

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 franchisee and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The financial performance representations below contain historical data for the 2025 calendar year for certain franchisee-owned IMAGE Studios Salons. There were 129 IMAGE Studios salons that opened by December 31, 2025 and are still operating as IMAGE Studios salons. Of these, 82 were open for the entire January 1 to December 31, 2025 reporting period and met our reporting requirements by submitting monthly financial reports for the entire 2025 calendar year ("Reporting Salons"). Tables 1-4 on the following pages show average and median information for total revenue and estimated earnings after key operating expenses and royalty expenses during the reporting period for the 82 Reporting Salons. These outlets had at least 12 months or more of operations. Tables 1-4 break out this information for subsets of the 82 Reporting Salons based on each cohort's achieved occupancy percentage as of December 31, 2025. See the notes following each table for additional information. These IMAGE Studios Salons are located in urban or suburban areas. There are two company-owned outlets, one that opened in 2021, and one that we re-acquired in 2025, whose financial data is included in the financial performance representations. See the notes following the tables regarding excluded outlets.

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TABLE 1 – TOTAL 2025 REVENUE AND ESTIMATED EARNINGS (UNITS THAT ACHIEVED 90%+ OCCUPANCY)

TOTAL 2025 REVENUE ⁽¹⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
		\$531,385	100.00%	19	59.4%	\$546,866

KEY OPERATING EXPENSES ⁽²⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
Accounting	\$5,124	0.96%	17	53.1%	\$5,285	0.97%
Advertising	\$12,374	2.33%	12	37.5%	\$8,295	1.52%
Cleaning Supplies	\$898	0.17%	12	37.5%	\$34	0.01%
Insurance	\$4,834	0.91%	10	31.3%	\$3,829	0.70%
Janitorial	\$11,395	2.14%	15	46.9%	\$10,776	1.97%
Legal	\$390	0.07%	10	31.3%	\$0	0.00%
Office Supplies	\$2,614	0.49%	16	50.0%	\$2,634	0.48%
Rent & NNN/CAMS Expense	\$190,364	35.82%	16	50.0%	\$187,391	34.27%
Repairs & Maintenance	\$10,928	2.06%	15	46.9%	\$10,606	1.94%
Utilities	\$24,868	4.68%	14	43.8%	\$23,510	4.30%
TOTAL KEY OPERATING EXPENSES	\$263,789	49.64%	14	43.8%	\$252,361	46.15%

ESTIMATED EARNING BEFORE ROYALTIES	\$267,596	50.36%	15	46.9%	\$294,505	53.85%
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ROYALTY EXPENSE ⁽³⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
Royalty Expense (5.5%)	\$29,226	5.50%	19	59.4%	\$30,078	5.50%
BDF Expense (2.0%)	\$10,628	2.00%	19	59.4%	\$10,937	2.00%
TOTAL ROYALTY EXPENSE	\$39,854	7.50%	19	59.4%	\$41,015	7.50%

2025 ESTIMATED EARNINGS AFTER KEY EXPENSES ⁽⁴⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
		\$227,742	42.86%	15	46.9%	\$253,490

NOTES TO TABLES 1-4

Tables 1-4 collectively include all 82 IMAGE Studios salons that were open for the entire January 1 to December 31, 2025 reporting period, and who met our reporting requirements. Tables 1-4 exclude 10 outlets that did not meet our reporting requirements, 3 outlets that left the system during the reporting period, and 34 outlets that opened after January 1, 2025. None of the 3 outlets were open for less than 12 months before it left the system. Table 1 above includes only the 32 Reporting Salons who achieved 90%+ occupancy by December 31, 2025. One of the ten outlets excluded from the Reporting Salons for not meeting our reporting requirements would have been in this cohort.

- (1) “Total Revenue” consists of all receipts derived by a salon from gross rental receipts and other revenue, whether the receipts are evidenced by cash, credit, checks, services, property, or other means of exchange. For the 32 Reporting Salons included in Table 1, the highest reported revenue was \$792,387 and the lowest reported revenue was \$301,347.
- (2) “Key Operating Expenses” include the primary and material expenses that IMAGE Studios Salons incur in the operation of their franchised business. Key Operating Expenses is not necessarily all expenses and you will likely have other expenses that are excluded from Key Operating Expenses including common business deductions and expenses such as personal travel expenses through the business, personal automobile expenses, home office lease and expenses.
- (3) “Royalty Expense” includes the 5.5% Royalty Fee and 2% Brand Development Fee that were in effect during the reporting period. We have imputed the 5.5% Royalties and 2% Brand Development Fund contributions for all salons in Tables 1-4, though some of these franchised salons did not actually pay this amount. As noted in Item 6, the Royalty Fee is now 6% for new franchisees.
- (4) “Estimated Earnings After Key Expenses” is calculated by subtracting the Total Key Operating Expenses AND the Total Royalty Expense from Total Revenue.
- (5) The current royalty amount is 6.0% and the current amount for the Brand Development Fund is 2%. You will be expected to pay the Royalties and Brand Development Fund contributions required in your franchise agreement.
- (6) The franchisor allowed some franchisees whose data was used to create this table to spend less than the minimum local marketing expenditures. You will be expected to meet your local marketing requirements. See Item 6, above.

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TABLE 2 – TOTAL 2025 REVENUE AND ESTIMATED EARNINGS (UNITS THAT ACHIEVED 80-89% OCCUPANCY)

TOTAL 2025 REVENUE ⁽¹⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
		\$461,865	100.00%	9	42.9%	\$398,072

KEY OPERATING EXPENSES ⁽²⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
Accounting	\$6,376	1.38%	14	66.7%	\$7,158	1.80%
Advertising	\$14,984	3.24%	12	57.1%	\$16,626	4.18%
Cleaning Supplies	\$902	0.20%	7	33.3%	\$45	0.01%
Insurance	\$4,496	0.97%	6	28.6%	\$3,323	0.83%
Janitorial	\$11,864	2.57%	6	28.6%	\$8,681	2.18%
Legal	\$1,222	0.26%	7	33.3%	\$0	0.00%
Office Supplies	\$2,536	0.55%	11	52.4%	\$2,618	0.66%
Rent & NNN/CAMS Expense	\$210,271	45.53%	9	42.9%	\$195,558	49.13%
Repairs & Maintenance	\$9,450	2.05%	9	42.9%	\$8,434	2.12%
Utilities	\$22,680	4.91%	8	38.1%	\$20,019	5.03%
TOTAL KEY OPERATING EXPENSES	\$284,781	61.66%	9	42.9%	\$262,463	65.93%

ESTIMATED EARNING BEFORE ROYALTIES	\$177,084	38.34%	8	38.1%	\$135,609	34.07%
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ROYALTY EXPENSE ⁽³⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
Royalty Expense (5.5%)	\$25,403	5.50%	9	42.9%	\$21,894	5.50%
BDF Expense (2.0%)	\$9,237	2.00%	9	42.9%	\$7,961	2.00%
TOTAL ROYALTY EXPENSE	\$34,640	7.50%	9	42.9%	\$29,855	7.50%

2025 ESTIMATED EARNINGS AFTER KEY EXPENSES ⁽⁴⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
		\$142,444	30.84%	8	38.1%	\$105,754

NOTES

Table 2 includes the 21 Reporting Salons that achieved 80-89% occupancy by December 31, 2025. One of the ten outlets excluded from the Reporting Salons for not meeting our reporting requirements would have been in this cohort.

- (1) “Total Revenue” consists of all receipts derived by a salon from gross rental receipts and other revenue, whether the receipts are evidenced by cash, credit, checks, services, property, or other means of exchange. For the 21 Reporting Salons included in Table 2, the highest reported revenue was \$861,839 and the lowest reported revenue was \$261,565.
- (2) “Key Operating Expenses” include the primary and material expenses that IMAGE Studios Salons incur in the operation of their franchised business. Key Operating Expenses is not necessarily all expenses and you will likely have other expenses that are excluded from Key Operating Expenses including common business deductions and expenses such as personal travel expenses through the business, personal automobile expenses, home office lease and expenses.
- (3) “Royalty Expense” includes the 5.5% Royalty Fee and 2% Brand Development Fee that were in effect during the reporting period. We have imputed the 5.5% Royalties and 2% Brand Development Fund contributions for all salons in Tables 1-4, though some of these franchised salons did not actually pay this amount. As noted in Item 6, the Royalty Fee is now 6% for new franchisees.
- (4) “Estimated Earnings After Key Expenses” is calculated by subtracting the Total Key Operating Expenses AND the Total Royalty Expense from Total Revenue.
- (5) The current royalty amount is 6.0% and the current amount for the Brand Development Fund is 2%. You will be expected to pay the Royalties and Brand Development Fund contributions required in your franchise agreement.
- (6) The franchisor allowed some franchisees whose data was used to create this table to spend less than the minimum local marketing expenditures. You will be expected to meet your local marketing requirements. See Item 6, above.

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TABLE 3 – TOTAL 2025 REVENUE AND ESTIMATED EARNINGS (UNITS THAT ACHIEVED 70-79% OCCUPANCY)

TOTAL 2025 REVENUE⁽¹⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
	\$353,871	100.00%	5	50.0%	\$287,507	100.00%

KEY OPERATING EXPENSES⁽²⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
Accounting	\$5,799	1.64%	5	50.0%	\$5,730	1.99%
Advertising	\$16,869	4.77%	5	50.0%	\$16,304	5.67%
Cleaning Supplies	\$820	0.23%	6	60.0%	\$832	0.29%
Insurance	\$3,519	0.99%	2	20.0%	\$3,106	1.08%
Janitorial	\$6,897	1.95%	8	80.0%	\$7,464	2.60%
Legal	\$863	0.24%	3	30.0%	\$236	0.08%
Office Supplies	\$1,924	0.54%	6	60.0%	\$2,015	0.70%
Rent & NNN/CAMS Expense	\$163,531	46.21%	3	30.0%	\$148,111	51.52%
Repairs & Maintenance	\$7,650	2.16%	5	50.0%	\$6,604	2.30%
Utilities	\$17,684	5.00%	7	70.0%	\$18,722	6.51%
TOTAL KEY OPERATING EXPENSES	\$225,557	63.74%	5	50.0%	\$209,123	72.74%

ESTIMATED EARNING BEFORE ROYALTIES	\$128,314	36.26%	4	40.0%	\$78,384	27.26%
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ROYALTY EXPENSE⁽³⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
Royalty Expense (5.5%)	\$19,463	5.50%	5	50.0%	\$15,813	5.50%
BDF Expense (2.0%)	\$7,077	2.00%	5	50.0%	\$5,750	2.00%
TOTAL ROYALTY EXPENSE	\$26,540	7.50%	5	50.0%	\$21,563	7.50%

2025 ESTIMATED EARNINGS AFTER KEY EXPENSES⁽⁴⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
	\$101,774	28.76%	5	50.0%	\$56,821	19.76%

NOTES

Table 3 includes the 11 Reporting Salons who achieved 70-79% occupancy by December 31, 2025. None of the ten outlets excluded from the Reporting Salons for not meeting our reporting requirements would have been in this cohort.

- (1) “Total Revenue” consists of all receipts derived by a salon from gross rental receipts and other revenue, whether the receipts are evidenced by cash, credit, checks, services, property, or other means of exchange. For the 11 Reporting Salons in Table 3, the highest reported revenue was \$503,309 and the lowest reported revenue was \$248,615.
- (2) “Key Operating Expenses” include the primary and material expenses that IMAGE Studios Salons incur in the operation of their franchised business. Key Operating Expenses is not necessarily all expenses and you will likely have other expenses that are excluded from Key Operating Expenses including common business deductions and expenses such as personal travel expenses through the business, personal automobile expenses, home office lease and expenses.
- (3) “Royalty Expense” includes the 5.5% Royalty Fee and 2% Brand Development Fee that were in effect during the reporting period. We have imputed the 5.5% Royalties and 2% Brand Development Fund contributions for all salons in Tables 1-4, though some of these franchised salons did not actually pay this amount. As noted in Item 6, the Royalty Fee is now 6% for new franchisees.
- (4) “Estimated Earnings After Key Expenses” is calculated by subtracting the Total Key Operating Expenses AND the Total Royalty Expense from Total Revenue.
- (5) The current royalty amount is 6.0% and the current amount for the Brand Development Fund is 2%. You will be expected to pay the Royalties and Brand Development Fund contributions required in your franchise agreement.
- (6) The franchisor allowed some franchisees whose data was used to create this table to spend less than the minimum local marketing expenditures. You will be expected to meet your local marketing requirements. See Item 6, above.

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TABLE 4 – TOTAL 2025 REVENUE AND ESTIMATED EARNINGS (UNITS THAT ACHIEVED <70% OCCUPANCY)

TOTAL 2025 REVENUE ⁽¹⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
		\$327,883	100.00%	7	38.9%	\$312,633

KEY OPERATING EXPENSES ⁽²⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
Accounting	\$4,604	1.40%	10	55.6%	\$5,280	1.69%
Advertising	\$24,344	7.42%	9	50.0%	\$22,455	7.18%
Cleaning Supplies	\$536	0.16%	4	22.2%	\$0	0.00%
Insurance	\$6,763	2.06%	6	33.3%	\$4,087	1.31%
Janitorial	\$10,174	3.10%	8	44.4%	\$8,613	2.75%
Legal	\$253	0.08%	2	11.1%	\$0	0.00%
Office Supplies	\$2,100	0.64%	6	33.3%	\$1,735	0.56%
Rent & NNN/CAMS Expense	\$193,224	58.93%	8	44.4%	\$184,578	59.04%
Repairs & Maintenance	\$8,636	2.63%	8	44.4%	\$7,023	2.25%
Utilities	\$21,219	6.47%	9	50.0%	\$21,381	6.84%
TOTAL KEY OPERATING EXPENSES	\$271,852	82.91%	7	38.9%	\$255,151	81.61%

ESTIMATED EARNING BEFORE ROYALTIES	\$56,031	17.09%	7	38.9%	\$57,482	18.39%
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ROYALTY EXPENSE ⁽³⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
Royalty Expense (5.5%)	\$18,034	5.50%	7	38.9%	\$17,195	5.50%
BDF Expense (2.0%)	\$6,558	2.00%	7	38.9%	\$6,253	2.00%
TOTAL ROYALTY EXPENSE	\$24,591	7.50%	7	38.9%	\$23,447	7.50%

2025 ESTIMATED EARNINGS AFTER KEY EXPENSES ⁽⁴⁾	Average	% of Revenue	# of stores above	% of stores above	Median	% of Revenue
		\$31,440	9.59%	8	44.4%	\$34,034

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Table 4 includes 18 Reporting Salons that achieved <70% occupancy as of December 31, 2025. The lowest occupancy percentage of these 18 outlets was 30%. Eight of the ten outlets excluded from the Reporting Salons for not meeting our reporting requirements would have been in this cohort.

- (1) “Total Revenue” consists of all receipts derived by a salon from gross rental receipts and other revenue, whether the receipts are evidenced by cash, credit, checks, services, property, or other means of exchange. For the 18 Reporting Salons included in Table 4, the highest revenue was \$632,804 and the lowest reported revenue was \$166,531.
- (2) “Key Operating Expenses” include the primary and material expenses that IMAGE Studios Salons incur in the operation of their franchised business. Key Operating Expenses is not necessarily all expenses and you will likely have other expenses that are excluded from Key Operating Expenses including common business deductions and expenses such as personal travel expenses through the business, personal automobile expenses, home office lease and expenses.
- (3) “Royalty Expense” includes the 5.5% Royalty Fee and 2% Brand Development Fee that were in effect during the reporting period. We have imputed the 5.5% Royalties and 2% Brand Development Fund contributions for all salons in Tables 1-4, though some of these franchised salons did not actually pay this amount. As noted in Item 6, the Royalty Fee is now 6% for new franchisees.
- (4) “Estimated Earnings After Key Expenses” is calculated by subtracting the Total Key Operating Expenses AND the Total Royalty Expense from Total Revenue.
- (5) The current royalty amount is 6.0% and the current amount for the Brand Development Fund is 2%. You will be expected to pay the Royalties and Brand Development Fund contributions required in your franchise agreement.
- (6) The franchisor allowed some franchisees whose data was used to create this table to spend less than the minimum local marketing expenditures. You will be expected to meet your local marketing requirements. See Item 6, above.

Tables 5-7 include data for all 129 IMAGE Studios salons that opened by December 31, 2025, and are still operating as IMAGE Studios salons.

TABLE 5 – STUDIO-LEVEL RENT WEEKLY RENTAL RATE AVERAGES AT THE TIME OF OPENING, BY OPENING YEAR

Year	# Locations Opened	Average	Low	Median	High
2019⁽¹⁾	10	\$283	\$124	\$251	\$658
2020⁽²⁾	8	\$311	\$130	\$292	\$720
2021⁽³⁾	7	\$333	\$165	\$310	\$655
2022⁽⁴⁾	13	\$394	\$193	\$350	\$825
2023⁽⁵⁾	31	\$410	\$174	\$387	\$1250
2024⁽⁶⁾	26	\$400	\$185	\$384	\$1060
2025⁽⁷⁾	34	\$426	\$170	\$395	\$1,150
All	129	\$365	\$124	\$338	\$1250

NOTES

Table 5 represents the average weekly rent rates at date of opening for all locations opened in the same year, by year of opening, as follows:

- (1) Of the 10 locations that opened in 2019, 50% (5 locations) launched with average rent rates exceeding the \$283 average.
- (2) Of the 8 locations that opened in 2020, 50% (4 locations) launched with average rent rates exceeding the \$311 average.
- (3) Of the 7 locations that opened in 2021, 57% (4 locations) launched with average rent rates exceeding the \$333 average.
- (4) Of the 13 locations that opened in 2022, 54% (7 locations) launched with average rent rates exceeding the \$394 average.
- (5) Of the 31 locations that opened in 2023, 48% (15 locations) launched with average rent rates exceeding the \$410 average.
- (6) Of the 26 locations that opened in 2024, 42% (11 locations) launched with average rent rates exceeding the \$400 average.
- (7) Of the 34 locations that opened in 2025, 38% (13 locations) launched with average rent rates exceeding the \$426 average.

TABLE 6 – AVERAGE REVENUE BY MONTH OF OPERATION WITHIN THE FIRST YEAR, BY OPENING YEAR

Year	# Locations Opened	1	2	3	4	5	6	7	8	9	10	11	12	Average
2019 ⁽¹⁾	10	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2020 ⁽²⁾	8	\$5,137	\$15,577	\$14,063	\$19,226	\$26,312	\$39,118	\$27,597	\$25,826	\$22,427	\$29,309	\$30,584	\$27,653	\$23,569
2021 ⁽³⁾	7	\$5,796	\$10,664	\$21,429	\$21,494	\$27,108	\$26,932	\$24,864	\$30,332	\$30,182	\$34,020	\$30,943	\$35,681	\$24,954
2022 ⁽⁴⁾	13	\$3,672	\$7,749	\$12,529	\$13,284	\$15,843	\$19,132	\$20,912	\$21,650	\$24,387	\$26,069	\$25,126	\$28,851	\$18,267
2023 ⁽⁵⁾	31	\$2,156	\$13,143	\$19,170	\$23,660	\$26,101	\$28,354	\$29,256	\$32,365	\$32,696	\$34,888	\$37,102	\$38,150	\$26,420
2024 ⁽⁶⁾	26	\$9,347	\$18,764	\$22,955	\$23,845	\$28,911	\$29,420	\$29,910	\$34,199	\$32,548	\$34,736	\$33,941	\$36,314	\$27,907
2025 ⁽⁷⁾	34	\$8,670	\$17,010	\$20,759	\$23,141	\$25,944	\$28,854	\$31,789	\$30,006	\$33,008	\$26,161	\$23,307	\$34,355	\$24,681
All	129	\$6,129	\$14,914	\$19,866	\$22,221	\$25,559	\$27,848	\$28,338	\$30,523	\$30,748	\$32,417	\$32,846	\$34,975	\$25,532

NOTES

Table 6 represents the average revenue ramp by year for the first 12 months of operation for all locations opened in the same year, independent of what month of the year the location opened. Month 1 represents the first month of opening, not January.

- (1) The accounting software was changed in 2020 and data for 2019 and earlier is not available.
- (2) Of the 8 locations that opened in 2020, 63% (5 locations) exceeded the average monthly revenue of \$23,569. The highest reported monthly average revenue was \$51,641 and the lowest monthly average reported revenue was \$4,652. The median was \$29,026.
- (3) Of the 7 locations that opened in 2021, 43% (3 locations) exceeded the average monthly revenue of \$24,954. The highest reported monthly average revenue was \$38,279 and the lowest monthly average reported revenue was \$9,062. The median was \$24,814.
- (4) Of the 13 locations that opened in 2022, 54% (7 locations) exceeded the average monthly revenue of \$18,267. The highest reported monthly average revenue was \$38,846 and the lowest monthly average reported revenue was \$469. The median was \$19,441.
- (5) Of the 31 locations that opened in 2023, 48% (15 locations) exceeded the average monthly revenue of \$26,420. The highest reported monthly average revenue was \$53,389 and the lowest monthly average reported revenue was \$10,012. The median was \$26,075.
- (6) Of the 26 locations that opened in 2024, 46% (12 locations) exceeded the average monthly revenue of \$27,907. The highest reported monthly average revenue was \$54,426 and the lowest monthly average reported revenue was \$6,496. The median was \$26,187.