

franchisee's business		Franchise, inventory, or equipment at fair market value if your Xtension Envy Franchise is 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.
p. Death or disability of Franchisee	Section 21.4	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.
q. Non-competition covenants during the term of the Franchise	Section 16.3	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).
r. Non-competition covenants after the Franchise is terminated or expires	Section 16.4	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. Modification of agreement	Sections 7, 9 and 19	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Franchise Web-based Operations Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 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 this Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 25	Except for certain claims, all disputes must be mediated and arbitrated in Maricopa county in Arizona.
v. Choice of forum	Section 25	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.
q. Non-competition covenants during the term of the Franchise	Section 16.3	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).

ITEM 18. PUBLIC FIGURES

We do not presently 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 this disclosure document. Financial performance information that differs from any 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; (2) or 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.

This Item contains a historic financial performance representation for the years 2021, 2022, and 2023 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 operate without the requirement to pay Royalty or National Ad Fund Contribution and operate without any geographical limitations.

	2021	2022	2023
Gross Revenue	\$1,100,000	\$1,490,000	\$1,738,000
Operating expenses	\$747,295	\$938,108	\$1,086,493
Estimated Debt payment	\$40,400	\$40,400	\$40,400
Net Profit before Royalties and Ad fund	\$312,305	\$511,492	\$611,107
Estimated Royalties 6%	\$66,000	\$89,400	\$104,280
Estimated National Ad Fund 2%	\$22,000	\$29,800	\$34,760
Net Profit After Franchise Related Expenses³	\$224,305	\$392,292	\$472,067

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 pre-sales tax receipts from all sales from services and products offered.

(3) This figure represents the Net Profit less Estimated Royalty and Estimated National Ad Fund.

A single outlet has sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Scott Lewandowski at 14850 N. 87th Street, Suite 130, Scottsdale, AZ 85260 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 Years 2021 - 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned*	2021	1	1	0
	2022	1	1	0
	2023	1	1	0