtension Envy Salon, we (or our designee(s)) will provide the following assistance and services to you:~~

- a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training course(s) for up to 5 days per year and a national business meeting or systemwide franchisee convention for up to 5 days per year at location(s) we designate. Failure to attend mandatory additional training or an annual business meeting or franchisee convention is a default of the Franchise Agreement. We may impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business 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 (i) pay a non-attendance fee, and (ii) obtain the training at a location we designate, at your sole cost, which includes at the then-current rate, 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-premises training and assistance. For any on-premises 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 (Franchise Agreement, Sections 7.5, 10.9)
- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conferencing, or e-mail, subject at all times to availability of our personnel and within reasonable limits (Franchise Agreement, Section 7.6).
- d. from time to time, as may become available, provide you with samples of 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, and in our discretion, set the advertised and/or maximum prices for products and services at your Xtension Envy outlet (Franchise Agreement, Section 12.5);
- h. approve or disapprove all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within 10 business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within 10 business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).
- i. administer the Brand Fund (Franchise Agreement, Sections 10.10 and 13.3).

4. Advertising

1. ~~We will conduct advertising and other~~ Inform you of mandatory standards, specifications, and procedures for the operation of your Xtension Envy franchise (See Franchise Agreement Sections 9.1, 9.2, 9.3, 9.4, and Section 13).
2. ~~Upon reasonable request, provide advice regarding your Xtension Envy Salon's operations based on reports or inspections. Advice will be given during our regular business hours and via written~~

materials, electronic media, telephone, or other methods in our discretion (See Franchise Agreement—Sections 7.4 and 7.5).

3. Provide you with advice and guidance on advertising and marketing (See Franchise Agreement—Sections 12.2., 12.2.4 and 12.1).
4. Provide additional training to you for newly hired personnel on the Xtension Envy brand development activities on behalf and system guidelines, refresher training courses and additional training or assistance that, at our discretion, you need or request. You may be required to pay additional fees for this training or assistance (See Franchise Agreement—Sections 6 and 7).
5. Allow you to continue to use confidential materials, including the Franchise Web-based Operations Manual and the Marks (See Franchise Agreement—Sections 8 and 9).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new equipment, or new techniques (See Franchise Agreement—Section 13).
2. Make periodic visits to the Xtension Envy Salon for the purpose of assisting in all aspects of the System through the System-wide Brand operation and management of the Xtension Envy franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Xtension Envy franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then current training charges (See Franchise Agreement—Section 6).
3. Maintain and administer a National Advertising Fund. We may dissolve the National Advertising Fund upon written notice (See Franchise Agreement—Section 12.2).
4. Hold periodic national or regional conferences to discuss business and operational issues affecting Xtension Envy franchisees.

Advertising, which is described below. We have no obligation to conduct any other advertising or spend any amount in your territory, unless we collect some or all

National Advertising Fund

You must pay two percent (2%) of YOUR Gross Sales for the National Advertising Fund (“National Advertising Fund Contribution”). Your contribution to the National Advertising Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the National Advertising Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Xtension Envy Salons owned by us will contribute to the National Advertising Fund on the same basis as franchisees.

The National Advertising Fund will be administered by us or our affiliates or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The National Advertising Fund will be in a separate bank account, commercial account, or savings account. We have complete discretion on how the National Advertising Fund will be utilized. We may use the National Advertising Fund for local, regional, or national marketing; advertising; sales promotion and promotional materials; public and consumer relations; website development and search engine optimization; the development of technology for the System; and any other purpose to promote the Marks. We may use any media for disseminating National Advertising Fund advertisements, including direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives, or our affiliates from the National Advertising Fund for administrative costs; independent audits; reasonable accounting, bookkeeping, reporting

~~and legal expenses; taxes; and all other direct or indirect expenses associated with the programs funded by the National Advertising Fund. We do not guarantee that advertising expenditures and implement your grand opening campaign on your behalf from the National Advertising Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the National Advertising Fund Contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available” or similar phrasing.~~

~~We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the National Advertising Fund or to maintain, direct or administer the National Advertising Fund. Any unused funds that were collected in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the National Advertising Fund on any terms we deem reasonable.~~

~~The National Advertising Fund is not audited. Upon written request, we will provide to you an annual accounting for the National Advertising Fund that shows how the National Advertising Fund proceeds have been spent for the previous year. We did not collect or spend any National Advertising Fund Contributions during our last fiscal year.~~

Advertising Cooperatives

~~We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of Gross Sales. If our own~~

~~outlets are members of a cooperative, they must contribute to the fund on the same basis as franchisees. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives must prepare annual financial statements, and which are available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.~~

Local Advertising (Franchise Agreement, Sections 13.2 and 13.5)

~~We require you to spend a minimum of \$15,000 on opening advertising and promotional activities beginning at least 1 month prior to, and for 2 months following, the opening of your Franchised Business. Thereafter, we recommend, but do not require that you spend 2% of Gross Revenue each month on advertising for the Franchised Business in your Territory.~~

~~You may develop your own advertising materials at your own cost, and you may use marketing templates that we may offer; however, you cannot use any advertising or marketing materials, even if they are based on our templates, 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 of proposed advertising, which must also include the proposed media and advertising duration, within 10 business days; however, if we do not respond within 10 business days, the proposed advertising or marketing material is deemed “disapproved”. Our approval will be limited to the specific form, color, content, media, and time period requested and/or agreed upon by us. If you want to modify previously approved advertising material, or the media or duration of the advertising, or if you want to re-use previously approved advertising material in the same or different media for an additional time period, you must submit a new approval request to us.~~

~~We may require you to use our designated marketing vendor(s) to conduct some or all of your local advertising activities.~~

~~Unless we collect some or all of your expenditures and implement your grand opening campaign on your behalf, we do not provide for placement of local advertising for you. If feasible, you may do cooperative advertising with other Xtension Envy franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, X, Bluesky, Instagram, LinkedIn, YouTube, Threads, Tik Tok, or any other social media and/or networking site, except with our prior approval and in accordance with our specifications.~~

System-wide Brand Fund (Franchise Agreement, Section 13.3)

You are required to contribute 2% of your Gross Revenue to our systemwide Brand Fund. Each Xtension Envy outlet operated by our affiliates or us may, but is not obligated to, contribute to the Brand Fund on the same basis as System franchisees.

The Brand Fund is administered by our accounting and marketing personnel. We may use Brand Fund contributions to pay any and all costs for developing, producing and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars, and training programs of every kind and nature, through any media we determine; conducting marketing research and customer and/or franchise system surveys; employing advertising and/or public relations agencies and call centers; developing, enhancing and maintaining our website, social media platforms, apps, and other operations, communications, and customer service technology and providing such technology to our franchisees and customers for the benefit of the Brand image and/or Systemwide improvements; and staff salaries and other personnel and departmental costs for advertising that we internally administer or prepare.

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 may use the Brand Fund for public relations, to explain the franchise system, and/or include “Franchises Available” or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund collects and expends contributions for the benefit of the System as a whole. We may 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 use the Brand Fund to place advertising or conduct marketing campaigns in any particular area, including the geographical area 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.

The Brand Fund is not audited. An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

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. 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 have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

No Brand Fund contributions were required, made or expended in our most recently concluded fiscal year.

Regional Advertising Cooperative (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative, and there are no governing documents available for your review. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, at our sole discretion. A regional cooperative will be comprised of all franchised Xtension Envy outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each Xtension Envy outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. We are allowed to form, dissolve, merge or change the structure of the 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.

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 these regional fund or cooperative contributions will be credited to up to 50% of your required minimum local advertising expenditure.

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 allows us, in our discretion, to create a franchisee There is no required spending for local advertising. We recommend, but do not require that you spend 2% of your Gross Sales on local advertising. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other Xtension Envy Franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Xtension Envy Salons, and you will not issue coupons or discounts of any type except as approved by us.

You must order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 12 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Xtension Envy Salon, those items or services must be in your Gross Sales, and will be subject to Royalties, and the National Advertising Fund Contributions.

System Website

We have established a main website for Xtension Envy Salons (“System Website”). We will list your franchised Xtension Envy on the locations page of our website with basic information about your Salon. You may not establish or maintain any other website or engage in any other electronic marketing of products or services without our prior written approval. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies, and requirements.

You are required to follow our online policy, which is contained in our Franchise Web based Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

As long as we maintain a System Website, we will have the right to use the National Advertising Fund assets to develop, maintain and update the Meevo. We may update and modify the Meevo from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the Meevo. We may implement and periodically modify System Standards relating to the Meevo.

We are only required to reference your Xtension Envy Salon on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your Xtension Envy Salon from the System Website until you fully cure the subject default(s). You may not, without our prior written approval, develop, maintain, or authorize any website that mentions or describes you, your Xtension Envy Salon, or displays any of the Marks. If we approve your use of a website, including social media websites, we will reserve the right to require you to obtain our written approval of its initial content and as it is updated or modified from time to time. If we develop a template or other standardized format and/or content for franchisee websites, you must agree to use our mediums. You may not sell products or services not approved by us in the Franchise Web based Operations Manual on your Xtension Envy Salon website without our prior written approval (See Franchise Agreement — Section 13.4).

Advisory Council

We currently do not have, but may form, an advisory council to communicate ideas, including proposed (“Council”) to advise us on advertising policies. This council will Members of the Council would consist of both franchisees and corporate

~~representatives. Members of the Council would be selected by way of a voting method specified in the Council's bylaws. The Council would serve in an advisory capacity only with no decision-making authority. If created, we, 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 profitability. We may have the power to form, change or dissolve the council at any time Council, in our sole discretion.~~

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

You are required to purchase a computer system from our required vendor that consists, at a minimum, of the following hardware (a) three (3) Apple iPads; (b) four (4) wireless barcode scanners; (c) one (1) receipt printer; (d); one (1) cash drawer; (e) one (1) card reader; (f) one (1) low profile touch screen all in one front desk computer; (g) a commercial quality laser or inkjet printer. Items a-e are available as "bundles" through the required vendor. You will also be required to purchase the following software which you MUST implement in your Xtension Envy franchise (a) Meevo POS system; (b) QuickBooks Online; and (c) Fran Metrics. We estimate the cost of purchasing the Computer System will be between \$2,000 - \$4,000. The Computer System will manage the daily workflow of the Xtension Envy Salon; coordinate the customer experience; provide installation information; manage accounts payable and receivable; document business accounting according to GAAP; manage labor and other information. You must record all Gross Sales on the Computer System and cloud-based accounting system. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Sales of your Xtension Envy Franchise. You must also maintain a high-speed Internet connection at the Xtension Envy Salon. You must use any credit card vendors and accept all credit cards and debit cards that we determine. The term "credit card vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for the computer. You must arrange for installation, maintenance, and support of the Computer System at your cost. ~~(See Franchise Agreement Section 13.6). There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance repairs or upgrades relating to the Computer System. We cannot estimate the cost of maintaining, updating, or upgrading the Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time. We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation. We estimate that such cost will be approximately~~

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

~~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 hardware 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 POS System or any replacements thereto. 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.~~

~~The POS System allows us to independently and remotely access all of your sales data, including your Gross Revenue, 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 and financial data stored in your POS System.~~

6. Table of Contents of Operations Manual

~~The Table of Contents of our Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit D. The Operations Manual has a total of 131 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) and your manager must complete our Initial Training Program, to our satisfaction, at least 2 weeks, but no more than 6 weeks, before opening your Franchised Business. We will train your headquarters and/or at an affiliate-owned outlet, or at another location we specify. You must complete the online components of our training program prior to attending in-person training.

~~\$1,000 annually.~~

~~We (or our designee(s)) have the right to independently access the electronic information and data relating to your Xtension Envy Franchise and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Xtension Envy Salon or from other locations. We require you to give us access to your QuickBooks Online account with permission to read all reports.~~

Training

Initial Training

~~You and any Designated Salon Manager or representative that we require must complete the Initial Training Program to our satisfaction before you open your Xtension Envy Salon. We provide initial training at no cost. You and your Designated Salon Manager must complete the training program to our reasonable satisfaction, as determined by the specific program instructors before you are able to open your Xtension Envy Salon. Initial training classes are held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training Program. You are responsible for all of your expenses to attend any training program, including lodging, transportation, food, and similar expenses.~~

~~We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the Xtension Envy System and brand standards to your key employees. You will be responsible for training your employees and independent contractors, including any training on the day to day operations of the Xtension Envy Salon. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day to day operations of the Xtension Envy Salon.~~

~~We plan to provide the training listed in the table below. We reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individual attending the Initial Training Program.~~

~~In addition to the below training, Lead Stylists employed at your Salon will be required to attend a five (5) day training at our Corporate Salon prior to your Xtension Envy Salon opening.~~

TRAINING PROGRAM

<u>SUBJECTS</u> Subject	<u>HOURS OF CLASSROOM TRAINING</u> Hours of Classroom Training (HR)		<u>HOURS OF ON THE JOB TRAINING</u> Hours of On-The-Job Training (HR)	<u>LOCATION</u> Location
Bookkeeping and Reporting	1		0	Classroom
Buildout and FF&E	2	1	Classroom	
Employee Recruiting	1	0	Classroom	
Employee Training	1	2	Classroom	
Inventory Management	1	2	Classroom and Corp Salon in Scottsdale, AZ	

<u>SUBJECTS</u> Subject	<u>HOURS OF CLASSROOM TRAINING</u> Hours of Classroom Training (HR)		<u>HOURS OF ON THE JOB TRAINING</u> Hours of On-The-Job Training (HR)	<u>LOCATION</u> Location
ent				
Marketing	1	0	Classroom	
POS System	2	2	Classroom and Corp Salon in Scottsdale, AZ	
Products	1	1	Classroom and Corp Salon in Scottsdale, AZ	
Q&A	1	1	Classroom	
Sales Training	2	2	Classroom and Corp Salon in Scottsdale, AZ	
Salon Operations	2	2	Classroom and Corp Salon in Scottsdale, AZ	
Salon Sanitation	1		0.5	Classroom and Corp Salon in Scottsdale, AZ
Salon Supplies	1	1	Classroom and Corp Salon in Scottsdale, AZ	
Site Selection	1	1	Classroom	
Starting a Business	0.5		0	Classroom
Pre-opening On-Site assistance ⁽⁵⁾	-		24 – 50	Franchisee’s Location over 3 to 6 days. Franchisee must be present. Must be done one to two weeks prior to opening.
<u>Hours-Subtotals</u> Totals	18.5		39.5 – 65.5	-

Total Hours	58 – 84		
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Notes:

1. ~~We periodically conduct our reserve the right to vary the length and content of the Initial Training Program throughout based upon the year, as needed. experience and skill level of the individual attending the Initial Training is currently provided under the direction of Scott and Program. We will use the Franchise Web-based Operations Manual as the primary instruction materials during the Initial Training Program.~~

2. ~~Christine Lewandowski who currently oversees our training program to which she brings more than 20 years of industry experience, Scott and Christine oversees training in all aspects of operating the Franchised Business, including operations, marketing, curriculum, and financial reporting. You can find more information on Christine in ITEM #2.~~

Our training materials consist of our Brand Standards Manual, videos, curricula, written instructions and exams.

3. ~~The cost~~Other instructors will include experienced Xtension Envy trainers, administrative staff, managers and/or assistant managers who have minimum of 2 years of experience.
4. ~~All training will take place at the location of our choice in or around Scottsdale, AZ, online, or at your location and may include classroom sessions in or outside of the corporate salon.~~
5. ~~Franchisees who have opened two prior franchised locations may not receive the Pre-opening On-Site assistance portion of our training program. We highly recommend having your employees present Pre-opening On-Site assistance training.~~

Ongoing Traininginstructors and training materials for up

From time to 3 individuals is included in the Initial Franchise Fee ~~time~~, we may require that you pay us ~~or your~~ Designated Salon Managers attend system-wide refresher or additional training courses.

If you appoint a new Designated Salon Manager, that person must attend and successfully complete our Initial Training Program before assuming responsibility for the management of your Xtension Envy Salon. You must ~~may~~ also pay ~~request~~ that we provide additional training (either at corporate headquarters or at your Xtension Envy Salon).

~~You may be required to attend an annual meeting of all franchisees at a location we designate and pay a convention fee if we hold an annual meeting of all franchisees (See Item 6). You are responsible for all travel and personal 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 \$1,000 per person~~attendees.

~~If you do not complete our Initial Training Program to our satisfaction, we can terminate the Franchise Agreement.~~

~~If we require it, you must attend mandatory additional training course(s) for up to 5 days per year and a national business meeting or systemwide franchisee convention for up to 5 days per year at location(s) we designate. Failure to attend mandatory additional training or an annual business meeting or franchisee convention is a default of the Franchise Agreement. We may impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business 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 (i) pay a non-attendance fee, and (ii) obtain the training at a location we designate, at your sole cost, which includes at the then-current rate, plus all of your travel costs and our trainer's travel costs.~~

ITEM 12: TERRITORY
TERRITORY

~~Under the Franchise Agreement, you have the right to establish and operate 1 Xtension Envy outlet within a territory that will be defined after the site of your Franchised Business is identified and accepted by us (the "Territory"). You are required to find and obtain possession of a specific site for your Franchised Business in a non-exclusive site search area that meets our site selection criteria and our approval. Your Territory is determined on an individual basis taking into account area demographics and household incomes. Your Territory will be identified and attached to your Franchise Agreement as Attachment 2.~~

~~You may not change the location of your Franchised Business, without our written consent, which we may withhold in our sole discretion. We will charge you a relocation fee of \$10,000. Half of the relocation fee is payable with your relocation request, and the balance is due when you find a replacement premises, in accordance with our then-current site selection procedures, that is acceptable to us. The factors we consider in permitting a relocation include: loss of your original premises not due to your default, suitability of the proposed relocation site, distance from neighboring franchise territories, proximity to major roads and residential areas, vehicular and pedestrian traffic, parking availability, and condition of premises. You must complete build out the replacement premises and open for business within 180 days after you sign the replacement premises lease. If you do not identify a site and complete the build-out within this time period, you will be in default of the Franchise Agreement. If feasible, you must continue to operate at your original premises until construction of the new site is complete.~~

~~The The Xtension Envy Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories. We may, but have no obligation to, consider granting to you the right to establish additional Xtension Envy outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open 1 or more additional Xtension Envy outlets in an area or at a site acceptable to us.~~

~~You will receive an exclusive territory a Protected Territory, which means that we will not open during the term of the Franchise Agreement, we will not establish or franchise others to establish another Xtension Envy outlet or grant the right to anyone else to open a Xtension Envy outlet within your Territory, provided that you are not in default of your Franchise Agreement. Although we grant you this territory protection, we are permitted 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. Salon within your Protected Territory.~~

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

~~Notwithstanding the exclusive territory we grant to you, we are permitted to sell, either directly or through others, our products and services at retail or through co-branding with other businesses in the Territory. We or our affiliates may also own, operate, or authorize others to own or operate Xtension Envy outlets outside of the Territory and may operate other kinds of businesses using the Marks or other trademarks within the Territory. We and our affiliates may own, acquire, be acquired by, 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 Xtension Envy outlet.~~

~~We and our affiliates may sell products and services, under both the Marks licensed to you and under different trademarks, within or outside the Territory through the Internet, catalog sales, telemarketing, or other direct marketing (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.~~

~~Your local advertising must target customers in your Territory. You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, you may conduct program registration and process payments online through our approved platform(s).~~

~~ITEM 13: You must operate your Business at the specific location identified in your Franchise Agreement Attachment~~

~~A. You are awarded a Protected Territory (the “Territory”) that will include a Protected business area that will be determined on a case by case basis to account for the unique features of each geographic marketplace. You may not conduct business at any other site or sites other than the Territory as described in your Franchise Agreement, or any additional part of the Territory that may be added by an addendum attached to your Franchise Agreement. You may not relocate your business within the Territory without our express written consent. While you must conduct your business at the primary location, you may also conduct additional activities to sell products and/or provide services (for example at promotional events, charity events, etc.), so long as such events are within your Territory. You may conduct business at off-site events in other geographical areas where there is not a Xtension Envy Salon only after providing notice to us and after obtaining our explicit written approval.~~

~~Your Protected Territory is determined by population, competition, traffic patterns, proximity to major roads, demographics of the surrounding area, available parking, market penetration, and/or other conditions important to the successful operation of a Xtension Envy Salon, as we deem appropriate and as identified in your Franchise Agreement. We retain the right to delineate the exact bounds of your Protected Territory once a primary location is chosen, and such Territory shall not be altered even if there is a population increase or decrease, unless we decide otherwise in our sole and absolute discretion. Your Territory will also not be affected by the number of customers you retain, products or services that you sell, your revenues, or your sales volume. Certain locations, such as major metropolitan areas may have smaller territories due to the relative density of the populated areas. You may not open your primary location in the Territory for your Business until we grant you our explicit written permission. You may not relocate your Business or establish additional locations within your Territory until we grant you our explicit written consent, such consent to be given at our sole and absolute discretion. We will base any such consent on traffic patterns at your proposed new location, a study of the local population, and a review of your lease agreement.~~

You are prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Territory. If you renew your Franchise, your Territory may be modified depending on the then-current demographics of the Territory and on our then-current standards for territories.

During the term of the Franchise Agreement, if you are in compliance with the Franchise Agreement, we will neither establish nor operate nor TRADEMARKS

The Franchise Agreement will license to you the right to operate your Xtension Envy outlet under the following trademarks (“Principal Trademarks”):

~~license another to establish or operate a Xtension Envy Salon using the Marks and System within the territory assigned to your Xtension Envy Salon. For the purposes of sales credit and customer acceptance, you are obligated to verify that any services are performed only within the boundaries of your Territory unless you have written approval from us. We have the right to charge you, and~~

~~if applicable credit the appropriate franchisee for any service revenue derived from services performed, without approval, outside your assigned Territory boundaries. The protection afforded under this paragraph relates solely to the operation of a Xtension Envy Salon. We retain all other rights. Specifically, but not exclusively, we and/or our affiliates, licensees or designees have the right to: (i) operate and license others the right to operate Xtension Envy Salons using the Marks and System outside the Territory; (ii) distribute products and services, now existing or developed in the future, in your Territory in the manner and through the channels of distribution as we, in our sole discretion, will determine.~~

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

~~We, and our affiliates, have the right to operate, and to license others to operate, Xtension Envy Salons at any location outside the Territory, even if doing so will or might affect the operation of your Xtension Envy Salon. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:~~

- ~~1. To own, franchise or operate Xtension Envy Salons at any location outside of the Territory, regardless of the proximity to your Xtension Envy Salon;~~
- ~~2. To purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Xtension Envy Salon, wherever located;~~
- ~~3. To use the Marks and the System to sell any products or services similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;~~
- ~~4. To acquire and convert to the System operated by us, any businesses offering products and services similar to those offered by Xtension Envy Salons, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory, provided that in such situations the newly acquired businesses may not operate under the Marks in the Territory;~~
- ~~5. To implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.~~

~~We are not required to pay you if we exercise any of the rights specified above within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. We do not pay compensation for soliciting or accepting orders inside your Territory.~~


~~If you wish to purchase an additional Xtension Envy Franchise, you must apply to us, and we may, at our discretion, offer an additional Xtension Envy Franchise to you. We consider a variety of factors when determining whether to grant additional Xtension~~

~~Envy Franchises. Among the factors we consider, in addition to the then-current requirements for new Xtension Envy Franchisees, are whether or not the franchisee is in compliance with the requirements under their current franchise agreement.~~

~~You do not receive the right to acquire additional Xtension Envy Franchises within the Territory. You are not given a right of first refusal on the sale of existing Xtension Envy Franchises.~~

ITEM 13. TRADEMARKS

~~The Franchise Agreement and your payment of Royalties grant you the non-exclusive right and license to use the System, which includes the use of the Marks (as defined below). You may only use those Marks as designated by us in writing for your use, and you may use them only in the manner permitted by us. You may also use other current or future trademarks, service marks, logos, trade dress, or other source identifiers that we approve to identify your Xtension Envy Franchise, including those listed below (each, a “Mark”; collectively, the “Marks”). We are not the owners of the Marks you will use in connection with your Xtension Envy Franchise. We have entered into a trademark licensing agreement with USAMA O LLC, the owner of the Marks, which grants us the right to sublicense these Marks to franchisees.~~

Mark	Registration Number	Registration Date	Principal or Supplemental Register
Xtension Envy	6786539	July 12, 2022	Principal
Xtension Envy	7020008	April 4, 2023	Principal
XE Blends	6848375	September 13, 2022	Principal
XTENSION  ENVY	6848432	September 13, 2022	Principal

~~You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Trademarks or other Marks. 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 the Principal Trademarks or other Marks. We have the right to control any administrative proceedings or litigation involving the Principal Trademarks or other Mark licensed by us to you. You must cooperate fully with 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 the Principal Trademarks, or to use one or more additional or substitute Marks.~~

~~You must not directly or indirectly contest our affiliate’s right, or our right, to the Principal Trademarks or other Marks.~~

~~There are no currently effective adverse-material determinations of the United States Patent and Trademark Office (USPTO), the Trademark Trial and Appeals Board, or the Trademark Administration of any state, or any court relating to the Marks. There is no known pending infringement, opposition or cancellation. There is no pending material federal or state claims, oppositions, cancellation proceedings, or any other court litigation involving the Principal Trademarks or other Marks proceeding regarding any of our Marks, our ownership of the above Marks, or our ability to use the Marks. All required affidavits have been filed.~~

~~There are no currently effective agreements that significantly limit our parent’s or our right to use or license the use of the Principal Trademarks or other Marks in any manner material to the franchise.~~

~~As of the date of this Disclosure Document, we do not know of any superior prior rights or infringing uses that could materially affect your use of the Principal Trademarks.~~

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You must follow our rules and other quality control guidelines when using the Marks. You cannot use our name or Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your Xtension Envy Salon that you are an independently owned and operated licensed franchisee of Xtension Envy Franchise, LLC. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the Xtension Envy Salon, or any interest in the Franchise. All rights, titles, and interests in and to the Marks that accrue from their use, and all associated goodwill accruing from that use, inures solely to us and our benefit.

If it becomes advisable, at any time, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute source identifiers, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us within three days if you learn that any party is using the Marks or other source identifiers that are confusingly similar to any of the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a Mark licensed by us to you.

You must not directly or indirectly contest our or USAMAO LLC's rights to the Marks. We may acquire, develop, or use additional Marks or source identifiers not listed here, and may make those Marks or source identifiers available for your use and for use by other franchisees.

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 our certain forms, advertisements, promotional materials, including social media content and photographs, and other written materials. We also claim copyrights and other proprietary rights in our Brand Standards 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.

If you develop any new concept, process, product, or improvement ("Improvement") in the operation or promotion of the Franchised Business, you are required to promptly notify us and provide us with all requested information related to the Improvement and sign all documents necessary for us to obtain full proprietary rights to the Improvement. We have no obligation to compensate you for the Improvement or for any cost you incur to sign over your rights to the Improvement to us.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, pricing formulae, 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

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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 such Confidential Information and trade secrets shall 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. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality and Non-Compete Agreement (Franchise Agreement, Attachment 8).

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.

The information in the Franchise Web-based Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Franchise Web-based Operations Manual, our advertising materials, the content and format of our products or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) for the operation of your Xtension Envy Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Franchise Web-based Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Xtension Envy Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Xtension Envy Franchises and other related materials are proprietary and confidential (“Confidential Information”) and are our property to be used by you only as described in the Franchise Agreement and the Franchise Web-based Operations Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Xtension Envy Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Xtension Envy Franchises during the term of the Franchise Agreement.

You must notify us within three days after you learn about another’s use of language, a visual image, or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets, and we are not required to participate in the defense of, or provide indemnification to you in connection with, any proceeding related to the Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge, or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or

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Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets. If we require you to modify or discontinue use of the Copyrighted Works, Confidential Information or Trade Secrets, you must comply with all of our requirements.

No patents or patents pending are material to us at this time.

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

The Franchise Agreement does not require that you personally supervise the day-to-day operation of the Franchised Business, although we recommend it. Your manager must meet our qualifications and 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.

Your manager and all other personnel An Xtension Envy Franchise shall be managed by you, or if you are an entity, one shareholder, partner, or member who is a natural person designated in writing to us as the person to make all decisions for the franchisee entity and run the day to day operations. We may allow you to appoint a Designated Salon Manager (“Designated Salon Manager”) to run the day to day operations of the Xtension Envy Salon. The Designated Salon Manager must successfully complete our training program (See Item 11). We may require that the Designated Salon Manager have an ownership interest in the legal entity of the Franchise owner. If you replace a Designated Salon Manager, the new Designated Salon Manager may be required to satisfactorily complete our training program at your own expense.

If you are not an individual, you must designate an “Operating Principal” acceptable to us who will be principally responsible for communicating with us about the Xtension Envy Salon. The Operating Principal must have the authority and responsibility for the day to day operations of your Xtension Envy Salon and must have at least ten percent (10%) equity.

~~Any Designated Salon Manager and, if you are an entity, an officer that does not own equity in the franchisee entity must sign the “System Protection Agreement,” the form of which is attached to this Franchise Disclosure Document in Exhibit F. All of your employees, independent contractors, agents, or representatives that may have access to our proprietary and Confidential Information and training must sign our Confidentiality and Non-Compete confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to our this Franchise Disclosure Document in Exhibit F. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owners Agreement as Attachment 8. If your Franchised Business is owned by an entity, all owners of the entity must personally sign guaranteeing the obligations of the entity, in the form of which is attached to 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 Attachment B. We also require that the spouses of the Franchise owners sign the Owners Agreement as Attachment 6. The Owners Agreement contains a personal guaranty and covenant not to compete.~~

ITEM 16: RESTRICTION. RESTRICTIONS ON WHAT THE 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 Trademarks or other trademarks for any other business, and you may not conduct any other business from your Franchised Business premises. You cannot engage in any other business (other than an additional Xtension Envy outlet) that competes with your Franchised Business, with us or our affiliates, or with Xtension Envy 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.

You may only sell products and services in the manner we prescribe. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory.

~~You must sell or offer for sale only those products and services authorized by us, and which meet our standards and specifications. Authorized products may differ among our franchisees and may vary depending on the operating season and geographic location of your Xtension Envy Salon or other factors. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of products and services specified by us, provided you or your Designated Salon Manager has been certified to offer the products and services. We may change or add to our required products and services, at our discretion, with prior notice to you. There are no limits on our right to make such changes. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products and services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.~~

~~You may not sell products or services, or advertise products or services, within another franchisee's territory. You may not establish an account or participate in any social networking sites or blogs or mention or discuss the Franchise, us, or any of our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales.~~

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	a. Length of the franchise term	Art. 4 Section 5	The term is 10 years Years
b.	b. Renewal or extension of the Term term	Art. Section 5	If you are in good standing as defined below, and you can sign up to 2 meet other requirements, you may add two successor agreements for additional term of 10-year years each under the terms, unless we have determined, in of our sole discretion, to withdraw from the geographical area where your then current Agreement. The renewal fee will be the greater of \$4,500 or 10% of the current Franchise is located fee .
c.	c. Requirements for franchisees franchisee to renew or extend	Sections 5.1 and 5.2 Section 5	Provide written notice Your successor-franchise rights permit you to us at least 6 months before remain as a Franchisee after the end of the initial term; be in full compliance; have not committed 3 or more events of default during current term; completion of any required additional training; have the right to continued occupancy of the Franchised Business premises or obtain of your Franchise Agreement expires. You must sign our approval to relocate; repair, upgrade or replace the

	Provision	Section in Franchise Agreement	Summary
			equipment and other Franchised Business assets to meet then-current specifications; execute a general release; execute a Franchise Agreement and any ancillary documents for the successor term, and this new franchise agreement; and pay us a successor agreement fee. You may be asked to sign a new Franchise Agreement with materially may have different terms and conditions than your original (including, e.g., higher Royalty and advertising contributions) from the Franchise Agreement that covered your initial term.
d.	d. Termination by franchisee	Not Applicable Section 22	The Franchise Agreement does not give you any right to terminate. You may seek termination upon any grounds available permitted by state law.
e.	e. Termination by franchisor without “cause”	Not Applicable	Not Applicable
f.	f. Termination by franchisor with “cause”	Article 17 Section 22	We may can terminate <u>only if you default, subject to state law. The</u> upon certain violations of the Franchise Agreement describes defaults throughout. Please read it <u>carefully by you.</u>
g.	“Cause” defined – curable g. Curable defaults	Section <u>17.322</u>	<u>You have 5 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). If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Web-based Operations Manual, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default, except for the defaults that require cure in a shorter time and non-curable defaults. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of receiving our notice of default. If we terminate the Franchise Agreement following a default, your</u>

	Provision	Section in Franchise Agreement	Summary
h.	<p><u>“Cause” defined - non-curable defaults</u></p> <p>h. Non-curable defaults</p>	<p><u>Sections 17.1 and 17.2</u></p> <p>Section 22</p>	<p>interest in the franchise will terminate.</p> <p><u>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 proceedings that is not disclosed within 30 days.</u></p> <p><u>We may terminate the Franchise Agreement upon notice to you if you: misrepresent or omit a material fact in applying for the Franchise; do not: acquire a site, complete construction, obtain permits and/or open the Franchised Business within required time frames; cease operations for 5 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 Revenue 3 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 transfer as required upon your death or permanent disability; are convicted or plead no contest to a felony or to a crime or do anything 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, maintain false books, submit a false report, or circumvent the POS or other computer systems; 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 3 or more times during the term or receive 2 or more default notices in any 12-month period; have insufficient funds to honor a check or EFT 2 or more times within any twelve 12-month period; default under any other agreement with us or our affiliate; or terminate the Franchise Agreement without cause.</u></p> <p>Non-curable defaults: We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely establish, equip and begin operations of</p>

Provision	Section in Franchise Agreement	Summary
		<p>the franchised business; fail to have your Owner Operator satisfactorily complete training; fail to maintain all required professional licenses, permits and certifications for more than 5 business days; made a material misrepresentation or omission in the application for the franchise; were or are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business; after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect either party or the Franchised Business; use the Web-based Operations Manual, trade secrets or other confidential information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, other executives, employees and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements; abandon the franchised business for 5 or more consecutive days; surrender or transfer control of the franchised business in an unauthorized manner; fail to maintain the Franchised Business under the supervision of an Owner Operator following your death or disability; submit reports on 2 or more separate occasions understating any amounts due by more than 2%; insolvency; misuse or make unauthorized use of the Marks; fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due us or any affiliate; violate on 2 or more occasions any health, safety or other laws or operate the franchised business in a manner creating</p>

	Provision	Section in Franchise Agreement	Summary
			a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; if you commit three (3) or more curable defaults during the Term, repeatedly breach the franchise agreement or comply with specifications; or default under any other agreement with us (or an affiliate) so that we (or the affiliate) have the right to terminate the agreement.
i.	i. Franchisee's obligations on termination/non-renewal	Article 18 Sections 22 and 23	<u>Upon termination, you must: cease operations; cease to identify yourself as a Xtension Envy franchisee; cease to use the Marks; de-identify the premises; 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 because of your default or 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 Brand Standards Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all fixtures, equipment, and supplies of your Franchised Business; assign, at our option, your telephone numbers, directory and internet listings, and social media accounts and the lease for the location; and if applicable, pay us liquidated damages. Obligations include complete de-identification; payment of amounts due; and return of confidential Franchise Web-based Operations Manual, all Confidential Information, Trade Secrets, and records.</u>
i.	j. Assignment of contract by franchisor	Section 16.1.123	No restrictions restriction on our right to assign.
k.	k. "Transfer" by franchisee — defined	Section 16.324	Any <u>Includes any voluntary, involuntary, direct, or indirect assignment, sale, transfer, gift, devise or encumbrance exchange, grant of any a security interest or change of ownership</u> in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or Franchise or interest in the Franchisee (if the Franchisee is a business entity). <u>Franchisee.</u>
l.	l. Franchisor approval of transfer by franchisee	Section 16.324	<u>No transfer is allowed without our consent, which we will not unreasonably withhold. We have the right to approve all transfers.</u>

	Provision	Section in Franchise Agreement	Summary
m.	m. Conditions for franchisor approval of a transfer	Sections 16.3 and 16.4 Section 21	<p><u>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 completes our Initial Training Program; transferee agrees to update premises and equipment to then-current specifications; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release; you shall subordinate any claims you have against the transferee to us; you will indemnify us for misrepresentations in the transfer process (excluding our representations in the FDD); our approval of the material terms and conditions of the transfer; obtain landlord's consent to transfer the premises lease, if applicable; and payment of a transfer fee.</u></p> <p>New owner must have sufficient business experience and financial resources to operate the Franchise; you must pay all amounts due; new owner and employees must complete the Initial Training Program; your landlord must consent to the transfer of the lease; you must pay transfer fee of 50% of our then-current initial franchise fee if transferring to an existing Extension Envy franchisee; 75% of our then-current initial franchise fee, if transferring to a new franchisee entering the system.; you must sign a general release in favor of us; new owner must agree to bring the Xtension Envy Salon up to current standards; new owner signs a new franchise agreement in the then-current form; you must sign a non-compete agreement not to engage in a competitive business for two years within 25 miles of that Franchise or another Xtension Envy Franchise.</p>
n.	n. Franchisor's right of first refusal to acquire franchisee's business	Section 16.6 21	<p><u>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 shall give us all customary seller's representations and warranties.</u></p> <p>We have 30 days to match any offer for your</p>

	Provision	Section in Franchise Agreement	Summary
Q.	Q. Franchisor's option to purchase franchisee's business	Section 18.2 24	Xtension Envy Salon. Upon termination of the Franchise Agreement, we have the option We may, but are not required to , purchase any or all of your Xtension Envy Franchise, inventory, or equipment, signs, advertising materials, and supplies at your cost or fair market value, whichever if your Xtension Envy Franchise is less terminated for any reason by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
R.	P. Death or disability of franchisee Franchisee	Sections 16.3, 16.4 and 16.7 Section 21.4	The executor of your estate or other personal representative must transfer the Franchise within 6 months to a replacement franchisee that we approve. The Franchise Agreement must be transferred or assigned to a qualified party within 180 days of death or disability, or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
S.	Q. Non-competition covenants during the term of the franchise Franchise	Section 19.5.1 16.3	You may not: divert, or attempt to divert, customers of any Xtension Envy outlet (including yours) to any competitor; participate in any capacity, including, but not limited to as an owner, partner, officer, director, employee or agent, in any other capacity in any hair salon 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. Neither you, your principal owners, nor any immediate family members of you or your principal owners may participate in a diverting business, have no owning interest in, loan money to, or perform services for a competitive business anywhere. You may not interfere with our or our other franchisees' Xtension Envy Franchise(s).
T.	R. Non-competition covenants after the franchise Franchise is terminated or expires	Section 19.5.2 16.4	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Xtension Envy business (including yours) to any competitor; participate in any capacity, including, but not limited to as an owner, partner, officer, director, employee or agent, in any other capacity in any hair salon business within 15

	Provision	Section in Franchise Agreement	Summary
			miles of your former Xtension Envy Territory or any other Xtension Envy outlet location; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. Owners and their spouses cannot have any direct or indirect interest in, own, manage, operate, finance, control or participate in any competitive business within a 25-mile radius of your Xtension Envy Salon
s.	s. Modification of the agreement	Sections 7, 9.4, 14.6 19.1.4 and 21.12 19	No oral modifications generally of the Franchise Agreement during the term unless agreed to in writing , but we may change the Brand Standards the Franchise Web-based Operations Manual and System standards is subject to change at any time. You may be required to implement these changes at your own costs. We have the right to modify in our Marks at any time upon written notice to you discretion. Modifications are permitted on renewal.
t.	t. Integration/merger clause	Section 21.12 25.8	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document this Franchise Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	u. Dispute resolution by arbitration or mediation	Sections 20.1, 20.2 and 20.3 Section 25	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. Except for certain claims, all disputes must be mediated and arbitrated in Maricopa county in Arizona.
v.	v. Choice of forum	Section 20.5 25	Litigation takes place All disputes must be mediated, arbitrated, and if applicable, litigated in Maricopa county in Arizona—except as provided in the State Specific Addendum to this Franchise Disclosure Document , subject to applicable state law.
w.q. Non-competition	<u>Choice of law</u>	Section 20.5 16.3	Neither you, your principal owners, nor any immediate family members of you

	Provision	Section in Franchise Agreement	Summary
covenants during the term of the Franchise			or your principal owners may participate in a diverting business, have no owning interest in, loan money to, or perform services for a competitive business anywhere. You may not interfere with our or our other franchisees' Xtension Envy Franchise(s) in Arizona, 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 Franchise Disclosure Document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet that 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 the most recent calendar year ending December 31, 2024, we had 1 affiliate-owned outlet open and operating and no franchised outlets. This financial performance representation is a historic representation based on the past performance of our affiliate outlets. Our affiliate outlet operates in substantially the same manner, and offer the same goods and services, that our franchised outlets offer. The below chart contains a historic financial performance representation for the years 2021, 2022, and 2023, and 2024 of gross revenue, operating expenses, and estimated debt payment, and remaining margin of our affiliate-owned Xtension Envy outlet. Our affiliate owned outlet is a similar size as expected franchisee outlets and represents the sale of products and services that will be available for franchisees to sell. Our affiliate-owned outlet operates without the requirement to pay Royalty or National Ad Fund Contribution and operate without any geographical limitations.

Financial Performance¹
January 1 – December 31, 2024

	2021	2022	2023	2024
Gross revenue ² Revenue	\$1,490,100	\$1,738,490	\$1,836,841	\$1,738,000
Operating expenses	\$938,108	\$747,295	\$1,086,493	\$938,108

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Estimated Debt payment	\$40,400	\$40,400	\$40,400
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Net Revenue Profit before			
Royalty Royalties and Ad fund	\$511,492 312,305	\$611,107 511,492	\$565,803 611,107
and Brand Fund Contribution³			
Estimated Royalties 6%	\$66,000	\$89,400	\$104,280
Royalty 6%⁴	\$89,400	\$104,280	\$110,210
Brand Estimated National Ad			
Fund Contribution 2%⁴	\$29,800 22,000	\$34,760 29,800	\$3,673 34,760
Estimated Debt payment⁵	\$40,400	\$40,400	\$40,400
Projected Net income after Profit After Franchise related Fees Related Expenses³	\$39,292 224,305	\$472,067 392,292	\$418,857 472,067

Notes:

¹ The information contained in this Table has not been audited.

² Notes:

(1) This parent owned location is substantially similar to the Xtension Envy businesses for which we are offering franchises in this disclosure document, and their services and products are the same as those to be offered and sold by a franchised Xtension Envy business. This parent owned and operated Xtension Envy location operates in a similar sized footprint with similar product pricing commensurate with franchised Xtension Envy product pricing with a wide range of demographics and business conditions found in urban and suburban markets, but has been in operation since November 2017. The basis of accounting used by the parent owned unit is determined by the individual location, but generally is cash basis accounting. The figures in the above financial performance representation have not been audited. You should estimate your own costs and expenses including, but not limited to, inventory, marketing, insurance, royalties, rent, wages, payroll taxes and professional fees.

(2) Gross Revenue is defined as the total revenue derived pre-sales tax receipts from the sale of all sales from services and products and services offered.

This figure represents the Net Profit less state/local taxes and customer refunds.

(3) ³ Net Revenue before Estimated Royalty and Estimated National Ad Fund represents Gross Revenue less Operating Expenses.-

⁴ Our affiliate owned A single outlet is not required to pay Royalty of Brand Fund Contribution.

⁵ Debt is SBA Loan for \$250,000@10% for 10 years and has been factored into Net Revenue before Royalty and Brand Fund Contribution.

⁷ Our affiliate-owned outlets are not subject to the same territorial restrictions or fees that a franchisee will experience. Item 6 of this disclosure document outlines the fees to which a franchisee will be subject. Specifically, a franchisee who achieved the same sales results that our affiliate achieved would incur royalty fees and Brand Fund contributions.

Written substantiation of the data used in preparing these figures will be made available to you upon reasonable request. The information presented above has not been audited.

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. ~~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~~ franchisor's management by contacting Scott Lewandowski at 14850 N. 87th Street, Suite 130, Scottsdale, AZ 85260, ~~or phone number~~ (612) 418-9900, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: -OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
~~For~~ ~~for~~ Years ~~2021 - 2023~~ 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022 <u>2021</u>	0	0	0
	2023 <u>2022</u>	0	0	0
	2024 <u>2023</u>	0	0	0
Company <u>-</u> Owned*	2022 <u>2021</u>	1	1	0
	2023 <u>2022</u>	1	1	0
	2024 <u>2023</u>	1	1	0
Total Outlets	2022 <u>2021</u>	1	1	0
	2022 <u>2023</u>	1	1	0
	2024 <u>2023</u>	1	1	0

*Owned by our Parent XE Holdings, LLC

Table No. 2
Transfers of Outlets ~~From~~ ~~from~~ Franchisees to New Owners (Other~~other~~ than the Franchisor)
~~For~~ ~~for~~ Years ~~2021 - 2023~~ 2022 to 2024

State	Year	Number of Transfers
Arizona <u>None</u>	2022 <u>2021</u>	0
	2023 <u>2022</u>	0
	2024 <u>2023</u>	0
<u>Total</u>	2022	0

	2023	0
	2024	0

Table No. 3
 Status of Franchised Outlets
 For ~~for~~ Years ~~2020~~—~~2022~~ to ~~2024~~

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-renewals-Renewals	Reacquired by Franchisor	Ceased Operations = Operations - Other Reasons	Outlets at End of the Year
None Arizona	2022 2021	0	0	0	0	0	0	0
	2023 2022	0	0	0	0	0	0	0
	2024 2023	0	0	0	0	0	0	0
Total	2022 2021	0	0	0	0	0	0	0
	2023 2022	0	0	0	0	0	0	0
	2024 2023	0	0	0	0	0	0	0

Table No. 4
 Status of Company-Owned Outlets
 For ~~for~~ Years ~~2022~~ to ~~2024~~2021—~~2023~~

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees Franchisee	Outlets Closed	Outlets Sold to Franchisees Franchisee	Outlets at End of the Year
Arizona	2022 2021	1	0	0	0	0	1
	2023 2022	1	0	0	0	0	1
	2024 2023	1	0	0	0	0	1
Totals Total	2022 2021	1	0	0	0	0	1
	2023 2022	1	0	0	0	0	1
	2024 2023	1	0	0	0	0	1

*Owned by our Parent XE Holdings, LLC

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	<u>2</u>	<u>10</u>
Colorado	0	1	0
Utah	0	1	0
Total	0	<u>2</u>	<u>10</u>

~~The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit E lists the location of each Xtension Envy franchised outlet in our System and each C. The name and last known address and telephone number of every franchisee during our last fiscal year who has had an outlet a Xtension Envy Franchise terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the our franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchiseduring the one year period ending December 31, 2023, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit C. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the Xtension Envy. You may wish to speak with current and former franchisees but know that not all such franchisees can communicate with you. During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Xtension Envy. If you buy a Xtension Envy Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.~~

~~No franchisee has signed confidentiality clauses duringAs of the last three years.~~

~~ThereIssuance Date of this Franchise Disclosure Document, there are no trademark-specific franchisee franchise organizations associated with the franchise system being offered sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific Franchise organizations.~~

ITEM 21: FINANCIAL STATEMENTS

~~Included in Exhibit C are ourAn unaudited opening balance sheet for Xtension Envy Franchise Group, LLC for the initial period ending May 31, 2020, an audited year end closing balance sheet for the year 2021, audited financial statements for the year 2022, audited financial statements for the year 2023 and unaudited financials as of December 31, 2024, December 31, 2023, and December 31, 2022.~~

~~Our fiscal year end is December 31st.~~

ITEM 22: CONTRACTS

~~A copy of all proposed agreements regarding the franchise offering are included in March 7, 2025 are attached to this Disclosure Document, as follows:~~

Exhibit B-

~~Our fiscal year end is December 31st.~~

~~The~~

ITEM 22. CONTRACTS

~~Exhibit A — Franchise Agreement~~

~~Exhibit E — State Addenda and Agreement Riders~~

~~Exhibit F — Contracts for use with the Xtension Envy Franchise~~

~~Franchise General Release Agreement Waiver and Release of Claims Xtension Envy
Franchise Protection Agreement~~

~~Xtension Envy Franchise Confidentiality Agreement Automated Clearing House Payment Authorization Form of Release Xtension Envy
Franchise Approval of Requested Assignment~~

ITEM 23. RECEIPTS

~~The last pages of this Franchise Disclosure Document, Exhibit H – Franchisee Acknowledgement Statement, as permitted by state
law,~~

~~are a detachable document,~~

ITEM 23: RECEIPT

~~A receipt in duplicate is attached as the last two pages of this Disclosure Document. You should. Please detach, sign both copies of
the receipt. Keep, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure
Document. Please keep the second copy for your own records and return the other signed copy to Scott Lewandowski, Xtension
Envy Franchise Group, LLC, 14850 N. 87th Street, Suite 130, Scottsdale, AZ 85260.~~

EXHIBIT A

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.

<u>State</u>	<u>State Agency</u>	<u>Agent for Service of Process</u>
<u>CALIFORNIA</u>	<u>Department of Financial Protection and Innovation</u> <u>320 West 4th Street, Suite 750</u> <u>Los Angeles, CA 90013</u> <u>(213) 576-7505</u> <u>Toll-free (866-275-2677)</u>	<u>Commissioner of Financial Protection and Innovation</u>
<u>CONNECTICUT</u>	<u>State of Connecticut</u> <u>Department of Banking</u> <u>Securities & Business Investments Division</u> <u>260 Constitution Plaza</u> <u>Hartford, CT 06103-1800</u> <u>(860) 240-8230</u>	<u>Banking Commissioner</u>
<u>HAWAII</u>	<u>Business Registration Division</u> <u>Department of Commerce and</u> <u>Consumer Affairs</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, HI 96813</u> <u>(808) 586-2722</u>	<u>Commissioner of Securities of the State of Hawaii</u>
<u>ILLINOIS</u>	<u>Office of Attorney General</u> <u>Franchise Division</u> <u>500 South Second Street</u> <u>Springfield, IL 62706</u> <u>(217) 782-4465</u>	<u>Illinois Attorney General</u>
<u>INDIANA</u>	<u>Indiana Secretary of State</u> <u>Securities Division</u> <u>302 West Washington St., Room E-111</u> <u>Indianapolis, IN 46204</u> <u>(317) 232-6681</u>	<u>Indiana Secretary of State</u> <u>201 State House</u> <u>Indianapolis, IN 46204</u>
<u>MARYLAND</u>	<u>Office of the Attorney General</u> <u>Division of Securities</u> <u>200 St. Paul Place</u> <u>Baltimore, MD 21202-2020</u> <u>(410) 576-6360</u>	<u>Maryland Securities Commissioner</u> <u>200 St. Paul Place</u> <u>Baltimore, MD 21202-2020</u> <u>(410) 576-6360</u>
<u>MICHIGAN</u>	<u>Michigan Department of Attorney General</u> <u>Consumer Protection Division</u> <u>Antitrust and Franchise Unit</u> <u>670 Law Building</u> <u>Lansing, MI 48913</u> <u>(517) 373-7117</u>	<u>Michigan Department of Commerce, Corporations and Securities Bureau</u>
<u>MINNESOTA</u>	<u>Minnesota Department of Commerce</u> <u>85 7th Place East, Suite 280</u> <u>St. Paul, MN 55101-2198</u>	<u>Minnesota Commissioner of Commerce</u>

<u>State</u>	<u>State Agency</u>	<u>Agent for Service of Process</u>
	<u>(651) 539-1500</u>	
<u>NEW YORK</u>	<u>NYS Department of Law</u> <u>Investor Protection Bureau</u> <u>28 Liberty St. 21st FL</u> <u>New York, NY 10005</u> <u>212-416-8222</u>	<u>Secretary of State</u> <u>99 Washington Avenue</u> <u>Albany, NY 12231</u>
<u>NORTH DAKOTA</u>	<u>North Dakota Securities Department</u> <u>600 East Boulevard, State Capitol</u> <u>14th Floor, Dept. 414</u> <u>Bismarck, ND 58505-0510</u> <u>(701) 328-4712</u>	<u>North Dakota Securities</u> <u>Commissioner</u>
<u>OREGON</u>	<u>Department of Consumer and Business Services</u> <u>Division of Finance and Corporate Labor and</u> <u>Industries Building</u> <u>Salem, Oregon 97310</u> <u>(503) 378-4387</u>	<u>Director of the Department of</u> <u>Consumer and Business Services</u>
<u>RHODE ISLAND</u>	<u>Department of Business Regulation</u> <u>Division of Securities</u> <u>1511 Pontiac Avenue, Building 69-1</u> <u>Cranston, RI 02920</u> <u>(401) 462-9585</u>	<u>Director of Rhode Island</u> <u>Department of Business</u> <u>Regulation</u>
<u>SOUTH DAKOTA</u>	<u>Division of Insurance</u> <u>Securities Regulation</u> <u>124 South Euclid, Suite 104</u> <u>Pierre, SD 57501</u> <u>(605) 773-3563</u>	<u>Director of Insurance-Securities</u> <u>Regulation</u>
<u>VIRGINIA</u>	<u>State Corporation Commission</u> <u>Division of Securities and Retail Franchising</u> <u>1300 East Main Street, 9th Floor</u> <u>Richmond, VA 23219</u> <u>(804) 371-9051</u>	<u>Clerk of State Corporation</u> <u>Commission</u> <u>1300 East Main Street, 1st Floor</u> <u>Richmond, VA 23219</u> <u>(804) 371-9733</u>
<u>WASHINGTON</u>	<u>Mailing - Department of Financial Institutions</u> <u>PO Box 41200</u> <u>Olympia, WA 98504-1200</u> <u>Overnight - Department of Financial Institutions</u> <u>150 Israel Rd SW</u> <u>Tumwater, WA 98501-6456</u> <u>(360) 902-8760</u>	<u>Department of Financial</u> <u>Institutions</u> <u>150 Israel Rd SW</u> <u>Tumwater, WA 98501-6456</u>
<u>WISCONSIN</u>	<u>Wisconsin Securities Commissioner</u> <u>Securities and Franchise Registration</u> <u>345 W. Washington Avenue</u> <u>Madison, WI 53703</u> <u>(608) 266-8559</u>	<u>Commissioner of Securities of</u> <u>Wisconsin</u>

~~AGREEMENT~~

EXHIBIT B
FRANCHISE AGREEMENT

EXHIBIT C

-FINANCIAL STATEMENTS

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT E

~~These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.~~

—



Independent Auditors' Report

To the Board of Directors

XTENSION ENVY FRANCHISE GROUP, LLC

Opinion

We have audited the financial statements of XTENSION ENVY FRANCHISE GROUP, LLC (a Limited Liability Company established in the State of Arizona, United States of America), which comprise the statements of financial position as of December 31, 2022, as well as notes that include a summary of the relevant accounting policies and other explanatory information. The financial statements have been prepared under Generally Accepted Accounting Principles in the United States (US GAAP).

In our opinion, these financial statements reasonably reflect, in all material respects, the financial position of ~~XTENSION ENVY FRANCHISE GROUP, LLC (a Limited Liability Company established in the State of Nevada, United States of America)~~ as of December 31, 2021, and its financial performance, as well as its cash flows for the year ending on that date, in conformity with the Generally Accepted Accounting Principles of the United States (US GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of XTENSION ENVY FRANCHISE GROUP, LLC as of December 31, 2022, ended in accordance with accounting principles generally accepted in the United States of America.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Accepted Accounting Principles in the United States (US GAAP) as described in Note 1 of the financial statements and through the internal control determined by management, relevant to the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management intends to liquidate the company or cease operations, or have no realistic alternative but to do so.

Those in charge of the company's Governance are responsible for overseeing the reporting process of the company.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Audit Standards, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit conducted in accordance with the United States Generally Accepted Accounting Principles (US GAAP), we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Company's management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with Company's governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with Company's governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The image shows a handwritten signature in black ink that reads "Juan A. Pizarro Llanos". The signature is written over a stylized logo that says "JPizars" in a cursive, handwritten font.

April 21, 2023
JPizars – CPA & Business Consultants LLC

Hollywood, Florida | O: 1722 Sheridan St. #365 Hollywood, FL 33020

Juan A. Pizarro Llanos, MAcc, CPA, CFE, CRMA | CEO T: 954-997-2545 | E: jpizars@cpa.com

ACCRUAL BASIS

Xtension Envy Franchise Group, LLC

Balance Sheet

As of December 31, 2022

Xtension Envy Franchise Group

Balance Sheet

As of December 31, 2022

	TOTAL
▼ ASSETS	
▼ Current Assets	
▶ Bank Accounts	\$13,167.26
▼ Accounts Receivable	
Accounts Receivable (A/R)	5.00
Total Accounts Receivable	\$5.00
Total Current Assets	\$13,172.26
TOTAL ASSETS	\$13,172.26
▼ LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
▼ Equity	
▶ Partner investments	251,000.00
Retained Earnings	-120,277.35
Net Income	-117,550.39
Total Equity	\$13,172.26
TOTAL LIABILITIES AND EQUITY	\$13,172.26

Xtension Envy Franchise Group

Profit and Loss

January - December 2022

	TOTAL
Income	
Total Income	
GROSS PROFIT	\$0.00
▼ Expenses	
▶ Advertising & marketing	41,569.81
▶ Contract labor	69,000.00
▶ General business expenses	2,226.64
▶ Legal & accounting services	1,926.50
▶ Meals	213.79
▶ Office expenses	753.75
Payroll expenses	322.04
Travel	2,037.86
Uncategorized Expense	-500.00
Total Expenses	\$117,550.39
NET OPERATING INCOME	\$ -117,550.39
NET INCOME	\$ -117,550.39

Xtension Envy Franchise Group, LLC
Notes to the Financial Statements December 31, 2022

NOTE 1 – NATURE OF OPERATIONS

The Company was founded in April 2021. The Company is registered in Arizona as a Franchisor in the salon industry.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

No estimates and assumptions have been made for the period of these financial statements. If estimates and assumptions are used, they will be in conformity with U.S. GAAP that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Balance Sheet Classification

The Company includes in current assets and liabilities retainage amounts receivable and payable under client contracts, which may extend beyond one year. A one-year time period is used as the basis for classifying all other current assets and liabilities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Inventory

Inventory is valued at Lower of cost or market.

Property and Equipment

Property and equipment will be stated at cost. Depreciation will be computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

See accompanying Independent Accountants' Audit Report

Xtension Envy Franchise Group, LLC
Notes to the Financial Statements December 31, 2022 (Continued)

Impairment of Long-Lived Assets

The Company will review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. As of December 31, 2022, there were no impairment losses recognized for long lived assets.

Revenue and Cost Recognition

Revenue is recognized as earned (Accrual Basis Accounting).

Xtension Envy Franchise Group LLC follows the 5 step guidelines in the revenue recognition process as outlined in ASC 606. These steps are the following:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

See accompanying Independent Accountants' Audit Report

Xtension Envy Franchise Group, LLC
Notes to the Financial Statements December 31, 2022 (Continued)

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities will be included in the financial statements at enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in FASB ASC 740. As changes in tax laws or rate are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. As of December 31, 2022, the Company had no uncertain tax positions or interest and penalties, that qualify for either recognition or disclosure in the financial or interest and penalties, that qualify for either recognition or disclosure in the financial statements.

NOTE 3 – MANAGEMENT’S PLANS (GOING CONCERN)

Management assesses, considering both quantitative and qualitative factors, whether there are conditions and events that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued. Based on management’s assessment, the Company did not identify any conditions that raise substantial doubt about the Company’s ability to continue as a going concern. Xtension Envy Franchise has a strong pipeline of candidates for 2023 and expects to generate revenue to offset expenses. Overhead has also been reduced, however marketing efforts to generate new franchisees continue and the Company believes 2023 will be a much stronger year.

NOTE 4 – EVALUATION OF SUBSEQUENT EVENTS

As of report release date, no subsequent events came to our attention.

See accompanying Independent Accountants’ Audit Report



Independent Auditors' Report

To the Board of Directors

~~XTENSION ENVY FRANCHISE GROUP, LLC~~ FRANCHISED OUTLETS

As of December 31, 2024

NONE

FRANCHISEES WITH SIGNED AGREEMENTS **OUTLETS NOT YET OPEN**

Opinion

~~We have audited the financial statements of XTENSION ENVY FRANCHISE GROUP, LLC (a Limited Liability Company established in the State of Arizona, United States of America), which comprise the statements of financial position as of December 31, 2021, as well as notes that include a summary of the relevant accounting policies and other explanatory information. The financial statements have been prepared under Generally Accepted Accounting Principles in the United States (US GAAP).~~

~~In our opinion, these financial statements reasonably reflect, in all material respects, the financial position of XTENSION ENVY FRANCHISE GROUP, LLC (a Limited Liability Company established in the State of Nevada, United States of America) as of December 31, 2021, and its financial performance, as well as its cash flows for the year ending on that date, in conformity with the Generally Accepted Accounting Principles of the United States (US GAAP).~~

Basis for Opinion

~~We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly,~~

~~we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of XTENSION ENVY FRANCHISE GROUP, LLC as of December 31, 2021, ended in accordance with accounting principles generally accepted in the United States of America.~~

Responsibilities of Management and Those Charged with Governance for the Financial Statements

~~The Company's Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Accepted Accounting Principles in the United States (US GAAP) as described in Note 1 of the financial statements and through the internal control determined by management, relevant to the preparation of financial statements free from material misstatement, whether due to fraud or error.~~

~~In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management intends to liquidate the company or cease operations, or have no realistic alternative but to do so.~~

~~Those in charge of the company's Governance are responsible for overseeing the reporting process of the company.~~

Auditors' Responsibility for the Audit of the Financial Statements

~~Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Audit Standards, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.~~

~~As part of an audit conducted in accordance with the United States Generally Accepted Accounting Principles (US GAAP), we exercise professional judgment and maintain professional skepticism throughout the audit.~~

~~We also:~~

- ~~• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.~~
- ~~• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.~~
- ~~• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.~~
- ~~• Conclude on the appropriateness of Company's management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a~~

~~going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.~~

- ~~• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.~~

~~We communicate with those charged with Company's governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.~~

~~We also provide those charged with Company's governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.~~

JPizars 

March 16, 2022

JPizars—CPA & Business Consultants LLC

Hollywood, Florida | O: 1722 Sheridan St. #365 Hollywood, FL 33020

Juan A. Pizarro Llanos, MAcc, CPA, CFE, CRMA | CEO T: 954-997-2545 | E: jpizars@cpa.com

~~Xtension Envy Franchise Group, LLC~~

~~Balance Sheet
As of December 31, 20242021 Cash Flow Omitted~~

Xtension Envy Franchise Group, LLC

Balance Sheet
As of December 31, 2021

	TOTAL
ASSETS	
Current Assets	\$131,959.99
TOTAL ASSETS	\$131,959.99
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
Partner investments	251,000.00
Retained Earnings	
Net Income	-119,040.01
Total Equity	\$131,959.99
TOTAL LIABILITIES AND EQUITY	\$131,959.99

Xtension Envy Franchise Group, LLC

Profit and Loss
January - December 2021

	TOTAL
Income	
Services	5.00
Total Income	\$5.00
GROSS PROFIT	\$5.00
Expenses	\$119,045.01
NET OPERATING INCOME	\$ -119,040.01
NET INCOME	\$ -119,040.01

Xtension Envy Franchise Group, LLC
Notes to the Financial Statements December 31, 2021

~~NOTE 1 — NATURE OF OPERATIONS~~

~~The Company was founded in April 2021. The Company is registered in Arizona as a franchisor of a salon concept.~~

~~NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES~~

~~Use of Estimates~~

~~No estimates and assumptions have been made for the period of these financial statements. If estimates and assumptions are used, they will be in conformity with U.S. GAAP that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.~~

~~Balance Sheet Classification~~

~~The Company includes in current assets and liabilities retainage amounts receivable and payable under client contracts, which may extend beyond one year. A one-year time period is used as the basis for classifying all other current assets and liabilities.~~

~~Cash and Cash Equivalents~~

~~For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.~~

~~Inventory~~

~~Inventory is valued at Lower of cost or market.~~

~~Property and Equipment~~

~~Property and equipment will be stated at cost. Depreciation will be computed primarily using the straight line method over the estimated useful lives of the assets, which range from 5 to 39 years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.~~

Xtension Envy Franchise Group, LLC

See accompanying Independent Accountants' Audit Report

Notes to the Financial Statements December 31, 2021 (Continued)

Impairment of Long-Lived Assets

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Revenue and Cost Recognition

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Xtension Envy Franchise Group, LLC

See accompanying Independent Accountants' Audit Report

Notes to the Financial Statements December 31, 2021 (Continued)

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities will be included in the financial statements at enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in FASB ASC 740. As changes in tax laws or rate are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. As of December 31, 2021, the Company had no uncertain tax positions or interest and penalties, that qualify for either recognition or disclosure in the financial or interest and penalties, that qualify for either recognition or disclosure in the financial statements.

NOTE 3 — EVALUATION OF SUBSEQUENT EVENTS

As of report release date, no subsequent events came to our attention.

See accompanying Independent Accountants' Audit Report

EXHIBIT C

NONE

~~LIST OF CURRENT AND~~ FORMER FRANCHISEES

As

~~Current Franchisees of as of December 31, 2024~~2023:

~~that~~None.

Former Franchisees:

~~The name and last known address of every franchisee who had an outlet a Xtension Envy Franchise transferred, terminated, canceled~~~~cancelled~~, not renewed, or otherwise voluntarily or involuntarily ceased to do business under ~~the~~~~our~~ Franchise Agreement during the most recently completed fiscal year~~period January 1, 2023, to December 31, 2023,~~ or ~~who~~ has not communicated with the franchisor~~us~~ within the 10~~ten~~ weeks preceding~~of~~ the Issuance Date of this Disclosure Document:

NONE

-

EXHIBIT F
FORM OF RELEASE

GENERAL RELEASE

This release (the "Release") is given this day of _____ by _____, a(n) _____, with its principal place of business located at _____ ("Franchisee") and _____'s principals _____, an individual residing at _____ and ("Principal(s)").

Franchisee and 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 Xtension Envy Franchise Group, LLC ("Franchisor") and Franchisor's parent company, affiliates, officers, directors, members, 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 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 Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

~~Release given this day of _____ by: Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.~~

FRANCHISEE (Entity): _____ FRANCHISEE (Principal): _____

By: _____ (Print Name)

(Print Name, Title)

FRANCHISEE (Principal): _____

(Print Name)

EXHIBIT G

None.

Remainder of page intentionally left blank.

EXHIBIT D

~~LIST OF STATE ADMINISTRATORS AND AGENTS
FOR SERVICE OF PROCESS~~

STATE ADMINISTRATORS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

<p>CALIFORNIA State Administrator and Agents for Service of Process:</p> <p>Commissioner Department of Financial Protection and Innovation, 320 W. 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677</p> <p>HAWAII Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 Agents for Service of Process:- Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335- Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p>ILLINOIS Illinois Attorney General Chief, Franchise- Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465</p> <p>INDIANA Secretary of State Securities Division Room E- 018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p>MARYLAND Office of the Attorney General Securities- Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p> <p>Agents for Service of Process:</p> <p>Maryland Securities Commissioner 200 St.- Paul Place Baltimore, MD 21202-2020</p> <p>MICHIGAN Michigan Department of Attorney General- Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117</p> <p>MINNESOTA Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600</p> <p>NEW YORK Administrator: NYS Department of Law Investor- Protection Bureau 28 Liberty St. 21st Fl New York, NY- 10005 (212) 416-8285 (Phone) Agents for Service of Process:</p> <p>New York Department of State One- Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492</p>	<p>NORTH DAKOTA North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 E. Boulevard Avenue- Bismarck, ND 58505-0510 (701) 328-4712</p> <p>RHODE ISLAND Department of Franchise Regulation 1511 Pontiac Avenue John O. Pastore Complex, Bldg. 69-1 Cranston, RI- 02920 (401) 462-9527</p> <p>SOUTH DAKOTA Division of Insurance Securities Regulation 124- South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</p> <p>VIRGINIA State Corporation Commission Division of Securities- and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219</p> <p>Agent for Service of Process:</p> <p>Clerk of the State Corporation Commission 1300 E.- Main Street, 1st Floor Richmond, VA 23219</p> <p>WASHINGTON Department of Financial Institutions Securities- Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p>WISCONSIN Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364</p>
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AGENTS FOR SERVICE OF PROCESS

~~Our agent for service of process in Arizona is Mark Chester, Chester Law, PLLC with an address of 8360 E. Raintree Drive Suite 140, Scottsdale, Arizona 85260, with phone number of (480) 922-3939.~~

~~Remainder of page intentionally left blank.~~

EXHIBIT E

STATE ADDENDA ~~AND AGREEMENT RIDERS~~

EXHIBIT H

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify the Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

STATE ADDENDA AND AGREEMENT RIDERS

~~ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR XTENSION ENVY FRANCHISE GROUP, LLC~~

~~The following modifications are made to Xtension Envy Franchise Group, LLC. (“Franchisor,” “us,” “we,” or “our”) Franchise Disclosure Document (“FDD”) given to franchisee (“Franchisee,” “you,” or “your”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20____ (“Franchise Agreement”). When the term “Franchisor’s Choice of Law State” is used, it means Arizona. When the term “Supplemental Agreements” is used, it means none.~~

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

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

CALIFORNIA

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

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

~~The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Arizona. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.~~

~~The Franchise Agreement and Supplemental Agreements require the application of the laws of Arizona. This provision may not be enforceable under California law.~~

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

~~California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements~~

~~contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.~~

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

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

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

~~You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).~~

~~Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dbo.ca.gov.~~

HAWAII

The following is added to the Cover Page:

~~THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.~~

~~THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.~~

Registered agent in the state authorized to receive service of process:

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

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. ~~States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates".~~
2. ~~States which have refused, by order or otherwise, to register these Franchises are: None~~
3. ~~States which have revoked or suspended the right to offer the Franchises are: None~~
4. ~~States in which the proposed registration of these Franchises has been withdrawn are: None~~

ILLINOIS

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

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

~~Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise~~

~~relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.~~

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

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

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

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

INDIANA

~~Item 13 of the FDD is amended to add the following:~~

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

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

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

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

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

~~The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:~~

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

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

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

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

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

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

- ~~1. — The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.~~
- ~~2. — The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.~~
- ~~3. — Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.~~
- ~~4. — The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).~~
- ~~5. — The following provision will be added to the Franchise Agreement:~~

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

IOWA

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

~~The following language will be added to the Franchise Agreement:~~

NOTICE OF CANCELLATION

~~____ (enter date of transaction)~~

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

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

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

~~To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Xtension Envy Franchise Group, LLC, 9619 N Hayden Road, Suite 110, Scottsdale, AZ 85258, no later than midnight of the third business day after the Effective Date.~~

~~I hereby cancel this transaction.~~

Franchisee: _____ By: _____

Print Name: _____

Its: _____ Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS

~~Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."~~

~~Representations in the Franchise Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.~~

~~Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure~~

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

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

~~The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).~~

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.~~

~~Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:~~

- ~~(a) — A prohibition on your right to join an association of franchisees.~~
- ~~(b) — A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.~~
- ~~(c) — A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.~~
- ~~(d) — A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us, 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 years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six months' advance notice of our intent not to renew the Franchise.~~
- ~~(e) — A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.~~
- (g) ~~A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

 - (i) ~~the failure of the proposed transferee to meet our then current reasonable qualifications or standards.~~
 - (ii) ~~the fact that the proposed transferee is a competitor of us or our subfranchisor.~~
 - (iii) ~~the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.~~
 - (iv) ~~your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.~~~~
- (h) ~~A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (e).~~
- (i) ~~A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.~~

~~**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**~~

Any questions regarding this notice should be directed to: State of Michigan Department of Attorney
 General Consumer Protection Division Attn: Franchise 670 Law Building 525 W. Ottawa Street
 Lansing, Michigan 48913
 Telephone Number: (517) 373-7117

MINNESOTA

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

1. ~~Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.~~
2. ~~Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor~~

~~from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.~~

- ~~3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.~~
- ~~4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.~~
- ~~5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third party claim, suit, or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.~~
- ~~6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.~~
- ~~7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.~~
- ~~8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.~~
- ~~9. Minnesota Statute 604.113 limits the fee for NFS (non-sufficient funds) to \$30. The fee table in the FDD Item 6 is hereby amended by removing the listed fee and replacing it with \$30. The franchise agreement will be amended to show the \$30 fee for any NFS payments from you to the franchisor.~~

- ~~10. No statement, questionnaire, or acknowledgment ~~acknowledgment~~ signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

NEW YORK

The following information is added to the cover page of the Franchise Disclosure Document:

~~INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.~~

The following is added at the end of Item 3:

Except as provided above, with regard to Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. ~~No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.~~
- B. ~~No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Franchise System or its business operations.~~
- C. ~~No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.~~
- D. ~~No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.~~

The following is added to the end of Item 4:

Neither the Franchisor, its affiliate, its predecessor, officers or general partner during the 10 year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code

or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the “Summary” sections of Item 17(e), titled “Requirements for Franchisee to renew or extend,” and Item 17(m), entitled “Conditions for Franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the “Summary” section of Item 17(d), titled “Termination by Franchisee You may terminate the agreement on any grounds available by law.

The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by Franchisor:”

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

The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of Forum”, and Item 17(w), titled “Choice of Law:”

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

NORTH DAKOTA

~~Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel, or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.~~

~~Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.~~

~~Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.~~

~~Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.~~

~~Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.~~

~~Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.~~

~~Item 17(f) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.~~

OHIO

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

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

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

~~You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Xtension Envy Franchise Group, LLC, 9619 N Hayden Road, Suite 110 Square, Scottsdale, AZ 85258 postdated no later than fifth business day after the Effective Date.~~

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____ Print Name: _____

Its: _____

RHODE ISLAND

~~§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.~~

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

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

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

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

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

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

WASHINGTON

~~The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.~~

~~In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.~~

~~In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.~~

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

~~Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.~~

WISCONSIN

~~The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.]~~

(Signatures on following page)

Remainder of page intentionally left blank

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

~~California~~

~~Hawaii~~

~~Illinois~~

~~Iowa~~

~~Indiana~~

~~Maryland~~

~~Michigan~~

~~Minnesota~~

~~New York~~

~~North Dakota~~

~~Ohio~~

~~Rhode~~

~~Island~~

~~South~~

~~Dakota~~

~~Virginia~~

~~Washington~~

~~Wisconsin~~

Dated: _____, 20____

FRANCHISOR:

Xtension Envy Franchise Group, LLC

By: _____ Title: _____

FRANCHISEE:

By: _____ Title: _____

~~EXHIBIT F~~

~~CONTRACTS FOR USE WITH XTENSION ENVY FRANCHISE~~

~~The following contracts contained in Exhibit F are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of Xtension Envy Business. The following are the forms of contracts that Xtension Envy Franchise Group, LLC uses as of the Issuance Date of this Franchise Disclosure Document.~~

EXHIBIT F 1

XTENSION ENVY

FRANCHISE GENERAL RELEASE AGREEMENT WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of , 20 , by , a(n) ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Xtension Envy Franchise Group, LLC, an Arizona Limited Liability Company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Xtension Envy business;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee (**enter into a successor franchise agreement**), and Franchisor has consented to such transfer (**agreed to enter into a successor franchise agreement**); and

WHEREAS, as a condition to Franchisor's consent to the transfer (**Franchisee's ability to enter into a successor franchise agreement**), Releasor has agreed to execute this Release upon the terms and conditions stated below:

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer (**Franchisor entering into a successor franchise agreement**), and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. ~~Representations and Warranties.~~ Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. The undersigned represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.
2. ~~Release.~~ Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim.
3. ~~Nondisparagement.~~ Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. ~~Confidentiality.~~ Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of,

~~or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.~~

~~5. Miscellaneous.~~

- ~~a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.~~
- ~~b. This Release shall be construed and governed by the laws of the State of Arizona. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.~~
- ~~c. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.~~
- ~~d. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third party beneficiary to this Release.~~
- ~~e. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.~~
- ~~f. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.~~
- ~~g. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require consummating, evidence, or confirm the Release contained herein in the matter contemplated hereby.~~

~~6. THIS SECTION APPLIES ONLY IF THE FRANCHISEE IS LOCATED IN CALIFORNIA: A general~~

~~release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.~~

(Signatures on following page)

~~IN WITNESS WHEREOF~~, Releasor has executed this Release as of the date written below.

FRANCHISEE: _____

a. _____

By: _____ Title: _____

EXHIBIT F-2

XTENSION ENVY FRANCHISE PROTECTION AGREEMENT

This System Protection Agreement (“~~Agreement~~”) is entered into by the undersigned (“~~you~~” or “~~your~~”) in favor of Xtension Envy Franchise Group, LLC, an Arizona Limited Liability Company, and its successors and assigns (“~~us~~,” “~~we~~,” or “~~our~~”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“~~Competitive Business~~” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a Xtension Envy business operating pursuant to a franchise agreement with us.

“~~Copyrights~~” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Xtension Envy business or the solicitation or offer of a Xtension Envy franchise, whether now in existence or created in the future.

“~~Franchisee~~” means Xtension Envy franchisee for which you are a manager or officer.

“~~Franchisee Territory~~” means the territory granted to you pursuant to a franchise agreement with us.

“~~Intellectual Property~~” means, collectively or individually, our Marks, Copyrights, Know how, and System.

“~~Know how~~” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Xtension Envy business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“~~Manual~~” means our confidential Web-based Operations Manual for the operation of a Xtension Envy business, which may be periodically modified by us.

“~~Marks~~” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Xtension Envy business, including “Xtension Envy,” and any other trademarks, service marks, or trade names that we designate for use by a Xtension Envy business. The term “Marks” also includes any distinctive trade dress used to identify a Xtension Envy business, whether now in existence or hereafter created.

“~~Prohibited Activities~~” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“~~Restricted Period~~” means the two year period after you cease to be a manager or officer of Franchisee’s Xtension Envy business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “~~Restricted Period~~” means the one year period after you cease to be a manager or officer of Franchisee’s Xtension Envy business.

~~“Restricted Territory” means the geographic area within: (i) a 25 mile radius from Franchisee’s Xtension Envy business (and including the premises of the approved location or the geographical center of the territory of Franchisee); and (ii) a 25 mile radius from all other Xtension Envy businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 15 mile radius from Franchisee’s Xtension Envy business or geographical center of the territory (and including the premises of the approved location of Franchisee).~~

~~“System” means our system for the establishment, development, operation, and management of a Xtension Envy business, including Know how, proprietary programs and products, Manual, and operating system.~~

- ~~2. **Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.~~
- ~~3. **Know How and Intellectual Property.** You agree: (i) you will not use the Know how in any business or capacity other than Xtension Envy business operated by Franchisee; (ii) you will maintain the confidentiality of the Know how at all times; (iii) you will not make unauthorized copies of documents containing any Know how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know how; and (v) you will stop using the Know how immediately if you are no longer a manager or officer of Franchisee’s Xtension Envy business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.~~
- ~~4. **Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Xtension Envy business by engaging in any Prohibited Activities.~~
- ~~5. **Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.~~
- ~~6. **Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know how to the family member.~~
- ~~7. **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**~~

~~8. **Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Xtension Envy franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners, or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.~~

~~9. **Miscellaneous.**~~

- ~~a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.~~
- ~~b. This Agreement will be governed by, construed, and enforced under the laws of Arizona, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.~~
- ~~c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.~~
- ~~d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.~~

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

Remainder of page intentionally left blank

EXHIBIT F 3

XTENSION ENVY FRANCHISE CONFIDENTIALITY AGREEMENT

~~This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of Xtension Envy Franchise Group, LLC, an Arizona Limited Liability Company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.~~

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

~~“Copyrights” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Xtension Envy franchisees to use, sell, or display in connection with the marketing and/or operation of a Xtension Envy Business, whether now in existence or created in the future.~~

~~“Franchisee” means Xtension Envy franchisee for which you are an employee, independent contractor, agent, representative, or supplier.~~

~~“Xtension Envy Business” means a business that offers hair extension sales, installations, and ongoing maintenance to include coloring, washing, blow outs, straightening and cuts using our Intellectual Property.~~

~~“Intellectual Property” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.~~

~~“Know how” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Xtension Envy Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.~~

~~“Manual” means our confidential Web-based Operations Manual for the operation of a Xtension Envy Business.~~

~~“Marks” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Xtension Envy Business, including “Xtension Envy” and any other trademarks, service marks, or trade names that we designate for use by a Xtension Envy Business. The term “Marks” also includes any distinctive trade dress used to identify a Xtension Envy Business, whether now in existence or hereafter created.~~

~~“System” means our system for the establishment, development, operation, and management of a Xtension Envy Business, including Know-how, proprietary programs and products, confidential Web-based Operations Manuals, and operating system.~~

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree:

(i) you will not use the Intellectual Property in any business or capacity other than for the benefit of Xtension Envy Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v)

~~you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.~~

~~The Intellectual Property is and shall continue to be the sole property of Xtension Envy Franchise Group, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.~~

- ~~4. **Immediate Family Members.** You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.~~
- ~~5. **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**~~
- ~~6. **Breach.** You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Xtension Envy franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.~~
- ~~7. Miscellaneous:~~
 - ~~a. Although this Agreement is entered into in favor of Xtension Envy Franchise Group, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.~~
 - ~~b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.~~

- ~~e. This Agreement will be governed by, construed, and enforced under the laws of Arizona, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.~~
- ~~d. Each section of this Agreement, including each subsection and portion, is severable. If any section,~~

subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date__

Signature

Type or Printed Name

Remainder of page intentionally left blank

EXHIBIT F-4

~~AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM~~

Franchisee Information:

Franchisee Name — Business No. _____

Franchisee Mailing Address (street) Franchisee Phone No. Franchisee _____

Mailing Address (city, state, zip) _____

Contact Name, Address and Phone number (if different from above) _____

Franchisee E-mail Address _____

Bank Account Information:

Bank Name _____

Checking Savings (check one)

Bank Account No. Bank Routing No. (9 digits) _____

Bank Mailing Address (city, state, zip) _____ Bank Phone No. _____

Authorization:

Franchisee hereby authorizes Xtension Envy Franchise Group, LLC. (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____

Name: _____ Its: _____

Federal Tax ID Number: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT F-5

XTENSION ENVY FRANCHISE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into this _____ day of _____, 20____, between Xtension Envy Franchise Group, LLC (“**Franchisor**”), (“Former Franchisee”) and _____ (“New Franchisee”).

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ (“**Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate an Xtension Envy franchise located at _____ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. ~~Payment of Fees.~~ In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).
2. ~~Assignment and Assumption.~~ Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing of a franchise agreement pursuant to Section 5 of this Agreement.
3. ~~Consent to Requested Assignment of Franchised Business.~~ Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Franchise Agreement.
4. ~~Termination of Rights to the Franchised Business.~~ The parties acknowledge and agree that all of Former Franchisee’s rights to operate the Franchised Business and rights under the Franchise Agreement are hereby relinquished and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business. Former Franchisee and its owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor’s current form of General Release Agreement.
5. ~~New Franchise Agreement.~~ New Franchisee shall execute Franchisor’s current form of Franchise Agreement and attachments for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Xtension Envy franchise as stated in Franchisor’s Franchise Disclosure Document.
6. ~~Franchisee’s Contact Information.~~ Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three year period following the execution of this Agreement.
7. ~~Acknowledgement by New Franchisee.~~ New Franchisee acknowledges and agrees that the purchase of the rights

to the Franchised Business (~~“Transaction”~~) occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor’s involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee’s signing of a new franchise agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee’s acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee and shall not involve Franchisor.

8. ~~Representation.~~ Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor’s Franchise Disclosure Document and did not sign the new Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.
9. ~~Notices.~~ Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.
10. ~~Further Actions.~~ Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.
11. ~~Affiliates.~~ When used in this Agreement, the term **“Affiliates”** has the meaning as given in Rule 144 under the Securities Act of 1933
12. ~~Miscellaneous.~~ This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns
13. ~~Governing Law.~~ This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Arizona.

(Signatures on following page)

~~IN WITNESS WHEREOF~~, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

~~Xtension Envy Franchise Group, LLC~~

By: Name:

Title:

~~FORMER-
FRANCH
ISEE:~~

By: Name:

Title:

~~NEW-
FRANCH
ISEE:~~

By: Name:

Title:

EXHIBIT G

Franchisee hereby acknowledges the following:

1. Franchisee 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 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 by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee 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 and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise 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 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 that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee 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.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee'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 acknowledges that it has received the Xtension Envy Franchise Group, LLC, Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee 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 with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee'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.

Initial

10. Franchisee is aware of the fact that other present or future franchisees 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 Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE XTENSION ENVY FRANCHISE GROUP, LLC, AND ANY OF ITS PARENT COMPANIES, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND SHAREHOLDERS 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, 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 IS SPECIFICALLY INAPPLICABLE TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

FRANCHISEE (Entity): _____

FRANCHISEE (Principal): _____

By: _____ Name: _____
Name: _____ Date: _____
Title: _____
Date: _____ FRANCHISEE (Principal):

Name: _____
Date: _____

State Effective Dates

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the statesstate, 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:

<u>State</u> STATE	<u>Effective Date</u> EFFECTIVE DATE
WisconsinCALIFORNIA	May 1, 2025NOT REGISTERED
FLORIDA	August 13, 2024
HAWAII	NOT REGISTERED
ILLINOIS	NOT REGISTERED
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
UTAH	August 5, 2024
VIRGINIA	NOT REGISTERED
WASHINGTON	NOT REGISTERED
WISCONSIN	July 24, 2024

_____Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I

H-RECEIPTS

RECEIPT

~~(Retain This Franchise Disclosure Document Copy)~~

~~This disclosure document~~ summarizes certain provisions of the Franchise Agreement ~~franchise agreement~~ and other information in plain language. Read this Franchise Disclosure Document ~~disclosure document~~ and all exhibits ~~agreements~~ carefully.

If Xtension Envy Franchise Group, LLC offers you a franchise, it must provide this Disclosure Document ~~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 -~~Xtension Envy Franchise Group, 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:

Scott Lewandowski
14850 N. 87th St., Ste. 130
Scottsdale, AZ 85260;
(612) 418-9900

Issuance Date: April 29, 2025

I received a Disclosure Document dated April 29, 2025, that included the following Exhibits:

- EXHIBIT A: State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement
- EXHIBIT C: Financial Statements
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Franchised Outlets
- EXHIBIT F: Form of Release
- EXHIBIT G: State Addenda
- EXHIBIT H: Franchisee Acknowledgment Statement
- EXHIBIT I: Receipts

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

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 Xtension Envy Franchise Group, 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.

~~Under Iowa law, if applicable, Xtension Envy Franchise Group, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Xtension Envy Franchise Group, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this Franchise Disclosure Document disclosure document at the earlier of the first personal meeting or 10ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.~~

If Xtension Envy Franchise Group, LLC does not deliver this ~~Disclosure Document disclosure document~~ on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on ~~Exhibit D~~.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Scott Lewandowski, 14850 N. 87th St., Ste. 130, Scottsdale, AZ 85260;
Peter Taunton, 14850 N. 87th St., Ste. 130, Scottsdale, AZ 85260

Issuance Date: July 8, 2024

~~I received a disclosure document dated July 8, 2024 which included the following exhibits:~~

- ~~Exhibit A — Franchise Agreement~~
- ~~Exhibit B — Financial Statements~~
- ~~Exhibit C — List of Current and Former Franchisees~~
- ~~Exhibit D — List of State Administrators and Agents for Service of Process~~
- ~~Exhibit E — State Addenda and Agreement Riders~~
- ~~Exhibit F — Contracts for use with the Xtension Envy Franchise~~
- ~~Exhibit G — State Effective Dates~~
- ~~Exhibit H — Receipts~~

Date Signature Printed Name

Date Signature Printed Name **PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**

RECEIPT (Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Xtension Envy Franchise Group, 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.

Under Iowa law, if applicable, Xtension Envy Franchise Group, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Xtension Envy Franchise Group, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Xtension Envy Franchise Group, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your the appropriate state authority listed agency identified on Exhibit AD.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

~~The name, principal business address, and telephone number of each franchise seller offering the franchise is~~

Scott Lewandowski
14850 N. 87th St., Ste. 130
Scottsdale, AZ 85260;
(612) 418-9900

Peter Taunton, 14850 N. 87th St., Ste. 130, Scottsdale, AZ 85260; (612) 418-9900

Issuance Date: ~~April 29, 2025~~ July 8, 2024

I received a ~~Disclosure Document~~ disclosure document dated ~~April 29, 2025, that~~ July 8, 2024, which included the following Exhibits:

~~EXHIBIT~~ exhibits: Exhibit A: _____ Franchise Agreement

~~Exhibit B~~ Financial Statements

~~Exhibit C~~ List of Current and Former Franchisees

~~Exhibit D~~ List of State Franchise Administrators and Agents for Service of Process

~~EXHIBIT B:~~ Franchise Agreement

~~EXHIBIT C:~~ Financial Statements

~~EXHIBIT D:~~ Operations Manual Table of Contents

~~EXHIBIT~~ Exhibit E: Franchised Outlets

~~EXHIBIT F:~~ Form of Release

EXHIBIT G: State Addenda and Agreement Riders

EXHIBIT Exhibit F - Contracts for use with the Xtension Envy Franchise

Exhibit G - State Effective Dates

Exhibit H: Franchisee Acknowledgment Statement

EXHIBIT I: Receipts

Date Received:
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

(Signature _____ of _____ recipient)

Printed Name

Date Signature Printed Name

Please sign this copy of the receipt, date your signature, and return signed receipt to:

-Xtension Envy Franchise Group, LLC

5-14850 N. 87th Street, Suite 130, Scottsdale, AZ 85260; phone number (612) 418-9900.