

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 is a historic financial performance representation. The representation only relates to the subset of Outlets identified below and does not relate to the performance of all of the System's existing Outlets.

The 131 Franchised Outlets Included in the Representations Displayed in Tables A, B & C:

As of December 31, 2016, there were 153 franchised RETROFITNESS® Outlets open and in operation (each, a "Franchised Outlet"). Of those 153 Franchised Outlets, 131 (a) were fully open and operating for more than 12 full months as of February 28, 2017; and (b) are open and in operation as of the issuance date of this disclosure document. All 131 of these Franchised Outlets were included in the results displayed in Tables A, B and C below (the "Table ABC Outlets").

The 74 Franchised Outlets Included in the Representations Displayed in Tables D, E, F & G:

There were 85 Franchised Outlets that were officially open to the public and in operation for more than 24 months as of December 31, 2015. Of these 85 Franchised Outlets, 11 were excluded (the "Excluded Clubs") from the results displayed in Tables D, E, F & G for the following reasons: (a) 9 were excluded because they were sold prior to the date on which we required submission of the 2015 tax returns and the former owners did not submit copies of their 2015 tax returns; and (b) 2 were excluded because they employed use of atypical management fees and other internal fees. Information from the tax returns provided for the remaining 74 Franchised Outlets (the "Table DEFG Outlets") was used to determine the results presented in Tables D, E, F, and G, which reflect EBITDA, Rent as a Percentage of EBITDA, and Payroll as a percentage of EBITDA.

TABLE A

**Average Gross Sales of Table ABC Outlets Reported to ABC Financial
From March 1, 2016 to February 28, 2017**

Average Gross Sales	Percentile	Number of Table ABC Clubs in the Stated Percentile	Number of Table ABC Clubs in the Percentile that Attained or Exceeded the Average Gross Sales	Percentage of Table ABC Clubs in Percentile that Attained or Exceeded the Average Gross Sales
\$2,197,482	Top 10%	13	4	31%
\$1,774,973	Top 25%	33	12	37%
\$1,475,714	Top 50%	66	23	35%
\$1,282,474	Top 75%	98	37	38%
\$1,119,638	100%	131	57	44%

TABLE B

**Average Revenue Per Square Foot for the Table ABC Outlets as Reported to ABC Financial
From March 1, 2016 to February 28, 2017**

Average Revenue Per Square Foot	Percentile	Number of Table ABC Clubs in the Stated Percentile	Number of Table ABC Clubs in the Percentile that Attained or Exceeded the Average Revenue Per Square Foot	Percentage of Table ABC Clubs in Percentile that Attained or Exceeded the Average Revenue Per Square Foot
\$149.04	Top 10%	13	6	46%
\$122.28	Top 25%	33	14	43%
\$102.54	Top 50%	66	24	37%
\$89.00	Top 75%	98	40	41%
\$76.75	100%	131	59	45%

TABLE C

**Average Membership of Table ABC Outlets
as of February 28, 2017**

Average Number of Members	Percentile	Number of Table ABC Clubs in the Stated Percentile	Number of Table ABC Clubs in the Percentile that Attained or Exceeded the Average Number of Members	Percentage of Table ABC Clubs in Percentile that Attained or Exceeded the Average Number of Members
6,022	Top 10%	13	3	23%
4,937	Top 25%	33	14	42%
4,122	Top 50%	66	23	35%
3,606	Top 75%	98	38	39%
3,155	100%	131	54	41%

TABLE D

Average Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”) of the
DEFG Outlets
From 2015 Federal Tax Returns**

Average EBITDA* (in dollars) Reported by the DEFG Clubs in 2015 Federal Tax Returns	Percentile	Number of DEFG Outlets in Percentile	Number of DEFG Outlets that Achieved or Exceeded the Stated Average EBITDA	Percentage of DEFG Outlets in Percentile that Achieved or Exceeded the Stated Average EBITDA
\$651,861	Top 10%	7	2	29%
\$519,686	Top 25%	19	7	38%
\$401,407	Top 50%	37	16	43%
\$326,900	Top 75%	56	21	38%
\$254,769	100%	74	31	42%

TABLE E

Average Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”)
Percentage for DEFG Outlets
From 2015 Federal Tax Returns**

Average EBITDA* (as a percentage of total earnings) Reported by DEFG Outlets in 2015 Federal Tax Returns	Percentile	Number of DEFG Outlets in Percentile	Number of DEFG Outlets in Percentile that Achieved or Exceeded the Average EBITDA (as a percentage of total yearnings)	Percentage of DEFG Outlets in Percentile that Achieved or Exceeded the Average EBITDA (as a percentage of total yearnings)
36.4%	Top 10%	7	1	14%
31.6%	Top 25%	19	6	32%
28.2%	Top 50%	37	13	35%
25.4%	Top 75%	56	22	39%
21.3%	100%	74	43	58%

TABLE F

**Average Payroll Expenses of DEFG Outlets
From 2015 Federal Tax Returns**

Total Number of DEFG Outlets	Average Payroll Expense	Number & Percentage of DEFG Outlets whose Payroll Expenses Equaled or Exceeded the Results Stated in Column 2	Average Payroll as a Percentage of Gross Sales	Number & Percentage of DEFG Outlets whose Payroll Expenses Equaled or Exceeded the Results Stated in Column 4
74	\$235,382	31 or 42%	19.7%	35 or 47.3%

TABLE G

**Average Rent Expenses of DEFG Outlets
From 2015 Federal Tax Returns**

Total Number of DEFG Outlets	Average Rent Expense	Number & Percentage of DEFG Outlets whose Rent Expenses Equaled or Exceeded the Results Stated in Column 2	Average Rent as a Percentage of Gross Sales	Number & Percentage of DEFG Outlets whose Rent Expenses Equaled or Exceeded the Results Stated in Column 4
74	\$230,689*	32 or 43%	19.3%	41 or 55.41%

*One franchisee reported zero dollars in rent for the entire 2015 calendar year.

A new franchisee’s individual financial results may differ from the results stated in the financial performance representation.

Basis

All information reported in this Item 19 pertains to franchisee-owned Retrofitness Outlets and reflects the membership, sales numbers, rent expenses, payroll expenses, and EBITDA reported by Franchisees. Retrofitness franchisees are required to report sales and membership data to ABC Financial. Retrofitness franchisees are required to provide us with a copy of their federal tax returns, which contains their payroll expenses, rent expenses, and EBITDA. As such, the figures above are derived from reports generated from computer data reported to ABC Financial by Retrofitness franchisees, maintained by ABC Financial, and reported to Retrofitness, and data as reported by franchisees to Retrofitness in the franchisees’ 2015 federal tax returns. We have undertaken no independent investigation to verify the amounts reported to us.

*The EBITDA figures displayed and used in Tables D, E, F and G were calculated as follows: For each of the 74 tax returns included in the study, we took the net profit or loss figure disclosed in each return, and added back to that figure the following categories of expenses to determine EBITDA: (a) depreciation, (b) amortization, (c) interest, (d) guaranteed payments / payments to owners, and (e) expenses listed under “Taxes and Licenses”. If the tax return provided a scheduled break down of “Taxes and Licenses,” the only expenses added back to the net profit or loss figure for this category included itemized expenses for corporate tax and tax items other than payroll taxes, licenses and sales tax.

This Item only discloses (a) Average Gross Sales for the ABC Outlets for the period March 1, 2016 through February 28, 2017; (b) Average Revenue Per Square Foot for the ABC Outlets for the period March 1, 2016 through February 28, 2017; (c) Average Membership of the ABC Outlets as of February 28, 2017; (d) EBITDA* for the Table DEFG Outlets as reported in the 2015 tax returns for such outlets; (e) EBITDA* as a percentage of earnings reported during the 2015 calendar year for the DEFG Outlets; and (f) Average Payroll and Average Rent expenses for the DEFG Outlets during the 2015 calendar year. The financial performance representations do not reflect any other specific costs or expenses that must be

deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your RETROFITNESS® Outlet. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Assumptions

Our study measured Retrofitness franchisees' performance primarily in the State of New Jersey. Approximately 46% of the Franchised Outlets included the results displayed in Tables A, B and C, and approximately 54% of the Franchised Outlets included in the results displayed in Tables D, E, F and G, are located in the State of New Jersey. The market where your RETROFITNESS® Outlet is located, however, may differ significantly from New Jersey. Accordingly, the results achieved by these franchisees may not be typical for those in your area.

Several of the franchisees whose performance information is included in this Item 19 have a five (5) mile Approved Territory. You will not be granted a territory that exceeds a 3-mile drivable distance from your approved site.

The sales volume attainable by each franchisee depends on many factors, including geographic differences, competition within the immediate market area, the quality and service provided to customers by the franchisee and the size of the franchised location, as well as its own marketing and sales efforts. There is no assurance that future sales and/or expenses will correspond to historical sales and expenses.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

The reported results were only achieved by the Franchised Outlets included in our study. Your individual results may differ. There is no assurance you will sell as much or that your costs and expenses will not exceed those provided in this Item.

You are strongly advised to conduct, with the assistance of an accountant, an independent investigation of the costs and expenses you will incur in operating your Franchised Outlet. You and your accountant should build a business plan for the opportunity you are pursuing, taking into account such independent information as may be available at the time. While we are not able to review or comment on your plan, the plan should help you in making your investment decision, and in getting underway if you enter our system. The first years of operations may be the most challenging. There are numerous factors that affect a Franchised Outlet's sales and costs.

We do not make any representations about a franchisee's future financial performance or the past financial performance of any company-owned or franchised outlets, except as expressly stated in this Item 19. Other than the preceding financial performance representation, Retrofitness does not make any representations about a franchisee's financial performance or the past financial performance of company owned or franchised outlets. We also do not authorize our employees or representatives to make 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 other than what is explicitly stated above, you should report it to the franchisor's management by contacting our Chief Financial Officer, Robert Sprechman, Retrofitness, LLC, 43 County Road 537 West, Colts Neck, NJ 07722, the Federal Trade Commission, and the appropriate state regulatory agencies.