

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) 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.

DEFINITIONS

- (a) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate or any person identified in Item 2.
- (b) Direct Cost of Goods Sold – means the cost of acquiring merchandise sold to customers. Also included in Direct Cost of Goods Sold is any amount of shrink arising from merchandise loss, expired product, damages, and adjustments to the carrying value of inventory resulting from physical inventory counts. Direct Cost of Goods Sold does not include Direct Labor Cost, managerial labor and expenses, administrative labor and expenses, marketing expenses, insurance expenses, operating expenses, or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.
- (c) Direct Gross Profit – means Gross Sales less Direct Cost of Goods Sold and Direct Labor Cost. Direct Gross Profit is not net profit or income and, except as to Direct Cost of Goods Sold and Direct Labor Cost, does not include the deduction of all other expenses incurred by a Pure Sweat Studio including, but not limited to, managerial labor and expenses, administrative labor and expenses, marketing expenses, insurance expenses, operating expenses, or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.
- (d) Direct Labor Cost – means the direct salary paid to employees that provide and perform services comprising the Approved Services and Products and resulting in Gross Sales, comprised of wages, payroll taxes, and paid employee benefits, if any. Direct Labor Cost does not include compensation paid to an owner operator of either a Franchise Outlet or Company Owned Outlet and does not include salary paid to management employees.
- (e) Disclosed Expenses – means the following select expenses: rent, utilities, merchant processing fees, advertising and marketing, software subscriptions, professional fees, janitorial expense, repairs and maintenance, insurance, and other expenses.
- (f) Franchise Outlet – refers to a Pure Sweat Studio operated under a Franchise Agreement that is not a Company Owned Outlet.
- (g) Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements: Royalty Fees, Brand Development Fund Fees, Technology Fees, and local marketing. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.

- (h) Gross Sales – means the total revenue derived by each Pure Sweat Studio less sales tax, discounts, allowances, and returns.
- (i) Member – refers to a customer of a Pure Sweat Studios that participates in the Membership Program.
- (j) Membership Program – refers to a subscription membership program sold by a Pure Sweat Studios that entitles the Member to a fixed price for the Approved Services and Products. Membership Programs are offered based on a month-to-month basis.
- (k) New Company Owned Outlet – means, as to a particular Reporting Period, a Company Owned Outlet that for the first time opened and commenced operations during the Reporting Period. For example, if a Company Owned Outlet first opened for business in February 2023, as to the 2023 Reporting Period, the Company Owned Outlet would qualify as a New Company Owned Outlet and not as an Operational Company Owned Outlet, see definition below. If this Company Owned Outlet remained in operation throughout the 2024 Reporting Period, it would qualify as an Operational Company Owned Outlet during the 2024 Reporting Period.
- (l) New Franchise Outlet – means, as to a particular Reporting Period, a Franchise Outlet that for the first time opened and commenced operations during the Reporting Period. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Reporting Period, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2024 Reporting Period, it would qualify as an Operational Franchise Outlet during the 2024 Reporting Period.
- (m) Operational Company Owned Outlet – means, as to a particular Reporting Period, a Company Owned Outlet that was open and in operation on or prior to the commencement of the Reporting Period. For example, if a Company Owned Outlet first opened for business in February 2023, as to the 2023 Reporting Period, the Company Owned Outlet would qualify as a New Company Owned Outlet, see definition above, and not as an Operational Company Owned Outlet. If this Company Owned Outlet remained in operation throughout the 2024 Reporting Period, it would qualify as an Operational Company Owned Outlet during the 2024 Reporting Period.
- (n) Operational Franchise Outlet – means, as to a particular Reporting Period, a Franchise Outlet that was open and in operation on or prior to the commencement of the Reporting Period. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Reporting Period, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2024 Reporting Period, it would qualify as an Operational Franchise Outlet during the 2024 Reporting Period.
- (o) Outlet – refers to a Pure Sweat Studio that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.
- (p) Reporting Period – means the 12 month period commencing on October 1 and ending on September 30. For purposes of clarification, the 2023 Reporting Period refers to the Reporting Period commencing on October 1, 2022 and ending on September 30, 2023 and the 2024 Reporting Period refers to the Reporting Period commencing on October 1, 2023 and ending on September 30, 2024.
- (q) Utilization Rate – means the number of customers that book a sauna or float session, as the context requires, at a Pure Sweat Studio as a percentage of the maximum number of available sauna or float sessions, as the context requires. The Utilization Rate is calculated by dividing the total number of

customers that book a session during the Reporting Period by the maximum amount of sessions offered during the Reporting Period.

BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Company Owned Outlets is based on information reported to us by our affiliate. Data for the Operational Franchise Outlets is based on financial information reported to us by our franchisees. The information in this analysis has not been audited, is based on historical financial data, and is not a forecast or projection of future financial performance.

ANALYSIS OF RESULTS OF COMPANY OWNED OUTLETS

During the 2023 Reporting Period we had two Company Owned Outlets. Of our two Company Owned Outlets both Outlets were Operational Company Owned Outlets. During the 2024 Reporting Period we had three Company Owned Outlets. Of our three Company Owned Outlets, two Outlets were Operational Company Owned Outlets and one Outlet was a New Company Owned Outlet. In this Item 19, we exclude financial performance representations for our New Company Owned Outlets.

Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlets as a result of our extensively experienced management team; (b) brand recognition within the local markets in which our Company Owned Outlets operate; and (c) no obligation to pay ongoing fees that a franchisee will pay to us, such as Royalty Fees and Brand Development Fund Fees. The table below provides a summary of our Operational Company Owned Outlets.

Operational Company Owned Outlet Summary	
Outlet	Outlet Description
Belle Meade	Our Belle Meade Outlet opened for business in May 2017 and is located at 6021 Highway 100, Nashville, Tennessee 37205. This Outlet operates in a Studio Location that is approximately 1,500 square feet. This Outlet includes five sauna rooms and two float therapy rooms. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Reporting Periods.
12 th South	Our 12 th South Outlet opened for business in December 2019 and is located at 1204 Dallas Avenue, Nashville, Tennessee 37212. This Outlet operates in a Studio Location that is approximately 1,100 square feet. This Outlet includes six sauna rooms. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 Reporting Period, however, we exclude financial performance data for this Outlet for the 2024 Reporting Period because it was closed from July 29, 2024 to October 15, 2024 due to a fire and is therefore not representative of the Franchised Business.

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Table 1

Company Owned Outlet: Belle Meade Studio Gross Sales and Disclosed Expenses Data				
	2023 Reporting Period		2024 Reporting Period	
	Total	% ¹	Total	% ¹
Gross Sales by Category				
Gross Sales: Membership Program	\$264,808	38.7%	\$268,002	41.0%
Gross Sales: Walk-In and Packages	\$289,112	42.3%	\$260,341	39.8%
Gross Sales: Retail	\$130,042	19.0%	\$125,857	19.2%
Total Gross Sales	\$683,963	100.0%	\$654,200	100.0%
Less:				
Direct Cost of Goods Sold	(\$91,693)	13.4%	(\$111,238)	17.0%
Direct Labor Cost	(\$89,781)	13.1%	(\$87,563)	13.4%
Direct Gross Profit	\$502,488	73.5%	\$455,399	69.6%
Less: Disclosed Expenses				
Managerial Salaries	(\$75,600)	11.1%	(\$73,818)	11.3%
Rent	(\$58,818)	8.6%	(\$58,544)	8.9%
Utilities	(\$21,559)	3.2%	(\$22,882)	3.5%
Merchant Processing Fees	(\$22,096)	3.2%	(\$20,030)	3.1%
Advertising and Marketing	(\$17,418)	2.5%	(\$14,356)	2.2%
Software Subscriptions	(\$1,660)	0.2%	(\$11,215)	1.7%
Professional Fees	(\$21,554)	3.2%	(\$10,772)	1.6%
Janitorial Expense	(\$4,800)	0.7%	(\$5,579)	0.9%
Repairs and Maintenance	(\$9,744)	1.4%	(\$1,856)	0.3%
Insurance	(\$4,124) ²	0.6%	(\$1,238)	0.2%
Other Expenses	(\$9,733)	1.4%	(\$7,770)	1.2%
Direct Gross Profit Less Disclosed Expenses	\$255,383	37.3%	\$227,339	34.8%
Less: Adjustments for Select Franchise Related Expenses				
R royalty Fee ³	(\$41,038)	6.0%	(\$39,252)	6.0%
Brand Development Fund Fee ⁴	(\$6,840)	1.0%	(\$6,542)	1.0%
Technology Fee ⁵	(\$540)	0.1%	(\$540)	0.1%
Local Marketing ⁶	(\$582)	0.1%	(\$3,644)	0.6%
Direct Gross Profit Less Disclosed Expenses and Adjustments for Select Franchise Related Expenses	\$206,383	30.2%	\$177,361	27.1%

Notes to Table:

¹ “%” represents the percentage of Gross Sales.

² During the 2023 Reporting Period, the Belle Meade Studio incurred the entire insurance expense for both the Belle Meade Studio and the 12th South Studio. In this Item 19, we split the insurance expense evenly between the two Studios for the 2023 Reporting Period.

³ The Royalty Fee is equal to 6% of Gross Sales.

⁴ The Brand Development Fund Fee is currently 1% of Gross Sales but we reserve the right to increase the Brand Development Fund Fee to up to 2% of Gross Sales.

⁵ The Technology Fee is currently \$15 per user per month but we reserve the right to increase the Technology Fee to up to \$500 per user per month. This adjustment reflects a fee for three users.

⁶ You must spend the greater of 1% of your monthly Gross Sales or \$1,500 per month on the marketing of your Pure Sweat Studio. This adjustment reflects the difference between the local marketing requirement disclosed in Item 6 of this Disclosure Document and the advertising and marketing expenses of this Studio as disclosed in Disclosed Expenses.

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Table 2

Company Owned Outlet: Belle Meade Studio Gross Sales by Month				
Month	2023 Reporting Period Gross Sales	Percentage of Total Gross Sales	2024 Reporting Period Gross Sales	Percentage of Total Gross Sales
October	\$53,632	7.8%	\$53,797	8.2%
November	\$66,604	9.7%	\$62,502	9.6%
December	\$78,494	11.5%	\$67,030	10.2%
January	\$66,868	9.8%	\$58,848	9.0%
February	\$62,445	9.1%	\$57,067	8.7%
March	\$55,326	8.1%	\$55,381	8.5%
April	\$60,231	8.8%	\$56,756	8.7%
May	\$54,522	8.0%	\$50,198	7.7%
June	\$43,124	6.3%	\$46,365	7.1%
July	\$49,691	7.3%	\$46,346	7.1%
August	\$45,655	6.7%	\$47,467	7.3%
September	\$47,371	6.9%	\$52,443	8.0%
Total	\$683,963	100.0%	\$654,200	100.0%

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Table 3

Company Owned Outlet: 12th South Studio
Gross Sales and Disclosed Expenses Data

	2023 Reporting Period	
	Total	% ¹
Gross Sales by Category		
Gross Sales: Membership Program	\$231,288	37.5%
Gross Sales: Walk-In and Packages	\$314,334	51.0%
Gross Sales: Retail	\$71,153	11.5%
Total Gross Sales	\$616,775	100.0%
Less:		
Direct Cost of Goods Sold	(\$51,032)	8.3%
Direct Labor Cost	(\$167,671)	27.2%
Direct Gross Profit	\$398,072	64.5%
Less: Disclosed Expenses		
Managerial Salaries	\$0	0.0%
Rent	(\$50,561)	8.2%
Utilities	(\$18,707)	3.0%
Merchant Processing Fees	(\$18,925)	3.1%
Advertising and Marketing	(\$9,128)	1.5%
Software Subscriptions	(\$1,034)	0.2%
Professional Fees	(\$3,290)	0.5%
Janitorial Expense	(\$2,800)	0.5%
Repairs and Maintenance	(\$8,120)	1.3%
Insurance	(\$4,124)	0.7%
Other Expenses	(\$7,590)	1.2%
Direct Gross Profit Less Disclosed Expenses	\$273,793	44.4%
Less: Adjustments for Select Franchise Related Expenses		
R royalty Fee ²	(\$37,007)	6.0%
Brand Development Fund Fee ³	(\$6,168)	1.0%
Technology Fee ⁴	(\$540)	0.1%
Local Marketing ⁵	(\$8,872)	1.4%
Direct Gross Profit Less Disclosed Expenses and Adjustments for Select Franchise Related Expenses	\$221,207	35.9%

Notes to Table:

¹ “%” represents the percentage of Gross Sales.

² The Royalty Fee is equal to 6% of Gross Sales.

³ The Brand Development Fund Fee is currently 1% of Gross Sales but we reserve the right to increase the Brand Development Fund Fee to up to 2% of Gross Sales.

⁴ The Technology Fee is currently \$15 per user per month but we reserve the right to increase the Technology Fee to up to \$500 per user per month. This adjustment reflects a fee for three users.

⁵ You must spend the greater of 1% of your monthly Gross Sales or \$1,500 per month on the marketing of your Pure Sweat Studio. This adjustment reflects the difference between the local marketing requirement disclosed in Item 6 of this Disclosure Document and the advertising and marketing expenses of this Studio as disclosed in Disclosed Expenses.

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Table 4

Company Owned Outlet: 12 th South Studio Gross Sales by Month		
Month	2023 Reporting Period Gross Sales	Percentage of Total Gross Sales
October	\$53,195	8.6%
November	\$55,175	8.9%
December	\$65,812	10.7%
January	\$63,944	10.4%
February	\$56,478	9.2%
March	\$55,163	8.9%
April	\$55,545	9.0%
May	\$51,034	8.3%
June	\$42,651	6.9%
July	\$39,516	6.4%
August	\$41,134	6.7%
September	\$37,128	6.0%
Total	\$616,775	100.0%

Table 5

Company Owned Outlets Gross Sales by Category for 2023 and 2024 Reporting Period ¹			
Outlet	Gross Sales Category	2023 Reporting Period	2024 Reporting Period
Belle Meade	Membership Program Gross Sales	\$264,808	\$268,002
	Walk-In and Packages Gross Sales	\$289,112	\$260,341
	Retail Gross Sales	\$130,042	\$125,857
	Total Gross Sales	\$683,963	\$654,200
12 th South	Membership Program Gross Sales	\$231,288	N/A
	Walk-In and Packages Gross Sales	\$314,334	N/A
	Retail Gross Sales	\$71,153	N/A
	Total Gross Sales	\$616,775	N/A

Note to Table:

¹ The data reported in this table relates to the underlying transactions resulting in the Gross Sales reported in Tables 1 to 4 of this Item 19.

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Table 6

Company Owned Outlets			
Members and Membership Program Data for 2023 and 2024 Reporting Period ¹			
Outlet	Member Data	2023 Reporting Period	2024 Reporting Period
Belle Meade	Number of Members ²	151	150
	Membership Program Gross Sales	\$264,808	\$268,002
	Gross Sales Per Member ³	\$1,753.69	\$1,786.68
12 th South	Number of Members ²	123	N/A
	Membership Program Gross Sales	\$231,288	N/A
	Gross Sales Per Member ³	\$1,880.39	N/A

Notes to Table:

¹ The data reported in this table relates to the underlying transactions resulting in the Gross Sales reported in Tables 1 to 4 of this Item 19.

² This reflects the number of Members as of the end of the respective Reporting Period.

³ Gross Sales per Member is calculated by dividing the Membership Program Gross Sales for the Reporting Period by the number of Members during that Reporting Period.

Table 7

Company Owned Outlet: Belle Meade Studio				
Sauna and Float Utilization Rate for 2023 and 2024 Reporting Period				
Reporting Period	Utilization Data	Available Sessions	Booked Sessions	Utilization Rate
2023 Reporting Period	Sauna Room 1	3,570	2,843	79.6%
	Sauna Room 2	3,570	2,671	74.8%
	Sauna Room 3	3,570	2,367	66.3%
	Sauna Room 4	3,570	2,148	60.2%
	Sauna Room 5	3,570	1,924	53.9%
	Total Sauna Rooms	17,850	11,953	67.0%
	Float Room 1	3,570	1,229	34.4%
	Float Room 2	3,570	1,412	39.6%
	Total Float Rooms	7,140	2,641	37.0%
2024 Reporting Period	Sauna Room 1	3,570	2,497	69.9%
	Sauna Room 2	3,570	2,526	70.8%
	Sauna Room 3	3,570	2,353	65.9%
	Sauna Room 4	3,570	2,272	63.6%
	Sauna Room 5	3,570	2,277	63.8%
	Total Sauna Rooms	17,850	11,925	66.8%
	Float Room 1	3,570	1,233	34.5%
	Float Room 2	3,570	1,106	31.0%
	Total Float Rooms	7,140	2,339	32.8%

Note to Table:

¹ This Outlet operates five sauna rooms and two float therapy rooms at the Studio Location.

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Table 8

Company Owned Outlet: 12th South Studio
Sauna Utilization Rate for 2023 Reporting Period

Reporting Period	Utilization Data	Available Sessions	Booked Sessions	Utilization Rate
2023 Reporting Period	Sauna Room 1	3,705	2,805	75.7%
	Sauna Room 2	3,190	2,628	82.4%
	Sauna Room 3	3,420	2,650	77.5%
	Sauna Room 4	3,163	2,656	84.0%
	Sauna Room 5	3,290	2,942	89.4%
	Sauna Room 6	3,290	1,983	60.3%
	Total Sauna Rooms	20,058	15,664	78.1%

Note to Table:

¹ This Outlet operates six sauna rooms at the Studio Location.

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ANALYSIS OF RESULTS OF OPERATIONAL FRANCHISE OUTLETS

During the 2023 Reporting Period we had six Franchise Outlets. Of our six Franchise Outlets, three Outlets were Operational Franchise Outlets and three Outlets were New Franchise Outlets. During the 2024 Reporting Period we had 10 Franchise Outlets. Of our 10 Franchise Outlets, six Outlets were Operational Franchise Outlets and four Outlets were New Franchise Outlets. In this Item 19, we exclude financial performance representations for our New Franchise Outlets. The table below provides a summary of our Operational Franchise Outlets.

Operational Franchise Outlet Summary	
Outlet	Outlet Description
Cool Springs	The Cool Springs Outlet opened for business in October 2018 and is located in Franklin, Tennessee. This Outlet operates in a Studio Location that is approximately 1,700 square feet. This Outlet includes six sauna rooms and two float therapy rooms. This Outlet constitutes an Operational Franchise Outlet for the 2023 and 2024 Reporting Periods.
Brentwood	The Brentwood Outlet opened for business in March 2020 and is located in Brentwood, Tennessee. This Outlet operates in a Studio Location that is approximately 1,600 square feet. This Outlet includes five sauna rooms and two float therapy rooms. This Outlet constitutes an Operational Franchise Outlet for the 2023 and 2024 Reporting Periods.
Clarksville	The Clarksville Outlet opened for business in November 2021 and is located in Clarksville, Tennessee. This Outlet operates in a Studio Location that is approximately 1,600 square feet. This Outlet includes five sauna rooms and two float therapy rooms. This Outlet constitutes an Operational Franchise Outlet for the 2023 and 2024 Reporting Periods.
Grimes	The Grimes Outlet opened for business in January 2023 and is located in Grimes, Iowa. This Outlet operates in a Studio Location that is approximately 1,150 square feet. This Outlet includes five sauna rooms and one float therapy room. This Outlet constitutes a New Franchise Outlet for the 2023 Reporting Period and an Operational Franchise Outlet for the 2024 Reporting Period.
Park City	The Park City Outlet opened for business in June 2023 and is located in Park City, Utah. This Outlet operates in a Studio Location that is approximately 1,250 square feet. This Outlet includes five sauna rooms and one float therapy room. This Outlet constitutes a New Franchise Outlet for the 2023 Reporting Period and an Operational Franchise Outlet for the 2024 Reporting Period.
Portland	The Portland Outlet opened for business in May 2023 and is located in Portland, Oregon. This Outlet operates in a Studio Location that is approximately 1,750 square feet. This Outlet includes four sauna rooms and two cold plunge rooms. This Outlet constitutes a New Franchise Outlet for the 2023 Reporting Period and an Operational Franchise Outlet for the 2024 Reporting Period.

Table 9

Operational Franchise Outlets		
Gross Sales Data for 2023 and 2024 Reporting Periods		
Outlet	2023 Reporting Period	2024 Reporting Period
Cool Springs	\$608,813	\$499,515
Brentwood	\$518,480	\$383,807
Clarksville	\$558,103	\$477,909
Grimes	N/A	\$188,504
Park City	N/A	\$281,133
Portland	N/A	\$293,846

Some Outlets have earned this amount. Your individual 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.