

Provision		Section in Development Agreement	Summary
m.	Conditions for our approval of transfer	7.1	We may require you or the transferee to comply with any conditions that we specify, including payment of a transfer fee and execution of a general release.
n.	Our right of first refusal to acquire your business	7.1	We have a right of first refusal with respect to the transfer of any interest in you or the Development Agreement, exercisable through the same procedure in the Franchise Agreement.
o.	Our option to purchase your business	Not Applicable	Not Applicable.
p.	Your death or disability	Not Applicable	Not Applicable.
q.	Noncompetition covenants during the term of the franchise	8	Subject to state law, no attempt to divert business or customers, no performing injurious acts, and no involvement with any competitor of SafeSplash Businesses.
r.	Noncompetition covenants after the franchise is terminated or expires	8	Subject to state law, no competing for two years within your Development Area or a 10-mile radius of your Development Area, another SafeSplash Business, or another swim school owned by us or our affiliates.
s.	Modification of the agreement	10	No modifications unless agreed to in writing by both parties.
t.	Integration / merger clause	12	Only the terms of the Franchise Agreement are binding (subject to state law); any representations or promises outside the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	10	Except for certain claims all disputes must be arbitrated.
v.	Choice of forum [†]	10	Colorado (subject to applicable state law).
w.	Choice of law [†]	10	Colorado (subject to applicable state law).

[†] See **Exhibit I**.

^{††} The Franchise Agreement and Development Agreement may provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC 101 *et seq.*)

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchise.

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.

This Item 19 is a historic representation based on the financial performance in the period from January 1, 2024 to December 31, 2024 (“**Fiscal Year 2024**”) of (a) Franchised Businesses that operate as Dedicated Locations (excluding Dedicated Locations with SwimLabs Technology Package, formerly referred to as Dual Brand Locations) (“**Franchised Dedicated Locations**”), (b) Franchised Businesses that operate as Hosted Locations (“**Franchised Hosted Locations**”), and (c) affiliate-owned SafeSplash Businesses that operate as Hosted Locations (“**Affiliated Hosted Locations**”). In this Item 19, we have only included data for SafeSplash Businesses that were open and operating through all 12 months of Fiscal Year 2024.

As of December 31, 2024, there were 90 Franchised Businesses, including 16 Franchised Dedicated Locations, 62 Franchised Hosted Locations, and 12 Franchised Businesses that operated as Dedicated Locations with SwimLabs Technology Package. This Item 19 does not include data for (a) 12 Franchised Businesses that operated as Dedicated Locations with SwimLabs Technology Package, as these units have revenue and expenses that vary materially from a standard Dedication Location, (b) affiliate-owned SafeSplash Businesses that operated as Dedicated Locations, and (c) Conversion Locations that converted to a SafeSplash Business in Fiscal Year 2024 (there were no locations in this category in 2024).

TABLE 1
FRANCHISED DEDICATED LOCATIONS
GROSS REVENUES AND EXPENSES IN FISCAL YEAR 2024

The figures in Table 1 present actual Gross Revenues and expenses experienced by 12 Franchised Dedicated Locations during Fiscal Year 2024.

As of December 31, 2024, there were 16 Franchised Dedicated Locations. In this table, we have included data for 12 of the 16 units. Four of those 16 units opened in 2024 and are not included in Table 1 because they did not operate throughout all of Fiscal Year 2024. No Franchised Dedicated Locations were permanently closed in Fiscal Year 2024. The Franchised Dedicated Locations in this Table had been open an average of 4.1 years as of December 31, 2024.

		Average	% of Gross Revenues
(1)	Gross Revenues	\$1,108,226	
(2)	Payroll - Staff	\$253,476	22.9%
(3)	Payroll - Management	\$75,588	6.8%
(4)	Occupancy	\$208,742	18.8%
(5)	Merchant and Credit Card Fees	\$19,858	1.8%
(6)	Supplies	\$22,246	2.0%
(7)	Repairs and Maintenance	\$14,863	1.3%
(8)	Insurance	\$17,687	1.6%
(9)	Other	\$74,210	6.7%
(10)	Royalties	\$66,494	6.0%
(11)	Marketing	\$44,329	4.0%
(12)	Enhanced Services	<u>\$51,202</u>	4.6%
(13)	Adjusted 4-WALL EBITDA	\$259,531	23.4%

Additional Details:

	Average	#/% Met or Exceeded Average Amount	Median	Low	High
Gross Revenues	\$1,108,226	5 of 12 (42%)	\$932,159	\$715,331	\$1,995,458
Adjusted 4-WALL EBITDA	\$259,531	6 of 12 (50%)	\$255,387	\$109,176	\$605,226

Notes to Table 1:

- 1) **“Gross Revenues”** means all revenue a franchisee receives or otherwise derives from operating the SafeSplash Business and/or using the System or the Marks (including all revenue from swimming-related and aquatics-related services, retail sales, parties, coaches fees, annual service fees, late withdrawal fees, and sales made away from the Swim Facility), whether the receipts are evidenced by cash, credit, checks, gift certificates, services, property, or other means of exchange. Gross Revenues do not include: (1) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers of the SafeSplash Business, provided that the amount of any such tax is shown separately and in fact paid by you to the appropriate governmental authority; and (2) all customer refunds and valid discounts and credits made by the SafeSplash Business (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).
- 2) **“Payroll - Staff”** means hourly and salary payroll expenses for staff providing swimming lessons instruction for students in the pool as well as front desk personnel who are not in the pool, including bonuses, plus all other payroll expenses including but not limited to payroll taxes, workers compensation, and benefits (e.g., health insurance, 401k match, disability, life). This amount excludes the payroll for any management costs.
- 3) **“Payroll - Management”** means hourly and salary payroll expenses for managers responsible for managing the Swim Facility, including bonuses, plus all other payroll expenses including but not limited to payroll taxes, workers compensation, and benefits (e.g., health insurance, 401k match, disability, life). Nine of the 12 Franchised Dedicated Locations included in this table had employees on payroll who performed these management duties. You may not incur any such management expenses, as franchisees will often perform these duties themselves and these management duties may be performed by one person across multiple schools and formats. By way of example, one manager can perform management duties for one Dedicated Location plus one to three Hosted Locations. The nine Franchised Dedicated Locations in this table with managers on staff paid an average of \$100,784; each of the other three SafeSplash Businesses in this table did not incur any expenses in this line item.
- 4) **“Occupancy”** means expenses relating to Swim Facility rent, common area maintenance expenses, property taxes, and utilities such as electricity, gas, water, Internet, and telephone.
- 5) **“Merchant and Credit Card Fees”** means payment processing fees, credit card transaction fees, bank charges, and other related fees. Because some franchisees reported some of these fees in other categories, we imputed a fee equal to 3% of Gross Sales, which is the fee that we charge several franchisees for payment processing services under a legacy program that we no longer offer to new franchisees. The average imputed fee is higher than the actual average expenses that were reported. The average of the actual reported Merchant and Credit Card Fee expenses was \$19,858 (1.8% of Gross Revenues).
- 6) **“Supplies”** means expenses associated with pool chemicals, janitorial/cleaning (including janitorial services), instructional supplies, uniforms, and office supplies.

- 7) **“Repairs and Maintenance”** means expenses associated with repairing and maintaining the Swim Facility, including the building, pool, and exterior.
- 8) **“Insurance”** means expenses relating to liability and other business insurance and excludes business owner-specific insurance such as umbrella liability and key man insurance.
- 9) **“Other”** means expenses associated with merchandise (including retail/food goods for sale), fees related to professional services (e.g., legal and accounting), business meals and travel, recruiting, training, employee screening, dues and subscriptions, security, shipping and postage, and incidentals.
- 10) **“Royalties”** include the royalty fees paid by the Franchised Businesses, which were equal to 6% of Gross Revenues.
- 11) **“Marketing”** is an imputed figure equal to 4% of Gross Revenues, which reflects the required Strategic Marketing and Promotions Fund contribution of 2% of Gross Revenues plus the Local Advertising Expense equal to 2% of Gross Revenues, both of which are required for a new franchisee. We did not present the actual marketing expenditures of these Franchised Businesses, because not all of the Franchised Businesses have been required to spend the amount on marketing that is required of new franchisees. The actual reported average marketing expenses was lower than the imputed average reported here.
- 12) **“Enhanced Service Fees”** is the fee paid by franchisees that participated in the optional Enhanced Services Model. 10 of the 12 franchisees captured in this table participate in the Enhanced Services Model, which requires payment of a fee equal to 10% of Gross Revenue. These locations paid between \$3,490 and \$91,991 for these services.
- 13) **“Adjusted 4-Wall EBITDA”** means the amounts that remain when all expenses listed in the statement (including imputed figures) are subtracted from Gross Revenues. **“EBITDA”** means earnings before interest, taxes, depreciation, and amortization.
- 14) The figures in this table do not include:
 - (a) depreciation, amortization, and debt service related to the remodel and build-out costs a Franchised Business may incur, including such deductions related to certain equipment; and
 - (b) any draw or distribution to the owner of the SafeSplash Business.

TABLE 2
FRANCHISED HOSTED LOCATIONS
GROSS REVENUES BY FRANCHISEE
IN FISCAL YEAR 2024

The figures in Table 2 present actual Gross Revenues experienced by 18 franchisees who owned and operated 53 Franchised Hosted Locations during Fiscal Year 2024. As most franchisees operate multiple Hosted Locations, we have presented the data in this table in groups based on the number of Hosted Locations operated by each franchisee.

As of December 31, 2024, there were 62 Franchised Hosted Locations. In this table, we have included data for 53 of the 62 units. The data does not include six Franchised Hosted Locations that first opened in 2024 and three Franchised Hosted Locations that closed for portions of Fiscal Year 2024, as these nine units were not open and operating for all of Fiscal Year 2024. 19 Franchised Hosted Locations were permanently

closed in Fiscal Year 2024, and one Franchised Hosted Location was temporarily closed as of December 31, 2024 (which reopened at a new location in 2025). These 20 units were not included in the data, since they were not open as of December 31, 2024.

Number of Hosted Locations	Number of Franchisees	Average Number of Hosted Locations	Average	#/% Met or Exceeded Average Amount	Median	Low	High
1	4	1.0	\$72,156	2 of 4 (50%)	\$76,290	\$42,633	\$93,410
2 to 3	9	2.2	\$612,000	3 of 9 (33%)	\$518,092	\$112,865	\$1,752,378
4 to 10	5	5.8	\$1,010,901	2 of 5 (40%)	\$564,948	\$258,662	\$2,595,645

TABLE 3
FRANCHISED HOSTED LOCATIONS
GROSS REVENUES BY INDIVIDUAL LOCATIONS
BY AVERAGE OPERATING DAYS
IN FISCAL YEAR 2024

The figures in Table 3 present actual Gross Revenues experienced by 53 Franchised Hosted Locations during Fiscal Year 2024. The data is presented in three groups divided by the average number of days the Franchised Hosted Location conducted classes per week during Fiscal Year 2024 (the “**Average Operating Days**”) rounded up or down to the nearest whole number.

As of December 31, 2024, there were 62 Franchised Hosted Locations. In this table, we have included data for 53 of the 62 units. The data does not include six Franchised Hosted Locations that first opened in 2024 and three Franchised Hosted Locations that closed for portions of Fiscal Year 2024, as these nine units were not open and operating for all of Fiscal Year 2024. 19 Franchised Hosted Locations were permanently closed in Fiscal Year 2024, and one Franchised Hosted Location was temporarily closed as of December 31, 2024 (which reopened at a new location in 2025). These 20 units were not included in the data, since they were not open as of December 31, 2024.

Please note that the performance of Hosted Locations varies significantly based on the arrangement between the franchisee and the third-party host facility, including the number and timing of hours and the amount of space in the pool that the franchisee is permitted to use. Because the pool in a Hosted Location is typically shared with the host facility’s users, most Hosted Locations are only permitted to conduct a limited number of classes per week. Accordingly, Hosted Locations are operated between one and seven days per week.

Average Operating Days	Number of Hosted Locations	Average Gross Revenues	#/% Met or Exceeded Average Gross Revenues	Median Gross Revenues	Low Gross Revenues	High Gross Revenues
1 to 2	14	\$67,607	7 of 14 (50%)	\$66,588	\$25,091	\$187,537
3 to 4	23	\$187,193	10 of 23 (43%)	\$157,755	\$42,633	\$394,164
5 or more	16	\$349,951	6 of 16 (38%)	\$253,974	\$105,052	\$966,308
All Hosted Locations	53	\$204,738	22 of 53 (42%)	\$155,725	\$25,091	\$966,308

Notes to Table No. 3:

- 1) Of the 53 Hosted Location included in the table, three averaged one Operating Day, 11 averaged two Operating Days, 19 averaged three Operating Days, four averaged four Operating Days, nine averaged five Operating Days, five averaged six Operating Days, and two averaged seven Operating Days.

TABLE 4
AFFILIATED HOSTED LOCATIONS
GROSS REVENUES AND EXPENSES IN FISCAL YEAR 2024

The figures in Table 4 present actual Gross Revenues and expenses experienced by 11 Affiliated Hosted Locations during Fiscal Year 2024. The data is also divided into two groups based on the Average Operating Days for each Affiliated Hosted Location, rounded up or down to the nearest whole number.

As of December 31, 2024, there were 15 Affiliated Hosted Locations. In this table, we have included data for 11 of the 15 units. Four of those 15 units opened in 2024 and are not included in this table because they did not operate throughout all of Fiscal Year 2024. Two Affiliated Hosted Locations were permanently closed in Fiscal Year 2024.

Please note that we are presenting expense data about our Affiliated Hosted Locations, rather than Franchised Hosted Locations, because Franchised Hosted Locations do not track and report all of their expenses by individual location, as most franchisees operate multiple Hosted Locations and aggregate related expenses.

				Average Operating Days	
		Average	% Gross Revenues	5 to 6	2 to 4
(1)	Gross Revenue	\$265,658		\$530,285	\$114,442
(2)	Payroll - Wet	\$51,069	19.2%	\$105,427	\$20,008
(3)	Payroll - Dry - Staff	\$20,993	7.9%	\$28,050	\$16,961
(4)	Payroll - Other	\$14,744	5.5%	\$27,373	\$7,527
(5)	Rent	\$46,391	17.5%	\$95,158	\$18,525
(6)	Marketing	\$10,626	4.0%	\$21,211	\$4,578
(7)	Merchant/CC Fees	\$8,688	3.3%	\$17,498	\$3,653
(8)	Supplies	\$1,211	0.5%	\$2,167	\$665
(9)	Other	\$1,665	0.6%	\$2,351	\$1,273
(10)	Insurance	-	-	-	-
(11)	Royalties	\$15,939	6.0%	\$31,817	\$6,867
(12)	Enhanced Services	\$26,566	10.0%	\$53,028	\$11,444
(13)	Adjusted 4-Wall EBITDA	\$67,764	25.5%	\$146,204	\$22,942

Additional Details:

	Average	#/% Met or Exceeded Average Amount	Median	Low	High
Gross Revenues					
5 to 6 Average Operating Days	\$530,285	2 of 4 (50%)	\$503,736	\$337,713	\$775,954
2 to 4 Average Operating Days	\$114,442	3 of 7 (43%)	\$94,099	\$28,358	\$253,090
All Locations	\$265,658	4 of 11 (36%)	\$148,565	\$28,358	\$775,954
Adjusted 4-Wall EBITDA					
5 to 6 Average Operating Days	\$146,204	2 of 4 (50%)	\$130,604	\$72,709	\$250,897
2 to 4 Average Operating Days	\$22,942	4 of 7 (57%)	\$29,048	(\$21,628)	\$66,151
All Locations	\$67,764	4 of 11 (36%)	\$37,368	(\$21,628)	\$250,897

Notes to Table No. 4:

- 1) Of the 11 Affiliated Hosted Location included in the table, nine are located in San Jose, California, one is located in Colorado, and one is located in Arizona.
- 2) Of the 11 Affiliated Hosted Location included in the table, four averaged two Operating Days, one averaged three Operating Days, two averaged four Operating Days, one averaged five Operating Days, and three averaged six Operating Days.
- 3) **“Gross Revenues”** means all revenue a franchisee receives or otherwise derives from operating the SafeSplash Business and/or using the System or the Marks (including all revenue from swimming-related and aquatics-related services, retail sales, parties, coaches fees, annual service fees, late withdrawal fees, and sales made away from the Swim Facility), whether the receipts are evidenced by cash, credit, checks, gift certificates, services, property, or other means of exchange. Gross Revenues do not include: (1) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers of the SafeSplash Business, provided that the amount of any such tax is shown separately and in fact paid by you to the appropriate governmental authority; and (2) all customer refunds and valid discounts and credits made by the SafeSplash Business (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).
- 4) **“Payroll – Wet”** means hourly and salary payroll expenses for staff providing swimming lesson instruction for students in the pool (**“Wet Staff”**) and does not include bonuses.
- 5) **“Payroll – Dry”** means hourly and salary payroll expenses (including bonuses) for front desk personnel who are not in the pool (**“Dry Staff”**).
- 6) **“Payroll – Other”** means other payroll expenses relating to Wet Staff and Dry Staff, including bonuses, payroll taxes, workers compensation, and benefits (e.g., health insurance, 401k match, disability, and life) and any other payroll expenses.
- 7) **“Occupancy”** means the revenue share fees paid to the owner of the host facility that houses the Hosted Location, which ranges from 10% to 22.5% of Gross Revenues.

- 8) “**Marketing**” is an imputed figure equal to 4% of Gross Revenues, which reflects the required Strategic Marketing and Promotions Fund contribution of 2% of Gross Revenues plus the Local Advertising Expense equal to 2% of Gross Revenues, both of which are required for a new franchisee. We did not present the actual marketing expenditures of these Affiliated Hosted Locations, because the Affiliated Hosted Locations have not been required to spend the amount on marketing that is required of new franchisees.
- 9) “**Merchant and Credit Card Fees**” means payment processing fees, credit card transaction fees, bank charges, and other related fees.
- 10) “**Supplies**” means expenses associated with pool chemicals, janitorial/cleaning (including janitorial services), instructional supplies, uniforms, and office supplies.
- 11) “**Other**” means expenses associated with merchandise (including retail/food goods for sale), fees related to professional services (e.g., legal and accounting), business meals and travel, recruiting, training, employee screening, dues and subscriptions, security, shipping and postage, and incidentals.
- 12) “**Insurance**” Because insurance-related expenses for Affiliated Hosted Locations are difficult to calculate on a per outlet basis, the figure here reflects an estimate of insurance-related expenses a franchisee will incur based on information provided to us by multiple Franchised Businesses operating as Hosted Locations.
- 13) “**Royalties**” includes imputed royalties equal to 6% of Gross Revenues, which is the percentage royalty fee a new franchisee will pay. Because affiliate-owned SafeSplash Businesses do not pay royalties, we have imputed these figures.
- 14) “**Enhanced Services**” includes an imputed Enhanced Services Fees equal to 10% of Gross Revenues, which is the percentage Enhanced Services Fee a new franchisee will pay if it chooses to participate in the optional Enhanced Services Model. Because all of the affiliate-owned SafeSplash Businesses operating Hosted Locations participate in the Enhanced Services Model (without paying the fee), we have imputed these figures. A majority of Franchised Hosted Locations participate in the Enhanced Services Model.
- 15) “**Adjusted 4-Wall EBITDA**” means the amounts that remain when all expenses listed in the statement (including imputed figures) are subtracted from Gross Revenues. “**EBITDA**” means earnings before interest, taxes, depreciation, and amortization.
- 16) The figures in this table do not include:
 - (a) depreciation, amortization, and debt service related to the remodel and build-out costs a Franchised Business may incur, including such deductions related to certain equipment; and
 - (b) the expenses incurred by our affiliates in connection with managing these Affiliated Hosted Locations, which averaged \$20,993 across the 11 Affiliated Hosted Locations reflected in the table; and
 - (c) any draw or distribution to the owner of the SafeSplash Business.

Notes to All Tables in Item 19:

1. **Some SafeSplash Businesses have sold or earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.**
2. The information in this Item 19 was prepared from sales records and reports from the SafeSplash Businesses operated by franchisees and our affiliates. The Gross Revenues data in all Tables was obtained from the point-of-sale system, which automatically sends revenue and other transactional data to a data warehouse that we use to generate revenue-related reports. The expenses data in Tables 1 and 4 was obtained from reports provided by franchisees and our affiliates.
3. You are responsible for developing your own business plan for your SafeSplash Business, including capital budgets, financial statements, projections, and other elements appropriate to your particular circumstances.
4. Written substantiation for the financial performance representation will be made available to prospective franchisees upon request.

Other than as set forth above, 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 our management by contacting SafeSplash Brands, LLC d/b/a Streamline Brands, 12240 Lioness Way, Parker, Colorado 80134 (Telephone: (303) 799-1885), the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

This Item 20 includes only SafeSplash-branded Franchised Businesses, comprised of: (i) Dedicated Locations, (ii) Dedicated Locations with SwimLabs Technology Package (including those formerly referred to as Dual Brand Locations where the SafeSplash Business was operated in conjunction with a SwimLabs Business), and (iii) Hosted Locations. Because Satellite Locations are permanent locations that resemble Dedicated Locations or Hosted Locations, we treat them as separate outlets for purposes of this Item 20. This Item 20 does not include the Franchised Competing Businesses (other than the Dual Brand Locations), the Affiliated Competing Businesses, and the Saf-T Competing Businesses, which differ in certain ways from SafeSplash Businesses.

**TABLE NO. 1
Systemwide Outlet Summary for Years 2022-2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	85	94	+9
	2023	94	103	+9
	2024	103	90	-13