

## 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 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 performance at a particular location or under particular circumstances.

As of December 31, 2025, we had 12 franchised Hudson Valley Swim Businesses operating (“Franchised Businesses”) and seven affiliate-owned Hudson Valley Swim Businesses operating (“Affiliate-Owned Businesses”). The tables below provide information on the Affiliate-Owned Businesses (“Affiliate Reporting Group”) and the Franchised Businesses (“Franchised Business Reporting Group”) that operated during the 2023, 2024 and 2025 calendar years (each, a “Reporting Period”).

For the 2025 Reporting Period, we include six Franchised Businesses and seven Affiliate-Owned Businesses in their respective Reporting Group that operated for all twelve months, with one of the Affiliate-Owned Businesses being a seasonal location that operates June through August. We excluded the six Franchised Businesses that opened in 2025 and did not operate for all 12 months of 2025.

For the 2024 Reporting Period, we include three Franchised Businesses that operated for all twelve months. We excluded two Franchised Businesses that opened in 2024 and did not operate for all 12 months of 2024. We also exclude one Franchised Business that opened in January 2024 but experienced a four-month suppression of operations due to factors related to the owners’ personal hardship, including unexpectedly being out of the country, no direct owner or management oversight, and no business-initiated promotion activity, resulting in less than 12 months of typical operations of a Franchised Business. We include six Affiliate-Owned Businesses in the Reporting Group that operated for all twelve months, plus one Affiliate-Owned Business that opened in March 2024 because we were unable to segregate its expenses from that of the other Affiliate-Owned Businesses. No Affiliate-Owned Businesses were excluded for the 2024 Reporting Period.

For the 2023 Reporting Period, we include the one Franchised Business that operated for all 12 months. We exclude three Franchised Business that opened in 2023 and did not operate for all 12 months of 2023. We include three Affiliate-Owned Businesses that operated for all 12 months, plus three that opened in January, March and May, 2023 because we were unable to segregate their expenses from those of the other Affiliate-Owned Businesses.

The information in Table 1 below is a historical financial performance representation for the Affiliate Reporting Group for each of the 2023, 2024 and 2025 Reporting Periods. The financial information was prepared from internal accounting records and reports. The numbers have not been audited, but we have no reason to doubt their accuracy.

The information in Tables 2.a and 2.b is a historical financial representation for the Franchised Business Reporting Group for the 2025 Reporting Period, which was prepared from financial information provided by the operator of each Franchised Business in the Franchised Business Reporting Group.

The Affiliate-Owned Businesses are owned by a single affiliated entity. Each Affiliate-Owned Business operates within a territory that is equivalent to a franchised territory. A Hudson Valley Swim franchisee may operate in multiple territories so long as they enter into a Franchise Agreement for each



Territory and report Gross Sales and expenses of each location separately. Franchised Hudson Valley Swim Businesses will typically operate between one to two Pools within a single Territory, although there is no restriction on the number of pools they may operate in. Franchised Hudson Valley Swim Business will have the option to operate from seasonal pools; however, we recommend that each Franchised Hudson Valley Swim Business operates from at least one large, year-round indoor pool.

In all Tables, “Pool Facility” refers to the location of each Pool where services were provided; “Type” refers to the type of facility where services were provided; and “Description” refers to whether the Pool is operated year-round or is only open seasonally.

Table 1

The information provided in Table 1 below consists of the actual performance of the Affiliate-Owned Businesses in the Affiliate Reporting Group during each Reporting Period. All the Hudson Valley Swim Businesses in the Affiliate Reporting Group offer similar services and face a similar degree of competition anticipated for the Hudson Valley Swim Businesses offered under this Franchise Disclosure Document.

We have included pre-opening expenses and post-opening expenses incurred in 2023 for each of two Affiliate-Owned Businesses that opened in May 2023: the Seminole and Monticello locations. The pre- and post-opening expenses for these Affiliate-Owned Businesses are noted in the Notes to the table below.

**Table 1**  
**Affiliate-Owned Businesses**  
**Profit and Loss Reports**  
**for the 2023 – 2025 Reporting Periods**

Business	Pool Facility	Type	Description	2023	2024	2025
Newburgh, NY	Gold’s Gym	Gym	Year-Round	\$815,500	\$815,961	\$815,436
Middletown, NY	Sleep Inn & Suites	Hotel	Year-Round	\$174,915	\$268,423	\$264,318
Hopewell Jct, NY	Taconic Tennis	Outdoor	Summer-Only	\$134,280	\$129,858	\$120,312
Port Chester, NY	LA Fitness	Gym	Year-Round	\$182,817	\$146,690	\$258,426
Seminole, FL	LA Fitness	Gym	Year-Round	\$60,814	\$181,498	\$237,615
Monticello, NY	Hampton Inn	Hotel	Year-Round	\$51,130	\$115,061	\$72,488
Danbury, CT	Danbury Community Center	Community Center	Year-Round	n/a	\$149,880	\$248,880
Combined Annual Gross Sales				\$1,419,456	\$1,807,371	\$2,017,475
Combined Operating Expenses				\$678,450	\$907,864	\$1,131,818
Combined Annual Net Profit (before deduction of Franchise-Related Fees and Adjustments)				\$741,006	\$899,507	\$885,657
Combined Total Franchise-Related Fees and Adjustments						
Royalty, Brand Fund, Local Advertising & Marketing, & Technology Fee (Adjusted)				\$100,826	\$142,695	\$128,135



Business	Pool Facility	Type	Description	2023	2024	2025
Combined Adjusted Net Profit				\$640,181	\$756,812	\$762,398

Notes to Table 1

1. Operating History:

The Newburgh Affiliate-Owned Business is located in Newburgh, New York and has been operating since June 2011 and runs seven days per week year-round.

The Middletown Affiliate-Owned Business is located in Middletown, New York and began providing lessons in March of 2021. It is a small hotel pool that runs Sunday through Thursday year-round.

The Hopewell Junction Affiliate-Owned Business is located in Hopewell Junction, New York and has been operating since approximately 2015. It is a seasonal Affiliate-Owned Business that runs on weekends during June and every day from July through August each year.

The Port Chester Affiliate-Owned Business is located in Port Chester, New York and began offering instruction in January 2023. The pool was temporarily closed for repairs from December 2023 until May 2024 and normally operates seven days per week year-round.

The Seminole Affiliate-Owned Business is located in Seminole, Florida and began operations in May 2023. Pre-opening expenses incurred to start this location and post-opening expenses are included in Operating Expenses for 2023. In 2023, this Affiliate-Owned Business operated from May through December, but we are unable to separate the Operating Expenses for this location. The pool operated six days per week (lessons not provided on Wednesdays) during all of 2024, and seven days per week during all of 2025.

The Monticello Affiliate-Owned Business is located in Monticello, New York and began operations in May 2023. Pre-opening expenses incurred to start this location and post-opening expenses are included in Operating Expenses for 2023. In 2023, 2024 and 2025 this Affiliate-Owned Business operated from May through December, but we are unable to separate the Operating Expenses for this location. It operates in a small hotel pool. In 2023, it operated Monday through Thursday only; in 2024 it operated Monday through Thursday and Sunday; in 2025 it operated three days per week.

The Danbury Affiliate-Owned Business is located in Danbury, Connecticut and began offering instruction in March 2024 at a community center pool. Lessons are offered Monday through Saturday. In 2024, this Affiliate-Owned Business operated from March through December, but we were unable to segregate the Operating Expenses for this location.

2. Combined Annual Gross Sales. The total of all revenue, sales and other income and consideration from the sale of all Hudson Valley Swim services to customers of Affiliate-Owned Businesses in each Reporting Period less taxes, returns, discounts and allowance. The Combined Annual Gross Sales is for multiple territories. Franchisees that operate in one territory should not expect to achieve a level of Gross Sales similar to this combined amount.

3. Combined Operating Expenses. Includes the following for the Affiliate-Owned Businesses: employee wages and 401k expenses, payroll taxes, payroll processing expenses, phone/fax expenses, internet expenses, office supplies, recruiting expenses, registration fees, credit card fees, rent expenses, web hosting fees, advertising expenses, sponsorship expenses, charity expenses, accounting expenses, legal expenses, human resource expenses, and bank fees. Note that advertising expenses includes amounts spent on local



advertising and marketing (see Note 5.c) and for technology services (see Note 5.d). The Newburgh Affiliate-Owned Business began paying Royalties at the end of 2022. The other Affiliate-Owned Businesses operating in 2023 began paying Royalties in 2023. Royalties are included in Combined Operating Expenses for the Affiliate-Owned Businesses for the 2023, 2024 and 2025 Reporting Periods. Technology fees were included in Combined Operating Expenses for the 2023, 2024 and 2025 Reporting Periods. (Also see, “Franchise-Related Adjustments.”) Expenses for all Affiliate-Owned Businesses are kept in a single accounting profile. The Affiliate-Owned Businesses benefit from lower insurance cost average per location because of their operation of multiple Pools in adjacent territories through a single affiliate. Additionally, the Danbury location experienced a threefold increase in rent expenses in 2025 to accommodate the operation of the entire pool, contributing to higher overall operating costs.

4. Combined Net Profit. The amount equal to Combined Annual Gross Sales less the Combined Operating Expenses. We do not include taxes, depreciation, interest and amortization in Net Profit. The Combined Net Profit is for multiple territories. Franchisees that operate in one territory should not expect to achieve a level of Net Profit similar to this combined amount.

5. Combined Total Franchise-Related Fees and Adjustments. The franchise-related fees and expenditures paid by the Affiliate-Owned Businesses that a franchised Hudson Valley Swim Business would pay, which may be adjusted to reflect requirements under the current franchise agreement where an Affiliate-Owned Business’ expenditures were less than the requirement, which are then deducted from the Combined Net Profit. We have made the following adjustments:

a. Royalties. The Affiliate-Owned Businesses began paying Royalties in 2023. Royalties are included in actual expenses for 2023, 2024 and 2025. The Newburgh Affiliate-Owned Business paid an 8% monthly Royalty in 2024, but should have been subject to a 7% monthly Royalty because it exceeded \$500,000 in Gross Sales the preceding year and qualified for a percentage reduction. The other Affiliate-Owned Businesses’ Gross Sales would have been subject to a Royalty equal to 8% of monthly Gross Sales, which we have imputed. The sole seasonal Pool was open for one season (i.e., one period of approximately 3 months) in 2024 and 2025.

b. Brand Fund (Estab. 2024). No Brand Fund contributions were required or reflected for the 2023 Reporting Period. For 2024, the amount reflected in the table represents the 2% monthly Brand Fund Contribution based on Gross Sales generated between October 2024 and December 2024 following establishment of the Brand Fund. For 2025, the amount reflects a full 12-month Brand Fund Contribution of 2% of monthly Gross Sales.

c. Local Advertising and Marketing Requirement. The actual advertising and marketing expenditures of the Affiliate-Owned Businesses are included in Combined Operating Expenses. For the Combined Total Franchise-Related Fees and Adjustments, we have imputed the difference between the actual advertising expenditures of the Affiliate-Owned Businesses and the Local Advertising and Marketing Requirement of \$36,000 per year for year-round Pools and \$9,000 per season for seasonal Pools for 2023, 2024 and 2025 except for the Port Chester, Seminole and Monticello Affiliate-Owned Businesses, who were treated as follows:

-The Local Advertising and Marketing Requirement for Port Chester Affiliate-Owned Business was included in 2023, 2024, and 2025. This Affiliate-Owned Business was temporarily closed for repairs from December 2023 until May 2024; the 2024 imputation reflects the suspension of the requirement during this time. The Local Advertising Requirement was imputed for the applicable portion of 2023 and for all of 2025.



-The Local Advertising and Marketing Requirement for the Seminole Affiliate-Owned Business and Monticello Affiliate-Owned Business was imputed beginning in the month these Affiliate-Owned Businesses began hosting classes (May 2023), and for 2024 and 2025.

-The Local Advertising and Marketing Requirement for the Danbury Affiliate-Owned Business was imputed beginning in the month this Affiliate-Owned Business began hosting classes (March 2024) and for 2025.

d. Technology Fee. We assumed a monthly technology fee of \$200 per month per Pool for 2023, 2024 and 2025 for the Affiliate-Owned Businesses. The actual technology expenditures of the Affiliate-Owned Businesses are included in Combined Operating Expenses. For the Combined Total Franchise-Related Fees and Adjustments, we imputed the difference of the amount paid for the services provided by the Technology Fee and the Technology Fee, except as follows:

-The difference in the amount paid for the services provided by the Technology Fee and the Technology Fee for the Hopewell Jct. Affiliate-Owned Business for 2023, 2024 and 2025 was calculated based on its seasonal operation.

-For the Port Chester Affiliate-Owned Business, the difference in the amount paid for the services provided by the Technology Fee and the Technology Fee was imputed for all of 2023, and for eight months of 2024 following reopening after the Pool closure, and for all of 2025.

-For the Seminole and Monticello Affiliate-Owned Businesses, the difference in the amount paid for the services provided by the Technology Fee and the Technology Fee was imputed beginning in the first month that swimming lessons were scheduled to be provided (May 2023) and for all of 2024 and 2025.

-For the Danbury Affiliate-Owned Businesses, the difference in the amount paid for the services provided by the Technology Fee and the Technology Fee was imputed beginning in the first month that swimming lessons were scheduled to be provided (March 2024) and for 2025.

6. Combined Adjusted Net Profit. The amount equal to the Combined Net Profit less Franchise-Related Fees and Adjustments. The Combined Adjusted Net Profit is for multiple territories. Franchisees that operate in one territory should not expect to achieve a level of Adjusted Net Profit similar to this combined amount.

7. All amounts have been rounded to the nearest dollar.

#### Tables 2.a and 2.b

The financial performance representations below are presented in two formats. First, we provide a detailed statement of operations in Table 2.a for the one franchised location in NW Tampa (Lutz, Florida) that has been operating for all Reporting Periods (2023 to 2025). In Table 2.b, we present system-wide financial performance information for all Franchised Businesses in each of the 2023, 2024, and 2025 Reporting Periods. The Franchised Business in NW Tampa (Lutz, Florida) is included in the data presented in Table 2.b. The number of locations included in each Reporting Period varies based on opening dates.

**Table 2.a**

**Three-Year Operational Franchised Business  
Profit and Loss Reports  
for the 2023 to 2025 Reporting Periods  
(NW Tampa – Lutz, Florida)**

<b>Lutz, FL</b>	<b>Pool Facility</b>	<b>Type</b>	<b>Description</b>	<b>2023 Performance</b>	<b>2024 Performance</b>	<b>2025 Performance</b>
Opened Nov. 2022	LA Fitness	Gym	Year-Round			
<b>Category</b>						
<b>Total Gross Sales</b>				\$263,631	\$348,014	\$418,076
<b>Operating Expenses</b>						
Rent				\$70,318	\$78,062	\$96,111
Payroll				\$62,680	\$84,171	\$82,508
Marketing				\$20,493	\$14,681	\$15,897
Insurance				\$10,018	\$6,621	\$5,668
Operations & Administration				\$21,471	\$17,493	\$20,809
<b>Total Operating Expenses</b>				<b>\$184,980</b>	<b>\$201,028</b>	<b>\$220,993</b>
<b>Net Operating Income (Before Franchise-Related Fees and Adjustments)</b>				<b>\$78,651</b>	<b>\$146,986</b>	<b>\$197,083</b>
<b>Franchise-Related Fees and Adjustments</b>						
Royalty Fee (8%) (adjusted)				\$21,091	\$27,841	\$33,446
Brand Fund (2%) Est. Oct 2024				n/a	\$1,381	\$8,362
Local Marketing (imputed (difference) to \$3k/mo)				\$15,507	\$21,319	\$20,103
Technology Fee (\$200/mo) (adjusted)				\$2,400	\$2,400	\$2,400
<b>Total Franchise-Related Fees and Adjustments</b>				<b>\$38,998</b>	<b>\$52,941</b>	<b>\$64,311</b>
<b>Adjusted Net Profit</b>				<b>\$39,653</b>	<b>\$94,045</b>	<b>\$132,772</b>



<b>Adjusted Profit Margin %</b>	<b>15.04%</b>	<b>27.02%</b>	<b>31.76%</b>
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Notes to Table 2.a

1. Operating Model and Management. The Lutz, FL location is owner-operated and has been in operation since November 2022. Because this location is owner-operated, the payroll figure does not include a salary for a general manager. A franchisee who chooses to hire a manager instead of operating the HV Swim Business themselves would incur additional payroll expenses, which would reduce the Adjusted Net Profit and Profit Margin % shown.

2. Facility Type and Seasonality. This location operates year-round within a third-party LA Fitness gym facility. Operating expenses, specifically rent, reflect the fees associated with this specific gym-partnership model. Costs for standalone facilities or different gym partnerships may vary significantly.

3. Total Gross Sales. The total of all revenue from swim lessons and retail sales, less sales tax and documented customer refunds.

4. Operating Expenses. Includes the following for the Franchised Businesses: rent expenses, payroll taxes, payroll processing expenses, advertising and marketing expenses, insurance expenses and other operations and administration-related expenses.

a. Insurance Expense Variance. The insurance expense for the Lutz, FL location decreased from 2023 to 2025 due to the franchisee's transition to a multi-unit master policy. As the franchisee added a second and third location, they qualified for volume-based premium discounts and reduced per-unit administrative costs. Single-Unit Expectation: A new franchisee operating only one location should anticipate their initial insurance premiums to be more in line with the 2023 figures (\$10,018) rather than the 2025 figures, as they will not yet qualify for multi-unit policy discounts.

5. Net Operating Income (Before Franchise-Related Fees and Adjustments). The amount equal to Total Gross Sales less Total Operating Expenses for the Franchised Business, before deduction of the Franchise-Related Fees and Adjustments reflected in the table.

6. Franchise-Related Fees and Adjustments. The franchise-related fees and expenditures paid by the Affiliate-Owned Businesses that a franchised Hudson Valley Swim Business would pay, which may be adjusted to reflect requirements under the current franchise agreement where an Affiliate-Owned Business' expenditures were less than the requirement, which are then deducted from the Combined Net Profit. We have made the following adjustments:

a. Brand Fund (Estab. October 2024). No Brand Fund contributions were required or reflected for the 2023 Reporting Period. For 2024, the amount reflected in the table represents the 2% monthly Brand Fund Contribution based on Gross Sales generated between October 2024 and December 2024 following establishment of the Brand Fund. For 2025, the amount reflects a full 12-month Brand Fund Contribution of 2% of Gross Sales.

b. Royalty. This location operated under a legacy agreement with a lower monthly Royalty rate of 6%; however, the figure shown reflects the 8% monthly Royalty a new franchisee will incur under the current Franchise Agreement and does not represent an imputed difference.

c. Local Advertising and Marketing Requirement. Franchise Agreements signed during the Reporting Periods required a minimum monthly local advertising and marketing spend of \$3,000 per month



(\$36,000 annually). Where historical actual spend was less than this requirement, we have adjusted the expense upward to meet the current mandatory obligation. The “Marketing” line under Operating Expenses reflects the actual amount spent by the location during that year. The “Local Marketing (imputed to \$3,000/mo)” line under Franchise-Related Fees reflects the additional amount that would have been required to meet the then-current \$3,000 monthly minimum. The minimum required Local Advertising and Marketing spend has been reduced from \$3,000 per month (\$36,000 annually) to \$2,500 per month (\$30,000 annually) for our current Franchise Agreement.

d. Technology Fee. The Technology Fee reflected in the table is based on the current Technology Fee required under the current Franchise Agreement. This Franchised Businesses operates under a legacy franchise agreement that did not require payment of a monthly Technology Fee during the Reporting Periods; however, the figure presented reflects the current monthly Technology Fee applicable to new franchisees under the current franchise agreement for consistency and comparability purposes.

7. Adjusted Net Profit/Profit Margin/%. The total and percentage after and deduction of the Franchise-Related Fees and Adjustments reflected in the table.

8. All amounts have been rounded to the nearest dollar.

**Table 2.b**  
**Franchised Businesses**  
**Revenue, Expenses, and Operating Results**  
**for the 2023 to 2025 Reporting Periods**

Categories	Year (# of businesses)	High Value	Average Value	Low Value	Median Value	# and % of businesses = or ≥ Average
Gross Sales	2025 (6)	\$418,076	\$218,990	\$135,917	\$178,217	2 (33.3%)
	2024 (3)	\$348,014	\$219,016	\$100,350	\$208,683	1 (33.3%)
	2023 (1)	\$263,631	\$263,631	\$263,631	\$263,631	1 (100%)
Operating Expenses	2025 (6)	\$241,561	\$159,949	\$96,365	\$146,050	3 (50%)
	2024 (3)	\$200,730	\$144,973	\$87,567	\$146,623	2 (66.7%)
	2023 (1)	\$184,980	\$184,980	\$184,980	\$184,980	1 (100%)
Net Operating Income (Before Franchise-Related Fees & Adjustments)	2025 (6)	\$197,083	\$59,041	\$24,783	\$33,570	1 (16.7%)
	2024 (3)	\$147,284	\$74,042	\$12,783	\$62,060	1 (33.3%)
	2023 (1)	\$78,651	\$78,651	\$78,651	\$78,651	1 (100%)



Categories	Year (# of businesses)	High Value	Average Value	Low Value	Median Value	# and % of businesses = or ≥ Average
Franchise-Related Fees & Adjustments	2025 (6)	\$64,311	\$39,618	\$21,437	\$36,461	2 (33.3%)
	2024 (3)	\$53,240	\$35,990	\$19,825	\$34,905	1 (33.3%)
	2023 (1)	\$38,998	\$38,998	\$38,998	\$38,998	1 (100%)
Adjusted Net Profit/Profit Margin %	2025 (6)	\$132,772 (31.76%)	\$19,423 (8.87%)	-\$17,254 (- 12.69%)	\$3,053 (1.71%)	1 (16.7%)
	2024 (3)	\$94,045 (27.02%)	\$38,052 (17.37%)	-\$22,122 (- 22.05%)	\$42,235 (20.24%)	2 (66.7%)
	2023 (1)	\$39,653 (15.04%)	\$39,653 (15.04%)	\$39,653 (15.04%)	\$39,653 (15.04%)	1 (100%)

#### Notes to Table 2.b

1. Figures are based on actual historical results of the Franchised Businesses with Franchise-Related Adjustments. 2023 figures include one location (Lutz, FL); 2024 figures include three locations (Lutz and Dunedin, FL; and Stamford, CT); and 2025 figures include six locations (Lutz, Dunedin, Brandon and Boca Raton, FL; Stamford, CT, and Gaithersburg, MD).

2. Gross Sales. The total of all revenue from swim lessons and retail sales, less sales tax and documented customer refunds.

3. Operating Expenses. Includes the following for the Franchised Businesses: rent expenses, payroll taxes, payroll processing expenses, advertising and marketing expenses, insurance expenses and other operations and administration-related expenses.

4. Net Operating Income (Before Franchise-Related Fees and Adjustments). The amount equal to Total Gross Sales less Total Operating Expenses, but before deduction of Franchise-Related Fees and Adjustments.

5. Adjusted Net Profit/Profit Margin/%. The total and percentage after and deduction of the Franchise-Related Fees and Adjustments reflected in the table.

6. Franchise-Related Fees and Adjustments. The franchise-related fees and expenditures paid by the Franchised Businesses that a franchised Hudson Valley Swim Business would pay, which may be adjusted to reflect requirements under the current franchise agreement where a Franchised Business' expenditures were less than the requirement, which are then deducted from the Combined Net Profit. We have made the following adjustments:

a. Royalty (8%). The Royalty Fee amounts reflected in the table are based on the current 8% Royalty Fee required under the current Franchise Agreement. Five of the Franchised Businesses included in the Reporting Group operated under legacy franchise agreements requiring a lower 6% monthly Royalty Fee during the applicable Reporting Periods; however, the figures presented reflect the current 8% monthly Royalty Fee applicable to new franchisees for consistency and comparability purposes.



b. Brand Fund (2%). The Brand Fund was established in October 2024. For the 2024 Reporting Period, the Brand Fund amounts reflected in the table reflect Brand Fund Contributions based on Gross Sales generated between October 2024 and December 2024. For the 2025 Reporting Period, the amounts reflect Brand Fund Contributions for the full year. No Brand Fund fees were collected during the 2023 Reporting Period. Prospective franchisees are required to contribute 2% of monthly Gross Sales to the Brand Fund under the current Franchise Agreement.

c. Local Advertising and Marketing Adjustment (\$3,000/mo). Franchise agreements signed during the Reporting Periods required a minimum monthly local advertising and marketing spend of \$3,000. Where historical actual spend was less than this requirement, we have adjusted the expense upward to meet the required minimum Local Advertising and Marketing spend. This adjustment contributed to the negative adjusted net profit for the Dunedin location in 2024. Our current franchise agreement requires a lower minimum monthly local advertising and marketing spend of \$2,500 per month (\$30,000 annually).

d. Technology Fee (\$200/mo). The Technology Fee amounts reflected in the table are based on the current Technology Fee of \$200 per month required under the current Franchise Agreement. Four Franchised Businesses included in the Reporting Group operated under legacy franchise agreements that did not require payment of a Technology Fee during the Reporting Periods; however, the figures presented reflect the current Technology Fee applicable to new franchisees under the franchise agreement for consistency and comparability purposes.

7. Average Net Profit/Profit Margin %. This figure is calculated by dividing the Average Adjusted Net Profit for the group by the Average Gross Sales for the group.

8. All amounts have been rounded to the nearest dollar.

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the financial performance representation contained in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 Jeffrey G. Gartner 827 State Route 82, Ste. 10-199, Hopewell Junction, New York 12533, the Federal Trade Commission and the appropriate state regulatory agencies.