

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 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 charts below show the annual gross revenue and adjusted EBITDA (sometimes referred to as “Adj. EBITDA”), occupancy rates and operating results for fiscal year ended December 31, 2024 (the “Measurement Period”) for certain franchised locations. The data is based on historical results from existing franchisee Businesses as reported to us by our franchisees.

There were 399 franchised outlets open and operating as of December 31, 2024. Of those franchised outlets, we have excluded 65 franchised outlets that opened during 2023 and 2024 and thus were not open for at least twelve (12) months at the start of the Measurement Period. Therefore, there are 336 eligible franchised locations for inclusion in Item 19 (“Eligible Franchised Locations”).

Additionally, we rely on our franchisees to provide us the data we need to include in this Item 19. Of the Eligible Franchised Locations, this Item 19 discloses the results of 134 franchised locations that responded to our request for information with respect to gross revenues and adjusted EBITDA (the “Disclosed Financial Locations”). Of the Eligible Franchised Locations, this Item 19 discloses the results of 243 franchised locations that responded to our request for information with respect to occupancy rates (the “Disclosed Occupancy Locations” and with the Disclosed Financial Locations, collectively referred to as the “Disclosed Locations”).

Chart 1 below reflects the Gross Revenues for the Measurement Period for the Disclosed Financial Locations. Chart 2 shows a breakdown of the Gross Revenues for the Measurement Period for the Disclosed Financial Locations.

Charts 1 and 2 begin on the following page.

Chart 1

Annual Gross Revenue¹ (of Disclosed Financial Locations)	
Average	\$ 474,101 ²
Highest	\$ 1,288,932
Lowest	\$ 201,518
Median	\$ 425,946
Average of top 50%	\$ 605,042 ³
Average of bottom 50%	\$ 343,161 ⁴

Notes to Chart 1:

1. “Gross Revenue” is defined as total amount of sales recognized for a reporting period, prior to any deductions.
2. Of the Disclosed Financial Locations, 49, or 36.6%, exceeded the Average Annual Gross Revenue.
3. Of the Disclosed Financial Locations in the Top 50%, 23, or 34.3%, exceeded the Average Annual Gross Revenue for the Top 50%. The high of this set is \$1,288,932, the low of this set is \$425,574, and the median of this set is \$529,167.
4. Of the Disclosed Financial Locations in the Bottom 50%, 40, or 59.7%, exceeded the Average Annual Gross Revenue for the Bottom 50%. The high of this set is \$425,319, the low of this set is \$201,518, and the median of this set is \$352,396.

Chart 2

Annual Gross Revenue (of Disclosed Financial Locations)		
	Number	Percentage
< \$200,000	0	0%
\$200,001 – \$300,000	14	10.4%
\$300,001 - \$400,000	46	34.3%
\$400,001 - \$500,000	32	23.9%
> \$500,000	42	31.3%

Chart 3 begins on the following page.

Chart 3 below reflects the Adjusted EBITDA for the Measurement Period for the Disclosed Financial Locations. Chart 3 below reflects the Adjusted EBITDA for the Measurement Period for the Disclosed Financial Locations. The columns below reflect the 2024 results for those locations that open during the corresponding period reflected.

Chart 3

Adjusted EBITDA as of 12/31/24 (of Certain Franchise Locations)					
	COMBINED		YRS OPENED 2012-2015	YRS OPENED 2016-2019	YRS OPENED 2020-2022
Average	\$ 150,178		\$130,415	\$138,260	\$187,784
Highest	\$ 615,825		\$369,948	\$411,290	\$615,825
Lowest	\$ (47,860)		\$9,460	\$(47,860)	\$(13,023)
Median	\$ 129,436		\$112,347	\$128,405	\$156,361
Average of top 50%	230,731		\$199,266	\$208,028	\$287,014
Average of bottom 50%	69,625		\$61,563	\$66,377	\$83,041

Notes to Chart 3:

1. “EBITDA” is defined as Gross Revenues less all operating expenses before interest, taxes, depreciation and amortization.
2. “Adjusted EBITDA” referred to in the above Charts, including Chart 6, represents EBITDA adjusted for a few non-operational and nonrecurring expenses as reported by franchisees including management fees paid to owners, charges for auto expenses above the cost of operating a salon suite, items that would be capitalized if not for bonus depreciation, offsite storage, and other non-site level charges.
3. Of the Disclosed Financial Locations, 54, or 40.3%, exceeded the Average Adjusted EBITDA.
4. Of the Disclosed Financial Locations in the Top 50%, 24, or 35.8%, exceeded the Average Adjusted EBITDA for the Top 50%. The high of this set is \$615,825, the low of this is set \$129,596, and the median of this set is \$135,667.
5. Of the Disclosed Financial Locations in the Bottom 50%, 38, or 56.7%, exceeded the Average Adjusted EBITDA for the Bottom 50%. The high of this set is \$129,276, the low of this is set \$(47,860), and the median of this set is \$74,785.
6. The information in Chart 3 is based on the financial information reported by the Disclosed Financial Locations which, in some cases, includes certain non-operating expenses and other adjustments as outlined in note 2 above. In those circumstances, adjustments were made to EBITDA in order to report actual salon level operational results.

Chart 4 begins on the following page.

Chart 4 below reflects occupancy rates at the end of 2023 and 2024 that were reported to us by the Disclosed Occupancy Locations.

Chart 4

Occupancy Rates as of December 31 2023 and 2024 (of Certain Franchise Locations)				
	2023		2024	
	Occupancy	# of Suites *	Occupancy	# of Suites *
Average	90%	35	90%	34
Median	93%	32	94%	31
High	100%	94	100%	101
Low	59%	17	53%	16
Average top 50%	96%	32	98%	41
Average bottom 50%	79%	36	82%	26

Notes to Chart 4:

1. Of the Disclosed Occupancy Locations, 146, or 60.1%, exceeded the Average Occupancy Percentage.
2. Of the Disclosed Occupancy Locations in the Top 50%, 68, or 54.8%, exceeded the Average Occupancy Percentage for the Top 50%. The high of this set is 100.0%, the low of this set is 93.8%, and the median of this set is 100.0%.
3. Of the Disclosed Occupancy Locations in the Bottom 50%, 75, or 63.0%, exceeded the Average Occupancy Percentage for the Bottom 50%. The high of this set is 93.5%, the low of this set is 53.1%, and the median of this set is 84.4%.
4. While the figures for occupancy and number of suites correlate to the average and median figures represented above, the figures for high and low occupancy and suites do not. The high and low figures represent the high and low of each respective category. For example, the “low” figure of 16 represents the smallest location reporting the number of suites, while the low figure of 53.1% occupancy is the lowest occupancy rate reported to us.

Chart 5 begins on the following page.

Chart 5

The Charts below reflect locations that disclosed both Occupancy and Financial information for 2024, grouped by year open the locations opened for business and categorized by ranges of salon size square footage.

YEARS OPEN 2020-2022					
Salon Size (sq. ft)	# of units	Average Occupancy as of 12/31/2024	Average Revenue	Average Adjusted EBITDA	Adjusted EBITDA / Avg Revenue
under 4,500	3	92%	\$333,447	\$88,696	26.6%
4,501-6,000	16	91%	\$390,991	\$143,209	36.6%
> 6,000	16	86%	\$709,258	\$259,449	36.6%
Total	35	89%	\$531,552	\$191,675	36.1%

YEARS OPEN 2016-2019					
Salon Size (sq. ft)	# of units	Average Occupancy as of 12/31/2024	Average Revenue	Average Adjusted EBITDA	Adjusted EBITDA / Avg Revenue
under 4,500	6	93%	\$310,996	\$99,271	31.9%
4,501-6,000	32	90%	\$395,663	\$115,540	29.2%
> 6,000	26	88%	\$544,696	\$178,801	32.8%
Total	64	90%	\$448,270	\$139,715	31.2%

YEARS OPEN 2012-2015					
Salon Size (sq. ft)	# of units	Average Occupancy as of 12/31/2024	Average Revenue	Average Adjusted EBITDA	Adjusted EBITDA / Avg Revenue
under 4,500	9	97%	\$297,257	\$73,048	24.6%
4,501-6,000	12	95%	\$468,703	\$121,780	26.0%
> 6,000	9	91%	\$599,411	\$199,294	33.2%
Total	30	94%	\$456,481	\$130,415	28.6%

Notes to Chart 5

1. Chart 5 compares the results for those salon suite locations reporting over each respective period. The salon suite locations reporting for each period are not necessarily the same locations year-to-year, since franchisees that submitted information in 2023 were, in some cases, not the same franchisees that submitted information for 2024, but are representative of the locations opened during each respective year accordingly. The occupancy results reported in Chart 6A reflect the results as of each respective year end.

Chart 6 begins on the following page.

Chart 6A

Fiscal Years 2023 and 2024 Annual Gross Revenue, ADJ. EBITDA, and Occupancy		
ANNUAL GROSS REVENUE	2023	2024
Average	\$ 476,722	\$ 474,101
Median	\$ 422,564	\$ 425,946
ADJ. EBITDA		
Average	\$ 174,885	\$ 150,178
Median	\$ 149,436	\$ 129,436
OCCUPANCY (as of 12/31)		
Average	90%	90%
Median	93%	94%

Notes to Chart 6A

1. Chart 6A compares the results for those salon suite locations reporting over each respective period. The salon suite locations reporting for each period are not necessarily the same locations year-to-year, since franchisees that submitted information in 2023 were, in some cases, not the same franchisees that submitted information for 2024, but are representative of the locations opened during each respective year accordingly. The occupancy results reported in Chart 6A reflect the results as of each respective year end.

Chart 6B

Fiscal Year 2024 – By YEAR OPENED Annual Gross Revenue, ADJ. EBITDA, and Occupancy			
	YRS OPENED 2012-2015	YRS OPENED 2016-2019	YRS OPENED 2020-2022
ANNUAL GROSS REVENUE			
Average	\$ 456,481	\$ 452,952	\$ 526,685
Median	\$ 436,474	\$ 399,870	\$ 454,948
ADJ. EBITDA			
Average	\$ 130,415	\$ 138,260	\$ 187,784
Median	\$ 112,347	\$ 128,405	\$ 156,361
OCCUPANCY (as of 12/31)			
Average	91%	91%	88%
Median	96%	94%	91%

Notes to Chart 6B

1. Chart 6B compares the locations that submitted either Occupancy or Financial information received separated by the year in which they opened for business.

Notes to Item 19 begin on the following page.

Notes to Item 19:

1. The data is based on the historical results from existing franchisee Businesses as reported to us by our franchisees.
2. Neither we nor an independent accountant has independently audited or verified the information provided in this Item 19.
3. You should conduct an independent investigation. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

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

Written substantiation of the data used in preparing these financial performance representations will be made available to you upon reasonable request.

Other than the foregoing, we do not make any representations about a franchisee's future financial performance. 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 Business, however, we may provide you with the actual records of that Business. 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 Brian Kelley, Phenix Salon Suites Franchising, LLC, 8488 Rozita Lee Avenue, Bldg. 3, Suite 100, Las Vegas, NV 89113, (719) 785-4858, the Federal Trade Commission and any appropriate state regulatory agencies.

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ITEM 20
OUTLET AND FRANCHISEE INFORMATION

TABLE NO. 1

**SYSTEMWIDE 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	307	322	+15
	2023	322	356	+34
	2024	356	367	+11
Company-Owned	2022	8	16	+8
	2023	16	19	+3
	2024	19	32	+13
Total Outlets	2022	315	338	+27
	2023	338	375	+39
	2024	375	399	+24

TABLE NO. 2

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO
NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2022 TO 2024**

State	Year	Number of Transfers
California	2022	2
	2023	1
	2024	-
Colorado	2022	-
	2023	1
	2024	-
Florida	2022	-
	2023	2
	2024	-
North Carolina	2022	2
	2023	-
	2024	-
New Jersey	2022	-
	2023	-
	2024	1
Texas	2022	-
	2023	1
	2024	2
Total	2022	4
	2023	5
	2024	3