

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	8.2, 17.3 - 17.4	For 3 years: No business with, or soliciting of RTB or franchisee customers; and no Similar Business within a RTB Marketing Area (subject to state law). There are special, additional remedies for breach. If non-competition restrictions are unenforceable or reduced, we may require you to pay a fee based on formula.
s. Modification of the agreement	19.9	Modifications must be in writing and signed by all parties. The Manual is subject to change by us and you must promptly comply.
t. Integration / merger clause	19.9, 19.10, 19.16	Only terms of the Franchise Agreement, exhibits, riders and Manuals are binding (subject to state law). Any representations or promises made outside the Franchise Agreement and this Disclosure Document may not be enforceable.
u. Dispute resolution by arbitration or mediation	19	Except for certain claims, all disputes resolved through mediation-arbitration at our then-current headquarters; no class actions; waiver of jury trial; waiver of punitive and other named damages; limitation of damages; notice of claims requirement; limits on periods in which to bring claims; and pay own attorney fees, except in limited instances. This provision is subject to state law.
v. Choice of forum	19.1 and 19.2	Litigation in court encompassing our or our successor's or assign's then-current headquarters is located (currently, California), except in limited instances; Federal Arbitration Act pre-empts state law. This provision is subject to state law.
w. Choice of law	19.14	Laws of the state of Delaware, but Federal Arbitration Act preempts. This provision is subject to state law.

ITEM 18

PUBLIC FIGURES

We do not currently use any public figures to promote our franchise but may do so in the future.

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 outlets and/or franchisor-owned outlets, if there is a reasonable basis for the information and if the information is included in this 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.

Methodology and Background

The following Item 19 provides information for the 76 franchised Traditional RELAX THE BACK Stores that were open for our entire fiscal year ended December 31, 2023 (the "Item 19 Stores"), which excludes 1 franchised Relax The Back Store that did not constitute a Traditional Relax The Back Store

(operating as a store-in-store franchise). In some cases, additional Relax The Back Stores were excluded from the tables below. Please see each specific table for a description of further exclusions.

As used in this Item 19, “Adjusted Gross Sales” includes all revenue (except sales tax collected and paid when due to the appropriate taxing authority, delivery fees charged, and actual customer refunds, adjustments and credits) which are, or could be, received or earned by you (and/or any affiliate and/or on/for your behalf or benefit) (1) by, at or with respect to a RELAX THE BACK Store; (2) which relate to the type of goods or services which are or could be provided, sold, rented or otherwise distributed at, through or in association with a RELAX THE BACK Store; (3) with respect to any goods or services which are, or could be, distributed in association with the Marks or the RELAX THE BACK System, or the operation of any Similar Business (but our receipt of any royalties with respect to any Similar Business will not constitute approval of your involvement with any Similar Business); and/or (4) with respect to any co-branding activities. All sales and billings, whether collected or not, will be included in Adjusted Gross Sales, with no deduction for credit card or other charges. Adjusted Gross Sales does not reflect the costs of operating the business, including operating expenses, start-up expenses and the fees paid to us and our affiliates, which must be deducted from the gross revenue or gross sales figures to obtain net income or profit.

All information presented in this Item 19 for franchised RELAX THE BACK Stores is based on the financial reports we receive from franchisees.

2023 Annual Adjusted Gross Sales (By Quartile) For Franchised Item 19 Stores

The following table provides annual Adjusted Gross Sales for all 76 franchised Item 19 Stores. These Item 19 Stores were divided into 4 quartiles based on each Item 19 Store’s annual Adjusted Gross Sales in the calendar year ended December 31, 2023. Quartile 1 represents those Item 19 Stores with the highest annual Adjusted Gross Sales in the calendar year ended December 31, 2023, and the other Quartiles are in descending order with Quartile 4 representing those Item 19 Stores with the lowest annual Adjusted Gross Sales in the calendar year ended December 31, 2023.

	Units In Quartile	Average	Low and High	Median	# Above Average
Quartile 1	19	\$1,428,636	\$1,113,379 - \$2,572,316	\$1,293,513	6 (31.6%)
Quartile 2	19	\$931,137	\$833,978 - \$1,096,724	\$931,320	10 (52.6%)
Quartile 3	19	\$729,011	\$651,271 - \$827,558	\$707,936	7 (36.8%)
Quartile 4	19	\$555,647	\$428,082 - \$636,600	\$547,402	9 (47.4%)
All Stores	76	\$911,108	\$428,082 - \$2,572,316	\$830,768	29 (38.2%)

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**2023 Adjusted Gross Sales By Month
For All Item 19 Stores**

The following table provides the Adjusted Gross Sales by calendar month for each of the Item 19 Stores during the calendar year ended December 31, 2023.

	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
1	\$198,622.97	\$223,875.52	\$292,037.97	\$149,181.29	\$199,679.09	\$299,713.89	\$247,348.47	\$177,901.00	\$206,885.48	\$194,124.54	\$216,235.53	\$166,710.33
2	\$180,827.93	\$242,758.60	\$244,444.40	\$147,995.32	\$180,338.17	\$161,732.87	\$235,437.16	\$102,417.09	\$197,379.34	\$252,754.49	\$235,505.56	\$245,454.91
3	\$174,022.72	\$180,224.40	\$145,686.67	\$68,338.43	\$90,351.95	\$156,106.85	\$76,700.03	\$178,600.85	\$90,430.41	\$182,807.77	\$87,993.60	\$174,705.89
4	\$67,649.57	\$120,400.65	\$173,234.48	\$103,233.58	\$122,856.24	\$149,008.36	\$160,927.28	\$141,114.15	\$113,877.15	\$130,389.75	\$110,692.24	\$151,385.19
5	\$179,283.99	\$164,551.14	\$91,702.18	\$108,995.91	\$90,941.17	\$96,702.26	\$129,567.11	\$109,274.95	\$130,842.11	\$114,115.61	\$131,390.72	\$186,751.74
6	\$151,946.88	\$145,577.53	\$112,620.73	\$137,769.72	\$125,440.59	\$96,783.68	\$120,799.17	\$63,758.56	\$153,101.40	\$111,004.44	\$118,298.56	\$107,197.67
7	\$117,424.43	\$159,558.09	\$101,871.95	\$143,173.03	\$134,904.67	\$131,325.90	\$69,616.28	\$83,250.38	\$174,539.18	\$100,011.08	\$89,318.20	\$109,065.07
8	\$82,114.25	\$155,746.76	\$205,792.47	\$136,661.61	\$98,583.79	\$108,974.13	\$94,132.22	\$75,185.62	\$117,541.39	\$89,412.59	\$85,017.07	\$128,738.84
9	\$125,706.18	\$114,803.77	\$119,306.48	\$71,760.98	\$123,595.55	\$128,383.90	\$137,464.44	\$89,950.59	\$111,441.40	\$77,753.88	\$123,479.45	\$123,172.32
10	\$85,788.59	\$119,040.81	\$112,855.23	\$114,325.18	\$119,903.85	\$110,959.66	\$105,728.82	\$97,905.11	\$98,754.40	\$97,485.90	\$105,107.46	\$125,658.08
11	\$119,108.77	\$83,331.86	\$123,290.25	\$83,380.00	\$76,869.26	\$151,517.75	\$77,107.81	\$148,919.77	\$102,129.58	\$76,844.29	\$97,916.23	\$97,135.22
12	\$142,914.81	\$95,995.25	\$68,669.63	\$70,115.80	\$91,955.64	\$95,313.31	\$104,300.03	\$103,853.44	\$110,591.46	\$81,638.61	\$149,238.22	\$121,348.99
13	\$134,657.41	\$125,473.00	\$77,241.91	\$53,533.36	\$93,391.37	\$128,663.49	\$131,813.02	\$64,910.65	\$126,188.39	\$81,877.36	\$57,328.83	\$116,472.11
14	\$199,202.82	\$86,809.52	\$77,184.26	\$83,243.27	\$80,476.29	\$91,598.08	\$82,638.80	\$89,430.56	\$59,547.64	\$136,575.60	\$128,479.68	\$68,395.76
15	\$65,020.46	\$88,136.50	\$100,126.26	\$64,706.00	\$114,327.24	\$133,156.03	\$86,131.51	\$107,677.93	\$91,648.31	\$87,694.94	\$100,042.66	\$128,675.69
16	\$133,594.40	\$104,240.16	\$95,670.24	\$92,426.11	\$63,955.05	\$86,005.24	\$109,171.77	\$121,659.12	\$100,185.60	\$84,719.39	\$40,477.56	\$128,012.22
17	\$120,919.98	\$93,675.82	\$101,701.34	\$89,199.95	\$72,688.68	\$96,923.94	\$122,071.33	\$77,567.80	\$93,453.25	\$94,268.69	\$70,442.07	\$114,358.99
18	\$74,140.39	\$55,148.01	\$54,701.92	\$60,207.80	\$110,508.99	\$89,222.64	\$97,531.39	\$84,355.98	\$133,964.03	\$111,150.54	\$122,721.26	\$152,884.44
19	\$102,929.81	\$87,806.25	\$117,672.09	\$87,749.28	\$91,925.81	\$97,173.10	\$73,678.44	\$59,988.14	\$104,802.18	\$99,410.28	\$89,938.99	\$100,304.98
20	\$71,373.53	\$108,007.72	\$103,499.73	\$84,493.79	\$77,479.34	\$137,370.45	\$76,378.27	\$82,685.84	\$82,922.79	\$71,110.90	\$87,539.75	\$113,862.27
21	\$56,939.52	\$85,003.08	\$69,182.50	\$39,952.54	\$135,581.79	\$103,775.84	\$84,790.37	\$57,223.20	\$77,870.35	\$113,323.85	\$100,779.75	\$127,916.26
22	\$86,627.14	\$117,185.67	\$131,937.04	\$92,976.10	\$124,242.60	\$69,604.56	\$82,530.86	\$36,651.50	\$98,611.74	\$58,430.15	\$65,430.67	\$81,455.21
23	\$79,290.16	\$64,370.54	\$100,236.23	\$68,117.32	\$44,410.88	\$98,909.88	\$86,029.41	\$120,259.73	\$115,244.19	\$118,979.00	\$55,514.20	\$86,876.18
24	\$94,295.57	\$55,413.78	\$128,719.39	\$22,997.37	\$122,258.50	\$94,320.18	\$66,286.59	\$82,117.88	\$82,740.89	\$58,241.19	\$121,861.58	\$92,126.31
25	\$115,888.12	\$82,847.89	\$86,612.00	\$82,566.81	\$80,222.14	\$112,934.16	\$78,598.30	\$81,299.20	\$63,294.99	\$65,104.23	\$58,778.11	\$90,536.55
26	\$128,269.96	\$84,988.42	\$21,351.86	\$58,336.03	\$30,482.04	\$80,335.87	\$123,215.36	\$62,558.02	\$112,665.10	\$59,816.27	\$93,828.06	\$106,341.39

27	\$52,241.42	\$120,681.47	\$51,265.71	\$71,763.28	\$54,834.88	\$105,464.31	\$92,823.25	\$68,171.32	\$103,987.55	\$78,768.19	\$90,198.27	\$54,657.24
28	\$73,927.81	\$81,535.36	\$151,042.66	\$68,068.96	\$53,884.19	\$44,546.38	\$64,257.05	\$111,513.33	\$50,019.09	\$92,627.33	\$95,685.63	\$49,721.71
29	\$89,395.16	\$100,250.87	\$39,940.42	\$67,718.62	\$70,585.71	\$84,587.22	\$97,993.13	\$59,143.09	\$98,751.33	\$63,621.08	\$69,011.34	\$90,321.97
30	\$62,081.29	\$104,106.82	\$111,260.18	\$53,829.50	\$64,083.51	\$70,515.98	\$56,253.78	\$70,619.35	\$55,395.22	\$67,031.74	\$63,249.12	\$85,961.29
31	\$56,383.73	\$41,700.37	\$78,735.48	\$66,190.05	\$61,699.77	\$104,874.76	\$62,141.79	\$100,899.81	\$56,459.55	\$81,658.76	\$82,987.84	\$68,844.41
32	\$74,387.18	\$134,055.05	\$102,099.67	\$51,295.25	\$44,370.15	\$91,172.67	\$51,426.87	\$52,507.88	\$34,752.16	\$59,980.26	\$57,509.53	\$107,877.20
33	\$89,491.70	\$34,921.15	\$77,142.18	\$109,585.72	\$82,536.11	\$24,707.13	\$76,877.26	\$80,039.85	\$103,325.90	\$25,520.67	\$53,980.13	\$96,889.81
34	\$68,801.30	\$57,882.99	\$68,104.77	\$70,794.73	\$60,924.79	\$76,980.88	\$93,740.58	\$60,340.07	\$79,862.46	\$59,039.07	\$57,323.64	\$97,813.01
35	\$124,089.55	\$55,832.56	\$51,297.55	\$71,322.90	\$43,345.67	\$63,916.49	\$121,240.57	\$64,241.39	\$77,138.27	\$64,047.79	\$39,286.01	\$69,518.77
36	\$87,548.46	\$51,177.62	\$58,778.06	\$46,080.82	\$77,487.67	\$106,576.09	\$43,658.15	\$108,060.88	\$60,180.58	\$52,027.73	\$50,549.99	\$102,929.04
37	\$78,475.42	\$76,195.58	\$108,055.81	\$60,029.76	\$82,072.40	\$61,098.49	\$56,240.79	\$70,207.02	\$66,743.42	\$48,150.14	\$68,907.54	\$67,853.95
38	\$55,050.01	\$82,926.76	\$44,980.23	\$61,428.92	\$60,362.92	\$105,025.61	\$42,745.30	\$55,232.63	\$78,104.43	\$82,484.81	\$58,698.47	\$106,938.39
39	\$124,506.24	\$99,282.66	\$47,709.25	\$39,694.76	\$68,827.27	\$54,543.27	\$74,621.41	\$59,506.25	\$62,878.30	\$60,011.42	\$73,869.76	\$62,107.46
40	\$95,876.95	\$52,095.96	\$143,396.05	\$73,267.10	\$52,023.00	\$16,378.11	\$38,044.23	\$96,086.99	\$64,580.01	\$68,157.97	\$39,324.83	\$75,904.04
41	\$89,020.31	\$37,017.26	\$80,070.79	\$61,988.37	\$62,082.14	\$34,775.04	\$81,635.43	\$70,628.36	\$88,486.21	\$57,295.77	\$43,065.15	\$88,950.51
42	\$72,484.44	\$82,620.69	\$35,296.81	\$29,273.44	\$60,931.50	\$63,805.04	\$81,937.21	\$64,317.42	\$57,173.48	\$30,341.04	\$82,923.21	\$125,905.73
43	\$67,348.48	\$72,475.89	\$111,644.73	\$69,912.98	\$60,220.42	\$77,263.21	\$46,827.16	\$45,065.65	\$40,936.13	\$33,722.49	\$55,368.77	\$105,711.26
44	\$53,829.15	\$63,747.41	\$108,215.84	\$33,149.23	\$77,065.65	\$31,784.71	\$66,491.62	\$67,524.20	\$65,016.92	\$13,747.52	\$84,409.94	\$116,622.66
45	\$43,777.50	\$33,799.53	\$65,858.84	\$42,601.62	\$47,870.99	\$61,901.26	\$106,512.39	\$77,653.44	\$67,208.90	\$56,579.79	\$44,252.36	\$117,874.92
46	\$90,610.78	\$93,893.20	\$37,685.77	\$36,738.45	\$65,249.75	\$62,221.21	\$37,451.07	\$84,331.48	\$27,817.44	\$44,334.64	\$39,588.18	\$94,625.55
47	\$66,420.67	\$42,344.73	\$51,753.68	\$61,607.45	\$60,743.29	\$73,216.78	\$44,033.81	\$103,603.42	\$58,290.90	\$25,646.09	\$66,438.47	\$58,266.00
48	\$75,782.52	\$56,759.33	\$72,804.56	\$28,555.94	\$81,201.31	\$66,818.99	\$57,445.33	\$50,648.71	\$56,380.74	\$49,472.85	\$42,257.18	\$69,808.26
49	\$52,790.03	\$46,461.04	\$95,235.20	\$79,298.21	\$56,464.65	\$34,668.99	\$36,949.28	\$91,406.16	\$35,926.80	\$73,172.00	\$35,902.00	\$64,657.67
50	\$50,438.39	\$91,020.35	\$88,008.09	\$21,700.76	\$55,143.98	\$86,376.31	\$79,563.96	\$48,328.51	\$49,252.75	\$16,627.08	\$84,113.25	\$24,399.53
51	\$58,180.53	\$62,182.17	\$35,872.77	\$37,246.39	\$70,509.55	\$75,901.19	\$69,706.28	\$117,632.34	\$52,876.72	\$32,616.09	\$27,197.93	\$54,338.12
52	\$83,880.82	\$42,292.71	\$65,639.75	\$58,447.43	\$44,753.49	\$79,409.42	\$59,835.96	\$29,070.52	\$70,421.97	\$48,960.40	\$32,995.10	\$75,511.14
53	\$63,500.96	\$56,075.43	\$48,081.59	\$41,891.18	\$78,054.79	\$56,181.58	\$66,626.53	\$47,932.46	\$50,653.84	\$59,237.14	\$77,748.20	\$43,864.67
54	\$42,661.13	\$57,004.59	\$46,896.83	\$53,106.76	\$31,316.92	\$63,300.25	\$75,659.77	\$36,711.71	\$60,854.83	\$52,693.42	\$52,011.80	\$112,218.79
55	\$91,152.80	\$27,802.02	\$33,681.01	\$52,914.33	\$35,861.18	\$65,109.20	\$84,638.58	\$50,556.57	\$60,684.13	\$50,602.27	\$52,838.86	\$68,807.50
56	\$77,632.19	\$86,897.75	\$79,342.06	\$64,163.82	\$18,816.65	\$65,497.79	\$58,506.34	\$29,239.36	\$64,046.60	\$51,420.36	\$28,794.17	\$49,708.18
57	\$50,094.48	\$51,373.13	\$83,683.57	\$33,901.94	\$54,657.77	\$82,866.83	\$31,087.09	\$37,411.43	\$69,708.75	\$40,505.06	\$67,970.86	\$48,009.82
58	\$66,789.99	\$34,219.91	\$44,420.11	\$69,031.08	\$64,036.33	\$60,236.40	\$45,138.74	\$26,780.10	\$70,685.53	\$43,389.25	\$62,905.55	\$48,966.81

59	\$32,371.02	\$59,907.99	\$62,739.02	\$39,466.02	\$39,746.84	\$65,118.11	\$50,660.76	\$37,219.67	\$52,439.09	\$63,488.83	\$60,090.72	\$72,937.76
60	\$7,962.17	\$90,437.37	\$43,550.95	\$13,523.47	\$99,105.60	\$22,290.92	\$48,151.72	\$1,909.11	\$88,894.70	\$64,171.57	\$64,118.96	\$88,989.27
61	\$80,300.41	\$42,375.92	\$39,338.88	\$36,818.22	\$29,869.98	\$85,023.29	\$44,146.37	\$60,704.01	\$28,925.93	\$37,711.39	\$53,029.32	\$93,653.16
62	\$84,036.01	\$41,820.65	\$46,145.35	\$24,951.58	\$68,465.26	\$47,323.91	\$53,936.31	\$52,566.98	\$48,162.05	\$33,614.02	\$51,816.77	\$64,273.85
63	\$72,442.40	\$25,078.28	\$53,360.71	\$73,216.32	\$53,973.87	\$41,629.93	\$60,649.35	\$42,823.20	\$38,651.59	\$24,514.46	\$23,998.28	\$97,572.76
64	\$36,213.07	\$54,736.37	\$85,549.28	\$59,784.17	\$33,722.24	\$66,875.28	\$28,127.51	\$55,963.44	\$59,155.07	\$23,826.14	\$29,846.37	\$50,224.06
65	\$58,939.62	\$43,870.48	\$40,186.70	\$45,887.16	\$57,562.43	\$65,208.38	\$62,712.08	\$34,191.47	\$23,165.20	\$26,686.90	\$42,247.08	\$69,706.81
66	\$48,809.38	\$53,694.02	\$45,001.46	\$30,345.83	\$72,059.04	\$53,856.90	\$20,335.24	\$44,637.84	\$39,498.23	\$51,924.71	\$67,256.81	\$32,652.60
67	\$34,552.32	\$30,330.07	\$38,625.26	\$47,593.59	\$85,125.36	\$40,724.62	\$51,922.17	\$32,081.06	\$50,031.41	\$35,135.10	\$26,787.43	\$74,493.55
68	\$52,802.51	\$78,167.10	\$64,026.97	\$43,089.14	\$32,461.64	\$33,397.21	\$38,133.40	\$24,065.50	\$59,384.62	\$46,654.63	\$51,502.73	\$20,786.95
69	\$57,222.92	\$49,851.05	\$24,867.65	\$12,401.88	\$49,590.24	\$87,587.07	\$53,336.65	\$50,272.75	\$3,071.33	\$66,263.89	\$78,696.53	\$10,758.94
70	\$53,376.27	\$36,411.08	\$71,979.05	\$54,007.76	\$28,874.24	\$39,633.14	\$51,791.63	\$33,957.20	\$36,994.48	\$49,840.78	\$43,549.66	\$41,086.98
71	\$14,990.51	\$52,985.22	\$35,036.01	\$30,919.34	\$52,296.93	\$46,148.49	\$57,805.60	\$49,719.38	\$60,419.35	\$35,974.92	\$53,905.53	\$45,303.82
72	\$39,585.08	\$30,062.09	\$49,447.87	\$26,777.00	\$65,267.83	\$18,542.08	\$14,015.55	\$97,403.27	\$31,449.82	\$48,123.64	\$40,365.79	\$43,506.27
73	\$35,715.63	\$55,038.69	\$23,358.19	\$19,469.89	\$42,346.18	\$32,754.74	\$42,482.41	\$39,124.15	\$29,723.29	\$30,720.10	\$69,597.98	\$74,710.96
74	\$35,262.51	\$31,385.42	\$27,453.15	\$41,841.41	\$51,935.04	\$59,500.81	\$25,272.04	\$42,433.68	\$45,194.07	\$35,091.86	\$29,154.44	\$55,632.18
75	\$37,150.07	\$41,005.45	\$31,828.42	\$31,494.96	\$41,319.85	\$38,394.57	\$47,129.93	\$39,384.82	\$41,037.96	\$27,169.99	\$33,802.50	\$49,671.92
76	\$33,922.43	\$29,892.22	\$72,575.46	\$19,807.25	\$35,461.68	\$51,113.95	\$18,310.18	\$21,348.95	\$51,755.80	\$15,158.89	\$20,354.56	\$58,380.29

Avg.	\$82,011.40	\$79,245.43	\$81,979.21	\$62,545.15	\$72,875.96	\$80,965.28	\$75,408.21	\$70,996.52	\$76,015.89	\$67,744.83	\$71,905.80	\$89,414.08
# Above Avg.	31 (40.8%)	35 (46.1%)	31 (40.8%)	34 (44.7%)	30 (39.5%)	34 (44.7%)	34 (44.7%)	31 (40.8%)	32 (42.1%)	28 (36.8%)	29 (38.2%)	37 (48.7%)
Median	\$74,034.10	\$68,423.22	\$72,690.01	\$60,118.78	\$64,666.63	\$76,441.04	\$68,121.41	\$64,279.41	\$64,798.47	\$59,526.71	\$63,684.04	\$88,969.89
High	\$199,202.82	\$242,758.60	\$292,037.97	\$149,181.29	\$199,679.09	\$299,713.89	\$247,348.47	\$178,600.85	\$206,885.48	\$252,754.49	\$235,505.56	\$245,454.91
Low	\$7,962.17	\$25,078.28	\$21,351.86	\$12,401.88	\$18,816.65	\$16,378.11	\$14,015.55	\$1,909.11	\$3,071.33	\$13,747.52	\$20,354.56	\$10,758.94

**2023 Annual Average Costs
For Franchised Item 19 Stores**

The following table provides certain cost data for 54 franchised Item 19 Stores, which in addition to the exclusions noted in the methodology section above, excludes: (1) 19 franchised Item 19 Stores that failed to deliver their annual financial reports, and (2) 3 franchised Item 19 Stores that changed ownership during 2023 and therefore were not able to deliver a consistently-prepared accounting record. The chart below reflects certain key cost components: Costs of Goods, Personnel Costs, Marketing Costs and Facility Costs, each as described further below, for each of these 54 Item 19 Stores in the calendar year ended December 31, 2023.

	Dollars	Percent ⁽⁵⁾	Median	Range	Number/Percentage that Met or Exceeded Average
Adjusted Gross Sales	\$950,548	100.0%	\$842,678	\$408,308 - \$2,650,725	20/37%
Gross Profit⁽¹⁾	\$503,829	53.0%	\$436,986	\$222,660 - \$1,429,448	18/33%
Personnel Costs⁽²⁾	\$144,970	15.3%	\$119,724	\$3,680 - \$630,538	19/35%
Marketing Costs⁽³⁾	\$55,546	5.8%	\$44,246	\$0,000 - \$215,224	18/33%
Facility Cost⁽⁴⁾	\$121,099	12.7%	\$123,227	\$0,000 - \$271,053	28/52%

1. Gross profit is calculated as Adjusted Gross Sales less cost of goods sold. Cost of goods includes product costs, freight, and delivery.
2. Personnel costs include all wages, employment taxes and benefits reflected on the applicable franchisee's financial statements. The column identifying the number/percentage that met or exceeded the average is the number of franchisees who had lower personnel costs than the shown average.
3. Marketing costs include expenditures for local advertising, marketing, and promotions. It does not include contributions to the Marketing Fund. The column identifying the number/percentage that met or exceeded the average is the number of franchisees who had lower marketing costs than the shown average.
4. Facility cost includes rent, CAM, utilities, repair, and maintenance. The column identifying the number/percentage that met or exceeded the average is the number of franchisees who had lower facility costs than the shown average.
5. This percentage is calculated by dividing the Gross Profit, Personnel Costs, Marketing Costs or Facility Costs, as applicable, by the total average Adjusted Gross Sales.

**2023 Annual Average Owner's Discretionary Cash Flow
For Franchised Item 19 Stores**

The following table provides certain cost data for 54 franchised Item 19 Stores, which in addition to the exclusions noted in the methodology section above, excludes: (1) 19 franchised Item 19 Stores that failed to deliver their annual financial reports, and (2) 3 franchised Item 19 Stores that changed ownership during 2023 and therefore were not able to deliver a consistently-prepared accounting record. The chart below describes the average Total Revenue, Net Income, and Owner's Discretionary Cash Flow Income for remaining 54 Item 19 Stores, for the calendar year ended December 31, 2023.

	Total Revenue ⁽¹⁾	Net Income ⁽²⁾	Owner's Discretionary Cash Flow ⁽³⁾
Average	\$950,547	\$41,934	\$104,270
# Above Avg.	20 (37%)	22 (41%)	22 (41%)
Median	\$842,677	\$24,337	\$77,612
High	\$2,650,724	\$415,633	\$430,633
Low	\$408,308	-\$149,130	\$124,779

1. “Total Revenue” is calculated as the total gross revenue from the Store’s operations. This is not the same calculation as Adjusted Gross Sales described above and used to calculate the Continuing Royalty Fee and other fees based on Adjusted Gross Sales. As described further above, Adjusted Gross Sales subtracts certain categories of revenue such as customer refunds, adjustments, and credits, which are not excluded from Total Revenue.
2. “Net Income” is calculated as Total Revenue, less the total cost of operations of the Store, including leases expenses, payroll, cost of goods sold, interests, amortization, taxes, the Continuing Royalty Fee, and all other associated costs and deductions reflected on the applicable franchisee’s financial statements.
3. “Owner’s Discretionary Cash Flow” is calculated as Net Income, plus the compensation paid by the owner of such Store to himself/herself and his/her direct family members, including retirement contributions, insurance, auto expenses, cell phone expenses, and any other one-time non-recurring expenses. These expenses were deducted from the calculation of Net Income but added back in the calculation above of Owner’s Discretionary Cash Flow.

General Notes:

The numbers provided in this Item 19 are historic numbers for certain RELAX THE BACK Stores. Written substantiation of the financial performance representations will be available to prospective franchisees upon reasonable request.

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

Except as disclosed in this Item 19, 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 receive any other financial performance information or projections of your future income, you should report it to our management by contacting Bill McClymonds, Relax The Back Corporation, 4600 E. Conant, Long Beach, California; (800) 290-2225, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

The numbers in the charts below reflect information as fiscal year end December 31, 2021, December 31, 2022, and December 21, 2023.

Table No. 1
Systemwide Outlet Summary
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2021	82	81	-1
	2022	81	79	-2
	2023	79	77 ¹	-2
Company-Owned	2021	1	2	+1
	2022	2	2	0
	2023	2	2	0
Total Outlets	2021	83	83	0
	2022	83	81	-2
	2023	81	79	-2

¹ Since the end of our prior fiscal year, 8 RELAX THE BACK Stores were terminated, not renewed, or otherwise ceased operations, which includes the following: 1 in California, 1 in Illinois, 1 in Georgia, 2 in Florida, and 3 in Texas.

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(Other than the Franchisor)
For Years 2021 to 2023

State	Year	Number of Transfers
Arizona	2021	3
	2022	2
	2023	0
Georgia	2021	0
	2022	0
	2023	1
Nevada	2021	0
	2022	0
	2023	1
North Carolina	2021	0
	2022	0
	2023	1
Oregon	2021	2
	2022	0
	2023	0
Tennessee	2021	0
	2022	1
	2023	0