

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 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 location or under particular circumstances.

[Item 19 continued on next page.]

Table 1 - Corporate Schools Reporting for the Fiscal Year 2024¹

Column ²	1	2	3	4	5	6	7	8	9
	Gross Sales ³	# of Swim Schools	Cost of Goods Sold ⁴	Occupancy ⁵	Payroll ⁶	Insurance ⁷	Other Costs ⁸	EBITDA \$ ⁹	EBITDA % ¹⁰
High	\$2,722,319	6	\$ -	\$374,979	\$788,973	\$62,615	\$266,979	\$1,228,774	45.1%
Low	\$1,005,617		\$ -	\$146,361	\$326,221	\$14,841	\$189,062	\$329,133	32.7%
Avg.	\$1,639,380		\$ -	\$232,621	\$521,571	\$31,854	\$224,636	\$628,698	37.1%
Median	\$1,442,652		\$ -	\$200,696	\$491,071	\$29,357	\$224,659	\$526,438	36.1%
No Above Avg.	2		0	2	2	2	3	2	3

Table 2 - Corporate Schools Reporting for the Fiscal Year 2024 with Expected Franchise Fees¹

Column ²	1	2	3	4	5	6	7	8	9	10	11
	Gross Sales ³	# of Swim Schools	Cost of Goods Sold ⁴	Occupancy ⁵	Advertising ¹¹	Payroll ⁶	Insurance ⁷	Royalty and Technology Fees ¹²	Other Costs ⁸	EBITDA \$ ⁹	EBITDA % ¹⁰
High	\$2,722,319	6	\$-	\$374,979	\$163,339	\$788,973	\$62,615	\$176,951	\$266,979	\$888,484	32.6%
Low	\$1,005,617		\$-	\$146,361	\$60,337	\$326,221	\$14,841	\$65,365	\$189,062	\$203,431	20.2%
Avg.	\$1,639,380		\$-	\$232,621	\$98,363	\$521,571	\$31,854	\$106,560	\$224,636	\$423,776	24.6%
Median	\$1,442,652		\$-	\$200,696	\$86,559	\$491,071	\$29,357	\$93,772	\$224,659	\$348,095	23.6%
No Above Avg.	2		0	2	2	2	2	2	3	2	3

Table 3 – Corporate School Reporting for the Fiscal Year 2024 Open for Twelve Months¹

1	2	3	4	5	6	7	8
Gross Sales ³	Cost of Goods Sold ⁴	Occupancy ⁵	Payroll ⁶	Insurance ⁷	Other Costs ⁸	EBITDA \$ ⁹	EBITDA % ¹⁰
\$1,388,928	\$ -	\$204,000	\$426,073	\$31,946	\$136,213	\$590,697	42.5%

Table 4 – Corporate School Reporting for the Fiscal Year 2024 Open For Twelve Months with Expected Franchise Fees¹

1	2	3	4	5	6	7	8	9	10
Gross Sales ³	Cost of Goods Sold ⁴	Occupancy ⁵	Advertising ¹¹	Payroll ⁶	Insurance ⁷	Royalty and Technology Fees ¹²	Other Costs ⁸	EBITDA \$ ⁹	EBITDA % ¹⁰
\$1,388,928	\$ -	\$204,000	\$83,336	\$426,073	\$31,946	\$90,280	\$136,213	\$417,081	30.0%

Notes:

Note 1. Table 1 shows historic unaudited annual gross revenues as reported by Water Wings Swim Schools owned and operated by our affiliates (“Swim Schools”) for the year ended December 31, 2024 (“Fiscal Year 2024”) that were open and operating for the entire fiscal years 2023 and 2024. Table 2 reflects the same information as Table 1 with certain monthly fees that franchisees can expect to incur, specifically advertising costs, Royalty Fees, and Technology Fees, as described in Item 6 (Columns 10 and 11), to reflect adjusted data if the Swim Schools were operated as franchises. Table 3 shows historic unaudited annual gross revenues as reported by one Swim School located in California that opened on January 15, 2024 and operated for the remainder of the entire fiscal year 2024. Table 4 shows the same information as Table 3 with certain monthly fees that franchisees can expect to incur, specifically advertising costs, Royalty Fees, and Technology Fees, as described in Item 6 (Columns 10 and 11), to reflect adjusted data if the Swim School were operated as a franchise.

Note 2. Column 1 represents Gross Sales and does not reflect the cost of sales, operating expenses, rent/real estate or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. Column 2 reflects the total number of Swim Schools for which data is provided. Out of the 12 total units open and operating as of December 31, 2024, three units were excluded because they operated inside retail gyms, and this opportunity is not offered in this disclosure document. Another two units were excluded because they were not operating for at least 12 months as of December 31, 2024. Columns 3 to 11 contain data for certain expenses related to the operation of Swim Schools. In Columns 3 to 10, the “High” and “Low” rows show the expense data that correspond to the same individual Swim School reflected in Column 1 — that is, the specific Swim School with the highest or lowest reported Gross Sales. In Columns 3 to 11, the “Average” and “Median” rows show the average or median values, respectively, across all Swim Schools within the applicable reported data.

Note 3. “Gross Sales,” as used in this Item 19 (and Item 6), means the dollar aggregate of: (1) the sales price of all products, services, membership fees, merchandise and other items sold, and the charges for all services you perform, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, including sales and services (A) originating at the Swim School premises even if delivery or performance is made offsite from the Swim School premises, (B) placed by mail, facsimile, telephone, the internet and similar means if received or filled at or from the Swim School premises, and (C) that you in the normal and customary course of your operations would credit or attribute to the operation of the Swim School; and (2) all monies, trade value or other things of value that you receive from Swim School operations at, in, or from the Swim School premises that are not expressly excluded from Gross Sales, including but not limited to the redemption of approved gift cards/certificates, stored value cards, and loyalty program benefits (the initial sales or reloading of gift cards shall not be included in the calculation of Gross Sales) pursuant to the Customer Card Programs. Gross Sales does not include: (1) the exchange of merchandise between Swim Schools (if you operate multiple franchises) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Swim School premises; (2) returns to shippers, vendors, or manufacturers; (3) sales of fixtures or furniture after being used in the conduct of the Swim School; (4) the sale of gift certificates and stored value cards (the redemption value will be included in Gross Sales at the time of redemption); (5) insurance proceeds; (6) sales to employees at a discount (provided such discounts will not exceed 1.5% of Gross Sales during any reporting period); (7) cash or credit refunds for transactions included within Gross Sales (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (8) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority; (9) tips and gratuities; (10) Gross Sales earned through an Affiliated Brand franchise operated at the Swim School premises, so long as such Gross Sales constitute gross sales (or equivalent) subject to a royalty fee and other fees under such Affiliated Brand’s franchise agreement; and (11) rent or other consideration paid by an Affiliated Brand franchise for occupying the Swim School’ premises. A purchase returned to the Swim School may not be deducted from Gross Sales unless the purchase was previously included in Gross Sales.

Note 4. “Costs of Goods Sold” includes the total cost of all food, beverages, merchandise, and other costs related to products and services sold by the Swim Schools, including distribution and delivery costs. As of the end of fiscal year 2024, there was no applicable Cost of Goods Sold.

Note 5. “Occupancy” includes rent (including both minimum rents and percentage rents), utilities (e.g., electricity, gas, water, cable, internet, telephone), and any sales or other taxes imposed thereon and any pass-through expenses from the landlord. Taxes refer to real estate taxes and assessments levied against the property upon which the Swim School is located. Sales and use taxes are excluded from occupancy costs. The amount or rate of taxation for all such taxes varies from jurisdiction to jurisdiction. You should consult with your tax advisors regarding the impact such taxes will have on this analysis. Common area expenses reflect charges for maintenance of parking lots and common use areas, landscaping design and maintenance, weather-related maintenance (e.g., removal of debris and snow), security staff, taxes and insurance for common areas and such other charges customarily paid by tenants for services typically provided by landlords. Common area expenses may vary depending upon the geographic area and individual Swim School.

Note 6. “Payroll” includes personnel wages, management salaries, benefits and payroll taxes but excludes bonuses, paid time off, severance payments and fringe benefits. In addition, payroll excludes the cost of training any hourly or management personnel and any disbursements made to the owners of the Franchisees. The costs of providing medical and dental insurance for employees will vary depending on many factors, including the extent and amount of coverage provided and the loss experience of the group in addition to the size of your staff.

Note 7. “Insurance” includes the cost of the minimum insurance policies required in Item 8 experienced by the Swim Schools. Your landlord, city, or state may require you to obtain additional policies or higher limits on the required policies. Further, your costs will vary if you elect to purchase additional insurance coverage and depending on numerous factors, including the carrier you select, the jurisdiction in which you operate your franchised Water Wings Swim School, your loss experience, and financial creditworthiness.

Note 8. “Other Costs” includes office expenses (e.g., office and cleaning supplies), and processing fees (e.g., payroll, point of sale and payment processing and other bank charges).

Note 9. “EBITDA \$” means the earnings before interest, taxes, depreciation, and amortization. As is customary, it excludes expenses related to debt services costs, whether principal or interest.

Note 10. “EBITDA %” means EBITDA as a percentage of Gross Sales.

Note 11. “Advertising” means 6% of Gross Sales, inclusive of NAF contributions and Local Marketing requirements, as described in Item 6.

Note 12. “Royalty and Technology Fees” means the 6% of Gross Sales Royalty Fee and the current \$400 per month Technology Fee as described in Item 6.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.

Written substantiation for these financial performance representations will be made available to you upon reasonable request.

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 Josh Barker, 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022, 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 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company Owned	2022	8	8	0
	2023	8	9	+1
	2024	9	12	+3
Total Outlets	2022	8	8	0
	2023	8	9	+1
	2024	9	12	+3

Table No. 2
Transfers of Outlets from Franchisee to New Owners (other than the Franchisor)
For years 2022 to 2024

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0