

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of our 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.

Historical Financial Performance Representation

As of December 31, 2023, there were 103 franchised MH Businesses and 1 company-owned MH Business in operation in the United States. Of the 103 franchised MH Businesses: (a) 100 were open and in continuous operation for 12-months or longer as of December 31, 2023 ("Franchised Retreats"), (b) 2 of the 103 businesses converted from company-owned to franchisee-owned in the 2023 calendar year (these businesses are included in the "Franchised Retreats"), and (c) 3 of the 103 MH Businesses first opened for business in the 2023 calendar year (the "New Retreats"). The New Retreats were excluded from the performance information presented in this Item 19.

This Item 19 presents certain historical data as provided to us by the Franchised Retreats through sales records and reports. We have not audited this information, nor independently verified this information. Written substantiation for the financial performance representation will be made available to you upon reasonable request.

For purposes of this Item 19 disclosure, we divided the Franchised Retreats into four categories (Tables 1 - 4): Top 10 Retreats (10 Franchised Retreats); Top 50 Retreats (50 Franchised Retreats); Bottom 50 Retreats (50 Franchised Retreats), Bottom 10 Retreats (10 Franchised Retreats), and all locations (100 Franchised Retreats). Tables 1 - 4 display results for the Franchised Retreats, broken down into these five categories. Table 1 shows the average Gross Revenue for the Franchised Retreats; Table 2 shows the average number of Prospects for the Franchised Retreats; Table 3 shows the average Annual Service Units for the Franchised Retreats; and Table 4 shows the average Member Base for the Franchised Retreats, and Table 5 shows the average monthly Member Retention for the 100 Franchised Retreats.

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Franchised Retreats Open as of January 1, 2023					
No. of Retreats	All Retreats	Top 10	Top 50	Bottom 50	Bottom 10
	100	10	50	50	10
Table 1: Gross Revenue					
2023 Average Revenue	\$1,039,409	\$2,172,272	\$1,394,761	\$684,787	\$441,071
# that Meet or Exceed Average	40	4	18	26	6
% that Meet or Exceed Average	40%	40%	36%	52%	60%
2023 Highest Revenue	\$2,938,639	\$2,938,639	\$2,938,639	\$945,896	\$524,563
2023 Median Revenue	\$947,687	\$2,078,788	\$1,219,648	\$731,445	\$460,489
2023 Lowest Revenue	\$305,995	\$1,618,660	\$949,479	\$305,995	\$305,995
Table 2: Number of Prospects					
2023 Average Prospects	1,831	3,469	2,412	1,249	710
# that Meet or Exceed Average	45	4	20	29	5
% that Meet or Exceed Average	45%	40%	40%	58%	50%
2023 Highest Prospects	4,462	4,462	4,462	1,721	918
2023 Median Prospects	1,728	3,160	2,225	1,336	710
2023 Lowest Prospects	462	2,809	1,736	462	462
Table 3: Number of Annual Service Units					
2023 Average Services	11,772	23,590	15,521	7,965	5,434
# that Meet or Exceed Average	39	5	20	26	6
% that Meet or Exceed Average	39%	50%	40%	52%	60%
2023 Highest Services	29,193	29,193	29,193	10,482	6,067
2023 Median Services	10,489	22,743	14,047	8,402	5,543
2023 Lowest Services	4,462	18,332	10,497	4,462	4,462
Table 4: Membership Base					
2023 Average Member Base	824	1,778	1,123	526	301
# that Meet or Exceed Average	37	4	17	29	6
% that Meet or Exceed Average	37%	40%	34%	58%	60%
2023 Highest Member Base	2,236	2,236	2,236	717	382
2023 Median Member Base	730	1,707	982	555	315
2023 Lowest Member Base	212	1,393	744	212	212

Table 5: Membership Retention

2023 Monthly Average Retention	94.6%
# that Meet or Exceed Average	59
% that Meet or Exceed Average	59%
2023 Highest Retreat Retention	97.4%
2023 Median Retreat Retention	94.8%
2023 Lowest Retreat Retention	91.3%

Notes:

1. **Gross Revenue** means the total selling price of all services and products sold at or from or through the Franchised Retreats, whether or not sold or performed at or from the Franchised Retreat, including the full redemption value of any gift certificate or coupon sold for use at a Franchised Retreat (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation), and including all proceeds from any business interruption insurance and all income, revenue and consideration of every other kind and nature related to the Franchised Retreat operation, whether for cash or credit and regardless of collection in the case of credit.
2. **Prospects** is defined as a non-member coming into the Franchised Retreat to receive a service.
3. **Membership Base** is defined as the total number of individual members who paid a monthly membership fee or paid the membership fee in-full.
4. **Services** is defined as the total number of one hour of services provided.
5. **High** refers to the highest data point in the range.
6. **Low** refers to the lowest data point in the range.
7. **Number Meet/Exceed Average** refers to the number of Franchised Retreats in the respective section that exceeded the reported average.
8. **Percent Meet/Exceed Average** is calculated as the total Franchised Retreats in the section that exceeded the reported average divided by the number of Franchised Retreats in the respective section for the 2023 Reporting Period.
9. **Average** means the sum of all figures in the data set, divided by the total number of Franchised Retreats.
10. **Retention** means the percentage of members who had an active membership on the 1st day of the month, who also had their membership on the last day of that month for the 2023 Reporting Period. The percentages provided are the average of each month's retention percentage from January – December 2023.

The financial performance representation disclosed in this Item 19 does not contain any information about any operating costs or expenses that you will incur in connection with operating your franchised business. Operating costs and expenses may vary substantially. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business before you sign a franchise agreement. Current or former franchisees, listed in **Exhibit C** to this Franchise Disclosure Document, may be one source of this information. We strongly encourage you to consult with an attorney or business advisor before purchasing a franchise.

Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Other than the preceding financial performance representation, Massage Heights Franchising, LLC does 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 Russell Hoff at 13750 US Hwy 281 North, Suite 925, San Antonio, Texas 78232 and 210-402-0777, 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	109	106	-3
	2022	106	102	-4
	2023	102	103	+1
Company-Owned*	2021	4	3	-1
	2022	3	3	0
	2023	3	1	-2
Total Outlets	2021	113	109	-4
	2022	109	105	-4
	2023	105	104	-1

*These franchisees share common ownership with SWGI, Franchisor's parent company, but neither SWGI nor Franchisor have controlling interest or management in the franchisees.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2021-2023

State	Year	Number of Transfers
California	2021	1
	2022	1
	2023	1
Colorado	2021	1
	2022	0
	2023	0
Florida	2021	0
	2022	1
	2023	0
Iowa	2021	0
	2022	0