XTENSION ENVY

THE HAIR EXTENSION SALON

Offering everyone an opportunity to **feel beautiful, sexy and empowered** by supplying the highest quality hair at a great value in a clean, and welcoming space for all.

Franchise Information Package | 2022

The fundamentals of the Xtension Envy model and what it means to be a franchisee in our growing system of passionate entrepreneurs.

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Section 1 - Investment Information

Franchise Fee	$45,000
Estimated Initial Investment Range	$317,500 - $498,500 inclusive of your Franchise Fee
Minimum Liquidity Requirement	$150,000
Minimum Net Worth Requirement	$500,000

Item 7 Table

Type of Expenditure	Amount	
	Low	High
Initial Franchise Fee(1)	$45,000	$45,000
Tech setup Fee(2)	$750	$750
Real Estate Rent Deposits and Pre-Paid Expenses(3)	$15,000	$25,000
Traveling costs while training(4)	$2,500	$7,500
Grand Opening Marketing(5)	$15,000	$20,000
Fixtures, Furnishings6)	$90,000	$115,000
Signage	$5,500	$15,000
Equipment	$1,000	$2,500
Computers, hardware, and software(7)	$2,000	$4,000
Yelp Account setup fee(8)	$1,400	$1,400
Xtension Envy Salon Leasehold Improvements(9)	$50,000	$125,000
Inventory and Supplies	$65,000	$75,000
Inventory and supplies from US (hair & tools) (10)	$53,500	$56,000
Professional Fees(11)	$1,500	$5,000
License, Permits and other Licenses (12)	$1,000	$2,500
Insurance(13)	$1,000	$2,000
Architectural/Engineeri ng Fees(14)	$8,000	$15,000
Delay of opening Fees(15)	$0	$1,000
Additional Funds –3 Months(16)	$15,000	$40,000
TOTAL ESTIMATED INITIAL INVESTMENT(17)	**$317,500**	**$498,500**

Financing Options

We can provide you with multiple third party financing resources should you need to secure funding in addition to your own assets.

Section 2 - Xtension Envy Model Differentiators

Model Dynamics

Item 19 Figures (Corporate Salon Revenue)	June 2020 - July 2021 = **$900K+** January 2021 - December 2021 = **$1.1M+**
Recurring Revenue Model	Memberships help ensure regular monthly revenue via automatically recurring credit card payments. Average membership payment is $163.00 per month in our Tier 2 structure. Created by membership experts, our memberships offer clients exactly what they need in order to maintain their investment. Members save hundreds, sometimes thousands of dollars a year. Through regular monthly maintenance visits to the salon, they are able to recognize the full value of their extensions while keeping their nature hair healthy and strong.
Three (3) Different Pricing Tiers	We understand that the cost of doing business or the cost of living varies from place to place. We've created three different pricing tiers to help ensure our franchise partners are able to charge clients pricing in line with regional considerations.
Private Label Hair Care Products	A line of private label shampoo, conditioner, and other hair care products created specifically for the ongoing maintenance of hair extensions.
Private Label Hair Extensions	All the hair extensions used in Xtension Envy salons is private labeled by XE Blends, a salon products company owned by our founders. This allows for streamlined ordering and measurable cost savings for our franchisees.
Hair Quality Guarantee	We guarantee our hair and offer full replacement should there be any issues as long as the client has taken care of their new hair as instructed.
First Of Its Kind Model	Our hair extensions installation and maintenance model is a first of its kind model in the salon industry. No other concept has our unique maintenance memberships available to clients.

Section 2 - Xtension Envy Model Differentiators

Viable Market Criteria	Viable markets will be cities or communities with at least 50,000 residents within a three (3) mile radius from the salon and those people will have an average household income of $75,000+ annually.
Prime Open Markets	**AZ, CA, CO, FL, NC, NJ, NV, SC, TN, TX, UT**

Salon Considerations

One-Stop-Shop	Your salon will offer all of the services your clients want without having to force them to visit another business. Xtension Envy stylists will color, cut, style, blow out, and maintain the hair extensions they install.
Real Human Hair Extensions	Xtension Envy carries only the highest quality real human hair extensions and we offer a quality guarantee to back it up.
Inventory Of Hair	Your salon will keep an extensive inventory of hair extensions at all times to ensure your ability to offer same day service to your clients. Gone are the days of clients having to pick their extensions from a sample only to have to wait for their stylist to order and receive them before coming in for a second visit.
Top Salon Products	In addition to our private label products, your salon will carry a variety of hair care products from some of the top names in the industry including Milkshake, Davines, Brazillian Blowout, and Redken.
Custom Furniture And Fixtures	We've engaged the top salon design company in the US to develop our unique prototype and custom furniture and fixtures. The majority of the FF&E in your location will be built in their facility in Utah and shipped directly to your salon for installation by your contractor.

Section 3 - Franchise Support

Stage 1 - Pre-Opening Support

Critical Path Tracker

Leveraging the ClickUp platform, we've created a step-by-step weekly guide to help keep your salon development and buildout process on track and gap free.

Real Estate

In conjunction with our Master Real Estate Brokers, we'll help you identify and secure an ideal salon location in your trade area.

Franchise Training

You and your designated salon manager will travel to Arizona to complete approximately four days of training. The table below has the subjects we'll be covering with you and approximately how long each section will be.

Subject	Hours of Classroom Training	Hours of On-The-Job Training	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
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
Hours Subtotals	18.5	15.5	
Total Hours	34		

Section 3 - Franchise Support

On-Site Training	We'll be sending corporate team members to your salon for 5-7 days to train you and your staff the week before your scheduled opening day. This training will consist of a variety of subjects including POS system training, sales training, salon sanitation protocol training, and inventory management training. Our team will also be there on your opening day to help ensure that you and your team are ready to deliver the level of service that represents Xtension Envy.
Marketing Assistance	Our team will help you develop your unique local store marketing strategy leveraging channels and resources that we've already vetted and we'll provide you with pre-designed assets whenever possible.
Grand Opening Assistance	When it comes time to host your Grand Opening Event, we'll be there with you! Whenever schedules allow, a member of the corporate team will join you and your staff as you host members of the community, the press, and any other VIPs in attendance.
Vendor Support	All of our vendors have been thoroughly vetted and selected based on their ability to deliver quality and quantity at a price that still allows for maximum ROI for you. Those resources include: Salon FF&E - Wadsworth Design Real Estate - Caliber Commercial Group Bookkeeping And KPI - Fran Metrics POS System - Meevo2 by Millennium Systems International Streaming Music - Spectrio (formerly Retail Radio) Reputation Management (Yelp) - Viirl Agency

Stage 2 - Post Salon Opening Support

Dedicated Corporate Resource	You'll have regular communication with a member of the Xtension Envy corporate team throughout the life cycle of your salon. Topics of conversation will include efficiency analysis, inventory management, staff performance metrics, and salon KPI review.

Section 3 - Franchise Support

Dedicated Area Representative (As Applicable)	Most regions will have a dedicated Area Representative who will be responsible for not only the growth of the territory via franchise license sales but also through hands-on support of each salon in their area. This support includes the same kinds of assistance provided by corporate only it will happen in your location. If you think you might want to be an Area Representative, please let us know. There are choice territories still available.
Robust KPI Analytics	Providing and understanding the Key Performance Indicators for your salon is a critical element of your success. Your POS system and your bookkeeping and KPI vendor collaboratively offer a full suite of business reports and analytics that will help you and us get a clear picture of the health of your operation.
Library Of Training Videos And Assets	Along with several of our vendors, we've established a library of video and training assets available to you and your team 2 24/7/365 via our online operations portal or each vendor's own website.
Streamlined Inventory Management Tools	Your POS system has all of the inventory management tools you'd expect from a developer who's been at the forefront of salon management platforms for the better part of 20 years. From integrated supply level functionality to incremental tracking of hair extension usage, Meevo2 has you covered.

Section 4 - Qualities Of A Great Franchisee

Subscribe To Our Mission Statement	**Xtension Envy offers everyone an opportunity to feel beautiful, sexy and empowered by supplying the highest quality hair at a great value in a clean, and welcoming space for all.**
Believe In Our Core Values	**Team Culture** — We work as one **Client Focused** — Service above and beyond all day every day **Honesty Wins** — In every communication we make **Welcoming Space** — Everyone is equal and welcome **Relationship Driven** — Knowing your clients is serving your clients
Passionate About Beauty	Have a passion about the beauty industry and building your place within it.
Desire To Help Others	You should get great satisfaction out of knowing that the services you provide help your clients feel stronger, sexier, and more powerful than they did when they walked in the door.
Team Mentality	A franchise system is a team of like-minded entrepreneurs who share the same passions and business model. When one wins, they all win. You are not in competition with each other.
Willing To Learn	Be open to learning our processes and systems. They've been developed for you and they will play crucial roles in the success of your salon.
Ability To Lead Others	Great franchisees have a presence in their business even if they aren't managing it on a daily basis. Provide leadership to every member of your staff. Let them know when they've done a job and coach them when they haven't. Without them, you don't have a business to operate.
Engaging Personality	Being able to develop relationships with your salon clientele and your staff is a huge plus. People like to be recognized and acknowledged.

Section 5 - The Sales Process

Step 1 Speak With Our FSA

Have a quick phone call with our Franchise Sales Administrator to help validate your candidacy and to give us an opportunity to learn a little bit about you and your goals.

Step 2 Complete Our PIF

Fill out our Preliminary Information Form and get it back to us so we can all be on the same page regarding your ability to support this venture. It's a non-binding general information form that we'll use to understand your background and financial capabilities.

Step 3 Speak With Our COO

Schedule a call with our Chief Operating Officer to run through a high level look at our model and your plans for a future as a member of the Xtension Envy network. If we all agree that there's continued interest in moving this process forward, we'll move to the next steps.

Step 4 Receive Our FDD

You'll receive a copy of our current FDD after you sign the Receipt Pages at the end of that document via DocuSign.

Step 5 Review The FDD With Your Advisor

Over the next two weeks, you should be reviewing the FDD and capturing any questions or comments you might have as you read through it. We also recommend that you engage the services of a qualified franchise attorney to further assist you with your understanding of the document.

Step 6 Get Your Questions Answered

As you go through that process, our COO will be available to you to answer any questions you might have along the way.

Step 7 Complete Our Application

Once we're all aligned on the FDD and Franchise Agreement (which is part of the FDD) we'll have you complete a more comprehensive Franchise Application as a final information gathering step.

Step 8 Sign And Fund

Finishing this process occurs with the signing of the Franchise Agreement and the payment of the Franchise Fee.

Welcome to the Xtension Envy family! You're officially a franchisee!

Section 6 - FAQs

Do I need to be a licensed cosmetologist to be a franchisee?

No. You can hire a licensed cosmetologist to help you manage your salon. All of your stylists will need to be licensed cosmetologists, as well.

How long will it take to get my salon open and ready for business?

The process of securing your location and getting it fully built out should take 6-9 months. There are elements of the process that we have no control over, such as city permitting, which may extend that time line.

Does Xtension Envy provide any in-house financing to help me fund my venture?

No. We can provide you with multiple third party resources to help to that end.

What is your royalty rate and is there an additional draw for a national advertising fund?

Our royalty is 7%. We do plan on collecting 1-2% for a national advertising fund, however, we are not doing so at this time.

Do you have any vendors that I'll be required to purchase products or services from?

Yes. We've gone to great lengths to assemble a list of required vendors who will provide you with top tier products and services at very competitive rates. Often, because of our projected growth, those vendors have given us (you) better than market rates because they too see the future of our brand.

Will I be able to use my own local real estate broker to help me find my location?

Yes. Our Master Real Estate Brokers will vet your preferred local resource to make sure they are qualified to represent you and our brand. If you don't have a preferred local broker, they should be able to help you identify one.

Does each location get their own website and social media accounts?

Yes and no. You won't have your own website, however, you will have a dedicated "micro site" as a page of our main brand website. This micro site will have all of the relevant location information you'd expect. Each franchise will also have its own social media platforms, however, all the content must be approved by us and/or our vendor for posting.

Section 6 - FAQs

What is the average size of a location that would be suitable for my salon?

The ideal location will be a retail storefront between 1200-2000 square feet. Preference is given to shopping and lifestyle centers with strong co-tenancy and multi-anchor retailers.

How many total staff members will I need in order to run my salon efficiently?

Your staffing needs will change as your volume of business grows. In the early stages of your salon's life cycle, you'll likely want to have 2-3 front desk team members, and 3-4 stylists. You'll have to add a salon manager if you won't be filling that role yourself or if you won't be taking any shifts at the front desk.

Does Xtension Envy offer salon services to clients that don't have our hair extensions?

Yes, however, that will make up a very small percentage of your total business. Your salon's primary service offering is the sale, installation, and maintenance of our hair extensions.

Is there any special equipment in the salons that I'll need to purchase?

No. Our salons use the same equipment that a traditional salon would have.

Section 7 - Corporate Contact Information And Useful Links

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