

FRANCHISE DISCLOSURE DOCUMENT



Redline Athletics Franchising, LLC
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We offer franchises under this Franchise Disclosure Document for traditional inline performance center that provide sports performance training products and services to the public, with a focus on children ages 8 through 18 (each a "Redline Performance Center") in accordance with the terms described in this Disclosure Document.

Each Redline Business will conduct business under the name of "Redline Athletics[®]", "Redline[®] Sports Performance Centers", and/or "Redline[®]".

The total investment necessary to begin operation of a Redline Performance Center is ~~\$330,696 to \$1,013,696~~ \$342,896 to \$1,035,896. This includes ~~\$64,1896 to \$79,196~~ 75,896 that must be paid to the Franchisor or its affiliates.

This disclosure document ("Disclosure Document") summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact T.J. O'Connor, Redline Athletics Franchising, LLC, 14000 North Hayden Road, Suite 101, Scottsdale, Arizona 85260, (480) 386-9708.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising. Call your state agency or visit your public library for other sources of information on franchising. There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: June 24, 2024

Signage (Interior and Exterior) (7)	\$7,500	\$25,000	As agreed	Before opening	Vendors
Furniture and Fixtures (8)	\$5,000	\$15,000	As agreed	Before opening	Vendors
Computer Hardware, and Installation (9)	\$15,000	\$25,000	As agreed	Before opening	Vendors
Business Licenses and Permits (10)	\$500	\$1,500	As required	Before opening	Governmental agencies
Professional Fees (11)	\$1,000	\$3,000	As agreed	Before opening	Attorneys, accountants, and other professionals
Insurance (3 months) (12)	\$3,000	\$3,000	As agreed	Before opening	Insurer
Initial Training Expenses, including travel (13)	\$4,000	\$6,000	As agreed	As incurred	Vendors
Start-up supplies – Uniforms, contracts, invoices, promotional items, and other office supplies	\$2,000	\$3,000	As agreed	As incurred	Us or Vendors
Marketing Expenses for Grand Opening/Start-up (14)	\$18,500	\$24,500	As agreed	As incurred	Vendors
Pre-Sale Assistance Fee (15)	\$10,000	\$24,000	As agreed	Monthly	Us
Technology Fee (3 months) (16)	\$2,097	\$2,097	As agreed	As incurred	Us
Technology Set Up Fee (17)	\$799	\$799	As required	When you sign the FA	Us
Additional Funds–3 months (18)	\$30,000	\$50,000	As agreed	As incurred	Vendors
TOTAL ESTIMATED INITIAL INVESTMENT (19)	\$330,296 <u>\$342,896</u>	\$1,013,296 <u>\$1,035,896</u>			

Explanatory Notes:

- (1) Unless otherwise specified, all fees imposed by us are non-refundable.
- (2) This estimate includes security deposits required by the landlord and utility companies, but not your telecommunications service.
- (3) We estimate your initial expenses for leasing a space for your Redline Performance Center during the first three months will range from \$15,000 to \$49,500 depending on the size and location of the Redline Performance Center for your Redline Performance Center. Your actual rent payments may vary, depending upon your location and your market’s retail lease rates. We recommend that you lease a space of no less than 5,000 square feet with access to bathrooms, and provisions for telecommunication equipment and office furniture for your Redline Performance Center. If you purchase instead of lease the premises for your Redline Performance Center, the purchase price, down payment, interest rates, and other financing terms will determine the amount of your monthly mortgage payments. We do not offer financing to you for any part of the initial investment.
- (4) This is an estimate of the amount that you will pay your architect in connection with architectural services associated with designing your Redline Performance Center.

**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.

**AVERAGE AND MEDIAN MONTHLY GROSS REVENUE FOR 54 REDLINE ATHLETIC PERFORMANCE CENTERS
IN FOUR GROUPS BASED UPON EXTENT FRANCHISEE IS FOLLOWING MODEL FOR 2023 AND JANUARY 2024**

	Number of Included Units		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
Following Model	13	Average	\$40,160	\$37,896	\$43,427	\$38,258	\$44,713	\$43,678	\$42,024	\$39,202	\$37,332	\$41,867	\$44,477	\$41,681	\$48,524
		Median	\$37,756	\$29,431	\$35,050	\$35,459	\$39,138	\$39,035	\$41,101	\$41,683	\$37,797	\$37,212	\$39,349	\$38,509	\$41,833
Generally Following Model	9	Average	\$24,559	\$18,126	\$22,146	\$21,734	\$23,360	\$23,375	\$24,681	\$20,555	\$18,848	\$21,150	\$25,182	\$24,108	\$27,821
		Median	\$27,317	\$13,146	\$18,699	\$20,682	\$25,566	\$26,491	\$30,291	\$22,693	\$18,847	\$18,526	\$20,307	\$21,296	\$29,551
Selectively Following Model	18	Average	\$27,840	\$27,549	\$30,334	\$23,088	\$26,668	\$30,461	\$25,592	\$24,432	\$21,447	\$20,797	\$22,984	\$22,574	\$26,145
		Median	\$28,326	\$28,765	\$23,063	\$21,122	\$27,278	\$27,589	\$22,372	\$18,980	\$18,206	\$19,633	\$21,014	\$20,949	\$23,969
Not Following Model	14	Average	\$25,319	\$17,761	\$19,963	\$16,788	\$22,918	\$21,974	\$23,515	\$20,236	\$18,192	\$17,885	\$25,343	\$21,389	\$23,355
		Median	\$19,496	\$17,706	\$16,848	\$13,281	\$22,772	\$17,601	\$19,673	\$14,553	\$15,033	\$15,682	\$20,977	\$17,543	\$21,285

- Franchisor evaluates the following criteria in grouping franchisees for this financial performance representation: (1) whether the Redline Athletics Performance Center has a general manager; (2) whether the Redline Performance Center is investing in local store marketing; and (3) whether the Redline Performance Center offers the "Flex Allegiance" membership program. Group 1 "Following Model" Performance Centers have met all three of the categories; Group 2 "Generally Following Model" met at two of the three of the criteria; Group 3 "Selectively Following Model" met at least one of the three of the criteria; and "Not Following Model" did not meet any of the criteria.
- The term “Gross Revenue” shall, for purposes of this Item 19, means the total of all revenue and receipts derived from the operation of your Redline Performance Center, including all amounts received at or away from the Redline Performance Center including those Outside Modules that you offer at or away from your Redline Performance Center, amounts collected or received at or resulting from the use of the Redline Performance Center or Marks, or through the business your Redline Performance Center conducts (such as fees for the sale of any service or product, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits your Redline Performance Center actually makes.