

What You Need to Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit [EG](#).

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in Missouri. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Missouri than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchisor in a system with a longer operating history.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
5. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.
6. **Mandatory Minimum Payments.** You must minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language, this disclosure document uses “we” or “us” to mean BODYROK Franchise USA, LP, the franchisor. “You” or “your” means the individual or entity buying the BODYROK franchise. If you are an entity rather than individual, all persons who own 20% or more of your entity are “Principal Equity Owners”, and these Principal Equity Owners must personally guarantee, and be personally bound by, some of or all your obligations as a franchisee.

The Franchisor, Parents and Affiliates

We are the franchisor for the BODYROK system. Our principal business address is 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105, and our telephone number is 858-212-9101.

We are a Missouri limited partnership, and our General Partner is BFUSAGP, GP, Inc., whose principal address is also 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105. Otherwise, we have no parent entity.

Our affiliate, Exercise Technologies, L.P., a Missouri limited partnership, may from time to time sell BODYROK Pilates Machines to certain franchisees who were already in the BODYROK franchise system prior to 2022. Although Exercise Technologies, L.P. no longer sells our BODYROK Pilates Machines to franchisees, it made exceptions for a few franchisees in 2023 that were already in the system and opening new Outlets. Exercise Technologies, L.P.’s principal address is 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105. Exercise Technologies, L.P has never offered franchises in this or any other line of business.

Our affiliate, Spartacus Lombard, LP, a Missouri limited partnership, owns the BODYROK trademarks that are licensed under the Franchise Agreement. Spartacus Lombard, LP’s principal address is 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105. Spartacus Lombard, LP has never offered franchises in this or any other line of business.

We do not have any other affiliates that provide products or services to our franchisees.

Predecessors

Our predecessor is BODYROK Franchise, Limited Partnership (“BRFLP”), whose address is 8251 Maryland Avenue, Suite 108, Saint Louis, Missouri 63105. BRFLP offered and sold BODYROK franchises from September 2015 to April 2018.

Name Used by the Franchisor

We conduct business under the name “BODYROK”. We do not conduct business under any other names.

Agent for Service of Process

Our agents for service of process are Michael Kohn, 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105 and the applicable state office or official listed in Exhibit **FG** of this disclosure document.

Business Organization Used by the Franchisor

We are a limited partnership that was organized in Missouri on March 10, 2021.

other franchise systems, including, but not limited to, Pilates Pro Works, Bar Method, SOULCYCLE, Pure Barre, Daily Method, as well as national and regional gyms, many of which have greater financial resources and a longer operating history than BODYROK. You will compete with these competitors for customers, access to desirable locations, and personnel. ~~This competition may impact the likelihood of success of your BODYROK Outlet.~~

Prior Experience of Franchisor, Predecessors and Affiliates

The BODYROK concept was developed by Jake Irion in 2011 and our affiliate BRFLP offered BODYROK franchises from September 2015 to April 2018. We do not presently own or operate BODYROK Outlets, but we may choose to do so in the future. As of the issuance date of this disclosure document, there are 12 BODYROK outlets owned by our affiliates (the addresses of these outlets are listed in Exhibit D of this disclosure document). We refer to these affiliated companies in this disclosure document as company owned outlets.

We have not previously offered franchises providing the type of business you would operate, nor have we ever offered franchises in other lines of business. We do not operate businesses of the type being franchised. We do not engage in other business activities.

ITEM 2: BUSINESS EXPERIENCE

Jake Irion: Manager and co-Chief Executive Officer

Mr. Irion was named our Manager at our inception in March 2021. He also serves as Manager of BRFLP, Saint Louis, Missouri (since January 2012).

Philip Palumbo: Manager and co-Chief Executive Officer

Mr. Palumbo was named our Manager at our inception in March 2021. He also serves as Manager of BRFLP, Saint Louis, Missouri (since January 2012). Mr. Palumbo also owns and supervises operations of five Dave's Hot Chicken franchised restaurants in Houston, Texas since May 2021.

Martin Hancock: Franchise Development Director

Mr. Hancock has been our Franchise Development Director since our inception in March 2021 to the present. From March 2011 to the present, Mr. Hancock has been the owner of First Franchise Group Inc. in Barrington, Illinois.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

Initial Franchise Fee

If you are acquiring the rights to open only one Outlet, the Initial Franchise Fee is \$40,000 and is due and payable in full when you sign the Franchise Agreement. The Initial Franchise Fee is typically uniform and is not refundable once paid.

Initial Equipment and Technology Fee

You must pay us an initial equipment and technology fee of \$6,500 per each BODYROK Pilates Machine to be used by you for the Outlet. You are required to have in operation at all times at the Outlet a minimum of 10 BODYROK Pilates Machines. You will not own the BODYROK Pilates Machines and will only be permitted to use the machines at the Outlet in accordance with and during the term of the Franchise Agreement. We estimate this initial fee to be between \$65,000 to \$130,000. This fee is non-refundable.

There are no other initial fees or payments for services or goods received from us or our affiliates before your Outlet opens.

ITEM 6: OTHER FEES

Type of Fee	Amount ^{1,4}	Due Date ²	Remarks
Monthly Royalty	5% of your monthly Gross Revenues	Paid by Electronic Funds Transfer (EFT) monthly on the third business day of the month	“Gross Revenues” means all revenues, however generated or received, derived by you from operating the franchised business at or through the Outlet, whether received in cash, in services, in kind, on credit (whether or not payment is received), bartering, or otherwise. There will only be deducted from Gross Revenues, to the extent they have been included, (i) applicable sales or use taxes which, by law, are chargeable to customers, if you separately states the taxes when the customer is charged and if you pay the taxes to the appropriate taxing authority; and (ii) any legitimate, documented refunds given in good faith to customers, and not modified or deducted for uncollected accounts, credit card user fees, returned checks or reserves for bad credit. This fee is computed on Gross Revenues received in the prior month.
Marketing and Promotion Fee	Currently, 1% of your monthly Gross Revenues.	Paid by EFT monthly on the third business day of the month	This fee is computed on Gross Revenues received in the prior month. We can increase this fee to up to 2% of Gross Revenues. ³
Local or Regional Cooperative Fee	Currently not assessed. If collect in the future, up to 2% of your monthly Gross Revenues	Paid by EFT monthly on the third business day of the month	We do not presently collect this fee. If we create a local or regional advertising cooperative for the geographic region in which the Store is located, you will be required to become a member of the cooperative. Based on the decision of a majority of the votes represented by all of the members of the cooperative, each member can be required to contribute to the cooperative, up to, but not greater than, 2% of the monthly Gross Revenues of such member’s Outlet(s).

Type of Fee	Amount ^{1, 4}	Due Date ²	Remarks
Transfer Fee	\$5,000	Not later than 10 days before the transfer	The transfer fee covers our costs in reviewing the qualifications of the assignee and providing initial franchise training to the assignee. There is no transfer fee if franchise is transferred to an entity (corporation or limited liability company) owned solely by you. No transfer fee is due if the franchise is transferred to your personal representative, conservator or heir upon your death or legal disability (if you are an individual) or dissolution (if you are an entity).
Renewal Fee	\$2,500	Upon execution of the then-current form of the Franchise Agreement being offered to prospective franchisees	You will have the right to renew the Franchise Agreement before the expiration of the Initial Term for 3 additional terms of 5 years each, provided all the conditions in Section 5.2 of the Franchise Agreement have been fulfilled.
Late Payment Penalty	5% of the delinquent amount plus interest	Immediately upon demand for payment	You must also reimburse us immediately upon demand for all reasonable-actual costs of collection relating to delinquent amounts.
Interest	Annual Percentage Rate ("APR") of 18% ² on the amount past due.	Immediately upon our demand	Interest begins from the date payment was originally due.
Costs of Collection	Our actual cost of collection of delinquent amounts (variable) C		

Type of Fee	Amount ^{1, 4}	Due Date ²	Remarks
Indemnification of Franchisor against Losses	Our actual costs, including All "Losses", as defined in section 16.2(d) of the Franchise Agreement (variable)	Immediately upon our demand	The Franchise Agreement requires you to indemnify us against Losses we may incur because of (i) your deviation from our approved menu, (ii) unauthorized use of our proprietary information or trademarks, (iii) the breach by you, any Principal Equity Owner or your Manager of non-compete covenants, or (iv) your intentional tort or negligence relating to operation of the Outlet.
Interim Manager Payments	Daily (per diem) charge which is currently \$750 per day.	Weekly, on demand.	If there is a death or incapacity of an individual franchisee or a majority equity owner, and there is no successor capable of operating the Outlet, we may appoint an interim manager to operate the Outlet on your behalf for a period of 90 days, renewable as necessary for up to an additional 270 days. For this assistance, you must pay us a reasonable daily management fee for our assistance provided by our interim manager. <u>We will not increase this fee to more than \$1,000 per day.</u>
Reimbursement for Curing Franchisee Defaults	Our actual costs incurred to cure your defaults (variable)	Immediately upon our demand	If you default in the performance of any obligation under the Franchise Agreement, or related agreement involving third parties, we may cure the default for your account and on your behalf and you would then be obligated to reimburse us for all costs and expenses we incur to do so.
Attorneys' Fees	Reasonable-Our actual costs, including legal fees and other "Expenses" (as defined in section 16.2(e) of the Franchise Agreement) (variable)	Immediately upon determination of the prevailing party by the arbitrator or court	If we are the prevailing party in any arbitration or litigation to resolve a dispute between us, we are entitled to recover our reasonable attorneys' fees and other Expenses (including arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator).
Management Fee	8% of Gross Revenues	As incurred upon demand	If the controlling equity ownership interest in us is transferred to third parties under Section 15.4 of the Franchise Agreement and we purchase the assets of the Outlet, we can take over operations and charge this management fee until the date of closing.
De-identification Enforcement Expense	Variable-Our actual costs and expenses relating to de-identification	Immediately upon our demand	If you fail to de-identify your Outlet and your business upon termination or non-renewal of the Franchise Agreement, we have the right 15 days after written notice to enter the Outlet and complete de-identification changes at your expense.

1. These fees are imposed by and are paid to us. Except as indicated in Item 5 or otherwise in the table above, all fees are non-refundable. All fees are uniformly imposed. To be eligible to sign the Franchise Agreement, you must provide us with reasonable proof of your financial ability to make the initial investment described above and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the Outlet. Under Section 4.5 of the Franchise Agreement, all Royalties, Marketing and Promotion Fees, Equipment and Technology Fees, and other fees and costs must be paid

by Electronic Funds Transfer (EFT). You agree to comply with our payment instructions, and to sign any and all documents and forms necessary to effectuate the automatic bank drafts.

2. If any payment is not paid when due, you must pay interest on the unpaid amount at an APR of 18%, unless interest rates on delinquent payments in the state in which your Outlet is located are limited by law to a lower APR, in which case that lower APR will apply. And you must reimburse us immediately upon demand for all reasonable of our actual costs of collection relating to delinquent amounts, including court costs, investigator fees, expert witness fees and attorneys' fees. Interest begins to accrue from the date payment was due.

3. In addition to the Marketing and Promotion Fee, you must also spend in your Territory at least \$2,500 on grand opening advertising and promotion of your Outlet within the first 60 days after the Opening Date, using the grand opening promotional program that we approve.

4. Any stated dollar amount in the Franchise Agreement may be adjusted based on changes since the effective date of the Franchise Agreement in the annual average of the Consumer Price Index for All Urban Consumers ("CPI"), published by the Bureau of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee ¹	\$40,000	Lump sum; non-refundable	When you sign the Franchise Agreement.	Us
Initial Equipment and Technology Fee ²	\$65,000 to \$130,000	Lump sum; non-refundable	When you order the BODYROK Pilates Machines	Us
BODYROK Pilates Machine Shipping costs ³	\$1,000 to \$7,000	Lump sum; non-refundable	When you order the BODYROK Pilates Machines	Designated vendor
On-Site Training Fee and reimbursement of Franchisor travel expenses ⁴	\$3,000 to \$6,000	Lump sum; non-refundable; as incurred	30 days prior to anticipated opening date	Us
Travel and living expenses while training ⁵	\$2,000 to \$21,000	As incurred	During training	Travel and lodging vendors
Additional Instructor Training Fees and Expenses ⁶	\$5,000 to \$9,000	As incurred	Prior to training	Us, travel and lodging vendors
Real property lease ⁷	\$12,000 to \$120,000	Lump sum	Upon signing lease	Landlord
Construction, remodeling, leasehold improvements and decorating costs ⁸	\$40,000 to \$300,000	As required by vendors	Before opening	Contractors and suppliers
Related Equipment and accessories (weights) ⁹	\$500 to \$5,000	As arranged	Before opening	Designated vendors or approved suppliers
POS system, fixtures and other fixed assets ¹⁰	\$29,000 to \$100,000	As incurred	Before opening	Designated vendors and approved suppliers

us and any of our subsidiaries and affiliates of these companies now existing or which may hereafter exist as additional insureds, including their employees, officers and directors on additional insured endorsement forms. The costs of premiums will vary based on location of the Outlet and any prior claim history. The required coverage and limits are subject to change.

(13) This includes professional legal and accounting fees to review the franchise and set up the Outlet. Legal and accounting fees will vary considerably.

(14) This refers to the initial inventory of authorized fitness related merchandise and products to be sold in the Outlet and other items of merchandise and supplies you must stock in order to open for business.

(15) This includes security deposits, utility deposits, business licenses and other prepaid expenses.

(16) You must spend or provide promotional discounts equaling at least \$2,500 within first 60 days to build local customer awareness of your Outlet. Recommendations on how to promote the grand opening of your Outlet will be provided by us, including promotional ideas, sample advertising copy and flier design.

(17) This estimate is for the initial design fee you must pay to our designated vendor for design services for your Outlet.

(18) ~~Although we do not require minimum funds for you to start your business, there are some expenses you will incur when you begin your franchise operations, such as inventory, supplies and employees. It is always a good idea to have some cash reserves available to cover initial operating expenses.~~ This estimates the additional funds you will need for opening expenses and working capital for your first three months of operation. These expenses include payroll costs, but does not include any allowance for an owner's draw. ~~Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.~~ Additional working capital may be needed beyond the initial 3-month period. In addition, we recommend that you have sufficient additional funds available to cover your personal living expenses for a period of no less than 6 months.

~~(19) This estimates your initial startup expenses. Although we cannot assure you this will happen, if you do not open for business, you may receive a refund from suppliers for unused inventory, unspent advertising and canceled insurance. Otherwise, the payments listed in the table above are likely nonrefundable. We do not finance any part of the initial investment.~~ We relied on the years of experience of our Managers (more than 35 years), as well as opening 12 corporate locations, in determining these figures. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

AREA DEVELOPMENT AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Development Fee ¹	\$80,000 to \$75,000	Lump sum	When you sign the Area Development Agreement.	Us
TOTAL for first Outlet if you sign an ADA for 3 Outlets	\$263,750 to \$904,000			
TOTAL for first Outlet if you sign an ADA for 2 Outlets	\$268,750 to \$909,000			

	Obligation	Section in franchise agreement	Section in area development agreement	Disclosure document item
q.	Owner's participation/management/staffing	6.1-6.4, 8.1(a), 12.6	4.1	11,15
r.	Records and reports	8.7, 8.11(b), 18.2(b)	Not applicable	6
s.	Inspections and audits	5.2(e), 8.7(e), 8.11	Not applicable	6,11
t.	Transfer	12.1-12.7	4.1, 4.2	17
u.	Renewal	5.2, 5.3	Not applicable	17
v.	Post-termination obligations	11.2, 15.1, 15.2	6.2	17
w.	Non-competition covenants	11.1-11.3	5.1, 5.2	17
x.	Dispute resolution	14.1-14.5	7.1-7.5	17
y.	Compliance with anti-terrorism and other federal laws	16.12	Not applicable	Not applicable

ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Our Pre-Opening Obligations

Before you open your business, we will:

(1) Provide you with initial training and orientation in the BODYROK system and how to operate the Outlet (see section 6.1 of the Franchise Agreement and the Training Program described below in this Item 11). You must successfully complete initial training to our satisfaction before you can open your Outlet.

(2) Designate your franchised and protected territory (see section 3.1 and Exhibit 1 of the Franchise Agreement).

(3) Provide you with a suggested plan for the layout; furnishing and equipping of your Outlet (see section 7.2 of the Franchise Agreement).

(4) Arrange for the delivery of our BODYROK Pilates Machines to your Outlet as ordered by you. You will not own the BODYROK Pilates Machines and will only be permitted to use the machines at the Outlet in accordance with and during the term of the Franchise Agreement. (see sections 4.4 and 7.3 of the Franchise Agreement).

(5) Provide you with a list and/or specifications of other proprietary and non-proprietary initial merchandise and supplies, fixtures, furnishings, equipment, computer hardware and software that you must purchase to operate your Outlet (see section 7.3 of the Franchise Agreement).

(6) Review and either approve or disapprove of the proposed site for your Outlet (see section 7.2 of the Franchise Agreement). If we do not communicate our approval to or disapproval of the proposed site for your Outlet within 15 days following receipt all the information we may request to evaluate your proposed location, the location will be deemed approved. If we disapprove, you must promptly propose an alternative location. If within 120 days after the effective date of the Franchise Agreement, you have not located a site for the Outlet that we approve, we may terminate the Franchise Agreement without providing you any opportunity to cure. The factors that we consider in approving a site for the Outlet include general location and neighborhood, traffic patterns, parking, size, physical characteristics of

existing buildings and lease or rental terms. We do not typically own and lease to you the premises on which the Outlet will be located.

(75) Provide you with a copy of the Manual (see section 8.2 of the Franchise Agreement).

Length of Time to Open the Outlet

We estimate the typical length of time between the signing of the Franchise Agreement and the opening of your Outlet will be approximately 180 days. Factors that may affect this time period include the satisfactory completion of initial training by your designated attendees, location of an acceptable site, ability to obtain an appropriate lease, financing arrangements, compliance with zoning and local ordinances, weather conditions, shortages, the contractor's ability to complete construction of the Outlet, and delivery and installation of equipment, fixtures and signs. If you have not commenced operation of the Outlet within 365 days from the effective date of the Franchise Agreement, we may terminate the Franchise Agreement without providing you any opportunity to cure.

If you execute an ADA, the additional Outlets must be opened as follows: the first Outlet must open within 12 months from the date of the ADA; the second Outlet must open within 24 months from the date of the ADA; and the third Outlet must open within 36 months from the date of the ADA. If you fail to comply with the development schedule of the ADA, we may terminate the ADA without any liability to us.

Our Obligations during the Operation of the Franchise

During the operation of the franchised business, we will:

(1) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within fifteen days of receipt. If we do not respond in 15 days, the material is approved (see section 10.4 of the Franchise Agreement).

(2) Provide you with access to, and integrate information about your Outlet into, the BODYROK website (see section 6.3(a) of the Franchise Agreement).

During the operation of the franchised business, we may:

(1) Furnish you with assistance in connection with the operation of the Outlet as we may from time to time deem appropriate in our sole discretion. We may, but are not required to, provide this assistance in person, by telephone, e-mail or through other means as we deem appropriate. Timing will depend on the availability of our personnel (see section 6.3 of the Franchise Agreement). We do not provide you with assistance in hiring, supervising or discharging employees, nor do we provide any advice on employment law or regulations, except to strongly recommend you engage the services of an attorney competent to advise you on employment law matters in your state.

(2) Visit you periodically to provide additional sales and administrative review and assistance. If we require this assistance, we will not charge you a training fee. But if you directly ask for this assistance, or it is optional training and assistance you request, we may charge you a training fee of up to \$750 per day. Any time we provide you with on-premises assistance, you must reimburse us for the cost of transportation and lodging for our trainers or representatives (see section 6.23 of the Franchise Agreement).

(3) Conduct a system-wide mandatory meeting (or annual convention) not more than once a year (usually held in California, but typically no more than three days in duration). Attendance of a Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your General Manager and other Principal Equity Owners). You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings (see section 6.4 of the Franchise Agreement).

We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location (section 6.4 of the Franchise Agreement). Attendance of at least one Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your General Manager and all other Principal Equity Owners).

You must pay all the expenses incurred by your trainees who attend the Initial Training Program and any other training, conferences, conventions or other meetings, including, for example, their salaries, transportation costs, meals, lodging and other living expenses (sections 6.1(e), 6.3(f) and 6.4 of the Franchise Agreement).

ITEM 12: TERRITORY

You will receive an exclusive territory (“Territory”) within a defined area surrounding your Outlet based on population density (typically varying from one-quarter mile in densely populated urban areas to two miles in rural areas) as determined by us and as specified in Exhibit 1 to your Franchise Agreement. By “exclusive” Territory we mean that so long as you continue to fulfill your material obligations under your Franchise Agreement (as reasonably determined by us), we will not grant a BODYROK franchise to any other person nor we will or any of our affiliates operate a BODYROK Outlet within your Territory. You may face competition for customers from other BODYROK outlets located near your Territory, or from other channels of distribution for BODYROK Services and Products, or from competitive brands that we control.

You may relocate your Outlet with our written consent, which will not be unreasonably withheld. Not less than 90 days before the desired date of relocation (unless prior notice is impractical because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location. Within 20 business days after we receive your request, we will either approve or disapprove in writing such closure or relocation in our sole discretion. If we disapprove of a proposed relocation, you may request an alternative proposed new location.

If you execute an ADA, you will be granted an exclusive (so long as the ADA is in effect) right to open 2 or 3 Outlets under the following development schedule: the first Outlet must open within 12 months from the date of the ADA; the second Outlet must open within 24 months from the date of the ADA; and the third Outlet must open within 36 months from the date of the ADA. You must enter into a separate Franchise Agreement for each Outlet you open under the ADA, and these agreements will grant a separate franchise Territory within a defined area surrounding each Outlet. Otherwise, we do not grant you options or rights of first refusal to open additional Outlets, and you may not open additional BODYROK businesses or engage in activities that are equivalent to the franchised business outside the Territory. You will receive an exclusive development area within a defined area so long as you continue to fulfill your material obligations under your ADA (as determined by us) and as specified in Exhibit 1 to your ADA. By “exclusive” Development Area, we mean that so long as you continue to fulfill your material obligations under your ADA (as reasonably determined by us), we will not grant a BODYROK franchise to any other person nor we will or any of our affiliates operate a BODYROK Outlet within your Development Area.

We reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems, and to operate or grant others the right to operate such systems within your Territory. We reserve all rights to market and sell BODYROK Services and Products under our principal trademarks or different trademarks at venues other than Outlets and through other channels of distribution, including the Internet and through applications, within your Territory and anywhere else. We are not required to pay you compensation for soliciting or accepting orders in your Territory through other channels of distribution. We also reserve the right to acquire (or be acquired by) or merge or affiliate with, or engage in any transaction with, other businesses (whether competitive or not), with

	Provision	Section in franchise agreement	Section in area development agreement	Summary
v.	Choice of forum	14.2(b), 14.3	7.1	Under the Franchise Agreement and the ADA, arbitration proceedings will take place before JAMS in St. Louis, Missouri (subject to applicable state law). Any mediation proceedings will take place at any mutually agreed location in St. Louis, Missouri, and any litigation proceedings will take place in an appropriate court in St. Louis County, Missouri (subject to applicable state law).
w.	Choice of law	16.13	9.1	The Federal Arbitration governs the arbitration of disputes under the Franchise Agreement and the ADA. Otherwise, the law of Missouri governs the Franchise Agreement and the ADA (subject to applicable state law).

ITEM 18: PUBLIC FIGURES

We do not currently pay or provide any other benefit to a public figure for the right to use his or her name to promote the sale of BODYROK franchises.

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.

We do not make 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 financial performance representations ~~(other than as contained in this Item 19)~~ 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 the franchisor's management by contacting our Manager, Jake Irion, BODYROK Franchise USA, LP, 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105, (858) 212-9101; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM-WIDE 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	2021	6	6	0
	2022	6	14	+8
	2023	14	18	+4
Company-Owned	2021	8	9	+1
	2022	9	9	0

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
Illinois	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
New York	2021	2	1	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	3	0	0	0	6
Totals	2021	8	0	0	0	0	9
	2022	9	0	0	0	0	9
	2023	9	30	0	0	0	12

Table No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	1	1	0
Arizona	1	1	0
California	7	2	0
Florida	1	2	0
Georgia	2	2	0
New Jersey	1	2	0
New York	0	0	2
North Carolina	2	1	0
South Carolina	1	1	0
Tennessee	2	2	0
Totals	18	14	2

Exhibit D lists, as of December 31, 2023, (i) the names, addresses and telephone numbers of all BODYROK franchised outlets (licensed by BRFLP) that are open and operating, (ii) the names and addresses of any BODYROK franchisees that signed franchise agreements but had not yet opened their outlets, and (iii) the addresses of all company owned BODYROK outlets operated by affiliates of ours.

Exhibit E lists, as of December 31, 2023, the contact information of every franchisee in the United States that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement in 2023, or that has not communicated with us within the 10 weeks ending on the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with BODYROK. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. However, during the last three fiscal years, we have not signed any agreements with current or former franchisees that included confidentiality clauses.

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the BODYROK franchise being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit C to this disclosure document contains our (i) audited financial statements for 2023; (ii) audited financial statements for 2022; (iii) audited financial statements for the period from inception (March 10, 2021) to December 31, 2021; ~~and~~ (iv) reviewed balance sheet for the period from inception (March 10, 2021) to March 31, 2021; ~~and (v) unaudited balance sheet and profit and loss statement as of June 30, 2024.~~ We have not been in business for three years or more and cannot include all financial statements required under the FTC's Franchise Rule. Our fiscal year ends December 31.

ITEM 22: CONTRACTS

- Exhibit A - Franchise Agreement
 - Exhibit 1 – Territory and Location of Outlet
 - Exhibit 2 – Names and Addresses of Principal Equity Owners
 - Exhibit 3 – Guarantee of Franchise Agreement
 - Exhibit 4 – Confidentiality Agreement
 - Exhibit 5 – Electronic Transfer of Funds Authorization
 - Exhibit 6 – Opening Date Acknowledgment
- Exhibit B – Area Development Agreement
 - Exhibit 1 – Development Schedule and Development Area
- Exhibit G - Sample General Release
- Exhibit H - State Specific Addenda

ITEM 23: RECEIPTS

Attached as the last (2) two pages of this disclosure are detachable documents acknowledging your receipt of this disclosure document.

**ADDENDUM TO FRANCHISE AGREEMENT
FOR MARYLAND**

This Addendum ("Addendum") is entered into this _____, 20__ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. **No Release, Estoppel or Waiver of State Law.** Nothing in the Franchise Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. **Jurisdiction.** Subject to the provisions in the Franchise Agreement concerning arbitration, any litigation arising on claims under the Maryland Franchise Registration and Disclosure Law may be brought by Franchisee in Maryland.

3. **Limitation on Claims.** Nothing in the Franchise Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. **General Release.** No provisions in the Franchise Agreement requiring Franchisee to sign a general release, including as a condition of renewal, sale and/or assignment or transfer, will release any claim Franchisee may have under the Maryland Franchise Registration and Disclosure Law.

5. **Arbitration.** The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. The following provisions are hereby deleted from the Franchise Agreement: Section 18.1(g), (h), (i) and (k).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Based upon Franchisor's financial condition, the Maryland Securities Commission has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement.

9. **Precedence and Defined Terms.** Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

[Signature on following page]

**ADDENDUM TO FRANCHISE AGREEMENT
FOR MINNESOTA**

This Addendum ("Addendum") is entered into this _____, 20__ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. **No Release of State Law.** Notwithstanding anything in the Franchise Agreement to the contrary, Franchisor will not require Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

2. **Jurisdiction.** The Franchise Agreement is subject to Minnesota Franchise Act, Minn. Stat. § 80C.21, and Minn. Rule 2860.4400(J), which prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, including specifically Chapter 80C.17, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. **Notice.** The Franchise Agreement is subject to Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

4. **No Jury Trial Wavier, Liquidated Damages, Etc.** Notwithstanding anything in the Franchise Agreement to the contrary, Franchisor cannot require Franchisee to waive its rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes, pursuant to Minn. Rule 2860.4400(D).

5. **Insufficient Funds Fee.** The Franchise Agreement is subject to Minnesota Statutes, § 604.113. Accordingly, Section 4.7(c) of the Franchise Agreement is hereby amended as follows:

Franchisee shall pay Franchisor a fee of \$30, or the maximum allowed by applicable state law, if bank payment is refused for any check or pre-authorized draft received by Franchisor from Franchisee due to "insufficient funds" or otherwise.

6. **Injunctive Relief.** Notwithstanding anything in the Franchise Agreement to the contrary, pursuant to Minn. Rule 2860.4400(J), Franchisor cannot require Franchisee to consent to Franchisor obtaining injunctive relief. A court will determine if a bond is required.

7. **Limitation of Claims.** Nothing in the Franchise Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under Minnesota Statutes, § 80C.17. All claims arising under Minnesota Statutes, § 80C.17 must be brought within 3 years after the cause of action accrues.

8. **Deferral of Initial Franchise Fee. Based upon Franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, the Initial Franchise Fee owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement.**

9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

10. Precedence and Defined Terms. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum effective on the Effective Date.

FRANCHISOR:
BODYROK Franchise USA, LP

FRANCHISEE: _____

By: _____

By: _____

Name: _____

Name: _____

As its: _____

As its: _____

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR MARYLAND**

This Addendum (“Addendum”) is entered into this _____, 20__ (the “Effective Date”), between BODYROK Franchise USA, LP, a Missouri limited partnership (“Franchisor”), and _____, a _____ (referred to in this Addendum as “Franchisee”) and amends the Area Development Agreement between Franchisor and Franchisee dated as of the Effective Date (the “Area Development Agreement”), as follows:

1. **No Release, Estoppel or Waiver of State Law.** Nothing in the Area Development Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. **Jurisdiction.** Subject to the provisions in the Area Development Agreement concerning arbitration, any litigation arising on claims under the Maryland Franchise Registration and Disclosure Law may be brought by Franchisee in Maryland.

3. **Limitation on Claims.** Nothing in the Area Development Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. **General Release.** No provisions in the Area Development Agreement requiring Franchisee to sign a general release, including as a condition of renewal, sale and/or assignment or transfer, will release any claim Franchisee may have under the Maryland Franchise Registration and Disclosure Law.

5. **Arbitration.** The Area Development Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

8. **Precedence and Defined Terms.** Terms not otherwise defined in this Addendum shall have the meanings as defined in the Area Development Agreement.

[Signatures on following page]

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR MINNESOTA**

This Addendum (“Addendum”) is entered into this _____, 20__ (the “Effective Date”), between BODYROK Franchise USA, LP, a Missouri limited partnership (“Franchisor”), and _____, a _____ (referred to in this Addendum as “Franchisee”) and amends the Area Development Agreement between Franchisor and Franchisee dated as of the Effective Date (the “Area Development Agreement”), as follows:

1. **No Release of State Law.** Notwithstanding anything in the Area Development Agreement to the contrary, Franchisor will not require Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

2. **Jurisdiction.** The Area Development Agreement is subject to Minnesota Franchise Act, Minn. Stat. § 80C.21, and Minn. Rule 2860.4400(J), which prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Area Development Agreement can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, including specifically Chapter 80C.17, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. **Notice.** The Area Development Agreement is subject to Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) of the Area Development Agreement and 180 days’ notice for non-renewal of the franchise agreement. There are no renewal rights in the Area Development Agreement.

4. **No Jury Trial Waiver, Liquidated Damages, Etc.** Notwithstanding anything in the Area Development Agreement to the contrary, Franchisor cannot require Franchisee to waive its rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes, pursuant to Minn. Rule 2860.4400(D).

5. **Insufficient Funds Fee.** The Area Development Agreement is subject to Minnesota Statutes, § 604.113. Franchisee shall pay Franchisor a fee of \$30 if bank payment is refused for any check or pre-authorized draft received by Franchisor from Franchisee due to “insufficient funds” or otherwise.

6. **Injunctive Relief.** Notwithstanding anything in the Area Development Agreement to the contrary, pursuant to Minn. Rule 2860.4400(J), Franchisor cannot require Franchisee to consent to Franchisor obtaining injunctive relief. A court will determine if a bond is required.

7. **Limitation of Claims.** Nothing in the Area Development Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under Minnesota Statutes, § 80C.17. All claims arising under Minnesota Statutes, § 80C.17 must be brought within 3 years after the cause of action accrues.

8. **Deferral of Initial Franchise Fee. Based upon Franchisor’s financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, the development fee shall be deferred until the first franchise under the Area Development Agreement opens.**

9. Precedence and Defined Terms. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Area Development Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum effective on the Effective Date.

FRANCHISOR:
BODYROK Franchise USA, LP

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

As its: _____

As its: _____

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.
PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED
THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD SUITED THESE FIGURES OR
EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

BodyRok Franchise USA, L.P.

Balance Sheet

As of June 30, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
First State Bank MM Account	802,671.60
Wells Fargo Checking #2210	373,882.66
Total Bank Accounts	\$1,176,554.26
Accounts Receivable	
Accounts Receivable	5,932.99
Total Accounts Receivable	\$5,932.99
Other Current Assets	
Deposit on Equipment	572,000.00
Due To/From Exercise Technologies	96,140.00
Due To/From Spartacus Lombard	584,911.09
Prepaid Equipment	2,000.00
Prepaid Training Facility	55,500.00
Total Other Current Assets	\$1,310,551.09
Total Current Assets	\$2,493,038.34
Fixed Assets	
Accumulated Depreciation	-64,629.00
Equipment	474,500.00
Training Facility	0.00
Total Fixed Assets	\$409,871.00
TOTAL ASSETS	\$2,902,909.34
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	800.00
Total Accounts Payable	\$800.00
Other Current Liabilities	
Deferred Revenue	1,600,370.22
Total Other Current Liabilities	\$1,600,370.22
Total Current Liabilities	\$1,601,170.22
Total Liabilities	\$1,601,170.22
Equity	
Opening balance equity	0.00
Partner Contributions	
Jake Irion	0.00
Phil Palumbo	802,671.60
Total Partner Contributions	802,671.60

BodyRok Franchise USA, L.P.

Balance Sheet As of June 30, 2024

	TOTAL
Partner distributions	
Jake Irion	-39,900.00
Total Partner distributions	-39,900.00
Retained Earnings	-236,707.42
Net Income	775,674.94
Total Equity	\$1,301,739.12
TOTAL LIABILITIES AND EQUITY	\$2,902,909.34

BodyRok Franchise USA, L.P.

Profit and Loss January - June, 2024

	TOTAL
Income	
Fees	0.00
ASCAP License Fees	3,500.00
Digital Display Fees	1,517.24
SEMAC License Fees	2,135.00
Total Fees	7,152.24
Franchise Fees	103,500.00
Franchise Royalties	363,904.26
Technology Fees	507,134.50
Total Income	\$981,691.00
GROSS PROFIT	\$981,691.00
Expenses	
Advertising & Marketing	7,486.56
Demographic Analytics	11,934.00
Total Advertising & Marketing	19,420.56
General business expenses	
Bank fees & service charges	320.69
Memberships & subscriptions	4,931.06
Total General business expenses	5,251.75
License & Permits	
SEMAC Music License	10,370.00
Total License & Permits	10,370.00
Professional Services	
Accounting fees	7,376.75
Consulting	159,000.00
Legal fees	4,597.00
Total Professional Services	170,973.75
Total Expenses	\$206,016.06
NET OPERATING INCOME	\$775,674.94
NET INCOME	\$775,674.94

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Maryland, to residents of Maryland and franchises to be operated in Maryland:

1. Item 17 is amended by adding the following language after the table:
 - (a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 1010 et seq.).
 - (b) The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
 - (c) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
 - (d) You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Item 5 of the FDD is revised to provide: Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisee shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Minnesota:

1. Item 6, Other Fees, "Charge for returned ACH or nonpayment due to "Insufficient Funds" or otherwise," shall be amended to change the fee amount to \$30.00.
2. Item 13, Trademarks, shall be amended by the addition of the following:

In compliance with Minn. Stat. § 80C.14, Subd. 1(g), the franchisor will indemnify you against liability to third parties resulting from claims by third parties that your use of the Proprietary Marks infringes upon the trademark rights of the third party. The franchisor will not indemnify you against the consequences of your use of the Proprietary Marks except in accordance with the requirements of the Franchise Agreement, and as the condition to such indemnification, you must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor will have the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

3. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by adding the following:

Minnesota Franchise Act, Minn. Stat. § 80C.21, and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Disclosure Document or the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including specifically Chapter 80C.17, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Rule 2860.4400(D) prohibits the franchisor from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

Minn. Rule 2860.4400(D), among other things, prohibits the franchisor from requiring you to waive your rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes.

4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Items 5 and 7 of the FDD are revised to provide: Based upon the Franchisor's financial condition, the Minnesota Department of State has required a financial assurance. Therefore, the Initial Franchise Fee owed by franchisee shall be deferred until the Franchisor completes its pre-opening obligations

under the Franchise Agreement. In addition, the development fees by area developers shall be deferred until the first franchise under the Area Development Agreement opens.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

California	<u>August 27, 2024</u>
Illinois	<u>September 11, 2024</u>
Indiana	<u>August 30, 2024</u>
Maryland	
Michigan	<u>August 5, 2024</u>
Minnesota	
New York	
Virginia	<u>September 10, 2024</u>
Washington	
Wisconsin	<u>August 12, 2024</u>

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.