

Type of Fee (Note 1)	Amount	Due Date	Remarks
			<p>Level 3 certification course (for Head Trainers and/or Managers) on the next available date it is offered following their hire. Your Training Center must continuously have at least 1 trainer on staff who has earned a Level 3 certification.</p> <p>We charge a registration fee for participating in the (virtual) Level 3 education and certification courses, which is currently \$200, <u>and set by an outside training vendor</u>, for the initial registration. Once Level 3 certified, any individual may attend or audit any future Level 3 courses at no cost. The period of the Level 3 training program will be up to 5 days and will be scheduled by us at our discretion and may be delivered virtually.</p> <p>Training Center team members must re-certify each of their Level 1, 2 and 3 certifications every 5 years.</p>
Special Assistance	\$500 per day per person plus expenses.	Immediately upon receipt of bill.	We provide franchisee requested assistance for unusual or unique operating problems.
GM Training	There is no fee associated with online GM Training.		You, as the Business Owner and/or your General / Assistant Manager must complete the GM online Training prior to opening the Training Center.
Additional Training	Costs we incur in providing additional training.	As incurred.	
Our Right to Purchase your equipment and inventory upon termination	You will be responsible for all travel expenses, equipment packaging, removal and freight charges (including the specialized tools required for disassembly) equipment purchased or recovered from your Franchised Business. These expenses typically run from \$6,000 to \$20,000.	As incurred.	Upon the expiration or termination of the Franchise Agreement we have the right to purchase, or designate a third party to purchase, all or any portion of the equipment purchased by you in the Equipment Purchase Agreement and any other equipment and any accessories that you subsequently purchased from us or that are required by us.
Interest Charges	18% or highest lawful rate if lower.	Immediately if payments 30 or more days past due.	This charge is in addition to other remedies such as late payment fees.

Type of Expenditure	Amount ¹	Method of Payment	When Due	To Whom Payment is to be Made
Furnishings, Fixtures and Computers ¹⁵	\$3,000 - \$10,000	As Incurred	As Invoiced	Various Vendors
Utilities - 3 Months	\$500 - \$2,000	As Incurred	As Invoiced	Utility Companies
Insurance Premiums ¹⁶	\$2,500 - \$6,000	As Incurred	As Invoiced	Insurance Agency
Wages ¹⁷	\$3,000 - \$25,000	As Incurred	As Incurred	Employees
Training ¹⁸	\$0 - \$5,000	As Incurred	As Invoiced	Various Vendors
Additional Funds (3 months) ¹⁹	\$5,000 - \$50,000	As Incurred	As Incurred	Various Vendors & Employees
Total Initial Investment (excluding real estate)²⁰	\$298,900500 - \$678,500			

Notes:

(1) We do not offer direct financing to franchisees for any items. All amounts that you pay to us or our affiliates are nonrefundable. Third party suppliers will decide if payments to them are refundable. None of the amounts above include state or local sales taxes, which you may need to pay. You shall be required to pay all taxes, including personal property taxes, based on or in any way deriving from the Franchise Agreement or the purchase of any equipment from us.

(2) The Initial Franchise fee of \$55,000 is for the rights to one franchise. If you decide to purchase the rights to additional Athletic Republic franchises, the price per additional franchise will be reduced, as detailed in Item 5, Area Development Fees. The High-End disclosed includes the \$5,000 Satellite Training Fee to include the right to operate a single Satellite Training Center.

(3) The selection of a location for an Athletic Republic Training Center typically includes flex/light-industrial/warehouse space, strip retail, big box and power centers, multi-use commercial, municipal sports centers, sport training complexes, ice rinks, sports medicine centers, health clubs and physical therapy clinics. Training Centers which operate in light-industrial/flex spaces generally pay less per square foot than those in hospitals, strip malls or sports training complexes. Franchisees should attempt to locate themselves in locations where there are multiple middle schools, junior high schools and senior high schools within a 10-mile / 25-minute radius of the Training Center.

Athletic Republic has an affiliation with a national real estate broker who you may choose to utilize for Training Center site identification, selection and the negotiation of a letter of Intent (LOI). You are responsible for hiring and compensating a real estate lawyer to review the lease. Any pre-payment of rent or security deposit is your responsibility.

(17) The wages stated for employees are estimated wages for any staff hired prior to opening and do not include taxes or benefits.

(18) The Training Center’s General Manager and Sports Performance Training Director (or ‘Head Trainer’) must attend and successfully complete Athletic Republic Academy Level 1 and Level 2 training programs before the franchise opening. The Sports Performance Training Director must attend and complete the Level 3 certification as soon as the course is offered after they have been hired. The Owner and/or General/Assistant Manager must complete GM Training prior to opening the Training Center. Anyone training athletes in your Franchised Business must successfully complete the Athletic Republic Academy Level 1 training program before providing any Athletic Republic® training services. See Item 11 for more information about training. Other employees may participate in the training programs. The costs for our Level 1 or Level 2 online training are included in your Initial Franchise Fee and BOS Services, but you must cover the registration fees for attending the Level 3 training for the first time. .

(19) This estimate is based on ~~the~~our over twenty years of experience with operating expenses for the first three months of operations, including labor costs, marketing and advertising not covered by the Business Acceleration Program package, and other variable costs. The low range in the estimate assumes you are converting an existing sports or gym facility to a Training Center, or adding a Training Center to an existing, operational facility. Rent is not included in the calculation, as we expect you will receive free rent for the first several months of operation. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. We recommend that you have additional funds available to pay any security deposits and other activities to fund your business. We also recommend you establish a line of credit, or secure a business credit card for post-open operating expenses, until the business consistently reaches monthly cash-flow break-even--we cannot guarantee that you will not have additional expenses starting the business.

B. ESTIMATED INITIAL INVESTMENT FOR AREA DEVELOPMENT AGREEMENT.

YOUR ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT AGREEMENT (2-PACK)

Type of Expenditure ⁽¹⁾	Amount ¹	Method of Payment	When Due	To Whom Payment is to be Made
Area Development Fee ⁽²⁾	\$100,000	Lump Sum	Upon executing Area Development Agreement	Franchisor
Initial Investment for the First Training Center ⁽³⁾	\$243,900 to \$618,500	See Chart in Item 7(A) above – does not include Franchise Fee		
Total	\$343,900 to \$718,500			

<u>Provision</u>	<u>Section in Agreements</u>	<u>Summary</u>
terminated or expires		or licensed business location or any facility using the Trademarks, the Patents Rights or the System (whether it is owned by us or our affiliates or whether it is a licensed or franchised facility) in operation or under construction as of the date of termination, expiration or transfer (each an “Existing Location”); (iv) or within a 25-mile radius of any Existing Location (subject to applicable state law). For a period of 2 years after the transfer, or the expiration or termination of the Franchise Agreement, no solicitation of any current, former, or prospective customer of the Franchised Business or any other customer of whom you have become aware as a result of your access to our System or other franchisees for any competitive purpose. <u>Subject to applicable state law.</u>
s. Modification of the agreement	Sections 8.E, 8.F and 14.A – Franchise Agreement Section 10.D – Area Development Agreement	No modifications to the Franchise Agreement or the Area Development Agreement generally. The Trademarks, the Manuals, the System or parts of the System, or other requirements are subject to change by us as stated in the Franchise Agreement or the Area Development Agreement.
t. Integration / merger clause	Section 16.E – Franchise Agreement Section 10.D – Area Development Agreement	Only the terms of the Franchise Agreement and Area Development Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Section 15 – Franchise Agreement Section 9.B – Area Development Agreement	Except for certain disputes listed in Sections 15 of the Franchise Agreement and 9 of the Area Development Agreement, all disputes must be mediated and if not resolved by mediation, then submitted for binding arbitration in Salt Lake City, Utah under the auspices of the American Arbitration Association (subject to applicable state law).
v. Choice of forum	Section 15.D – Franchise Agreement Section 9.D – Area Development Agreement	Litigation must be brought in the United States District Court for the District of Utah or the State courts located in Salt Lake City, Utah (subject to applicable state law).
w. Choice of law	Section 15.A Section 9.A – Area Development Agreement	Except to the extent the United States Trademark Act of 1946 applies, the franchise relationship will be governed by the laws of the state of Utah (subject to applicable state law).

**ITEM 18.
PUBLIC FIGURES**

While Athletic Republic has trained many great collegiate, Olympic and Professional athletes, it does not compensate any public figure to promote its Brand or franchise system.

**ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS**

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor’s management by contacting our CEO, Charlie Graves at 3126 Quarry Road, Suite F, Park City, Utah 84098, 435-647-9000, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary for Years 2023 to 2025**

Column 1 Outlet Type	Column 2 Year	Column 3 U.S. Outlets Open at the Start of the Year	Column 4 U.S. Outlets Open at the End of the Year	Column 5 Net Change
Franchised	2023	37	38	<u>+1</u>
	2024	38	41 40	+3 <u>+2</u>
	2025	41 40	41	+0 <u>+1</u>
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2023	37	38	<u>+1</u>
	2024	38	40	3 <u>+2</u>
	2025	40	41	0 <u>+1</u>

* In addition, we have thirteen (13) licensed outlets and five (5) International Outlets operating in Australia, Canada, and Japan.

**Table No. 2
Transfer from Franchisees to New Owners (Other than the Franchisor)
For Years 2023 to 2025**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Indiana	2023	0
	2024	1
	2025	0
New Jersey	2023	1
	2024	0
	2025	0
Texas	2023	1

ADDENDUM TO ATHLETIC REPUBLIC®
DISCLOSURE DOCUMENT FOR THE
STATE OF ILLINOIS

The following information applies to franchise and franchisees subject to the Illinois Franchise Disclosure Act of 1987. Item numbers correspond to those in the main body:

1. Items 5 and 7

Payment of Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

2. Item 17

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Illinois law, 815 ILCS 705/41, provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. Therefore, any condition, stipulation, or provision in the Franchise Agreement or Area Development Agreement purporting to bind Illinois franchisees to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

No ~~disclaimer statement~~, questionnaire, ~~clause~~, or ~~statement acknowledgment~~ signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as have the effect of: (i) waiving any ~~claim of claims~~ under any applicable state franchise law, including fraud in the inducement, ~~whether common law or statutory, or as (ii) disclaiming reliance on~~ or the right to rely upon any statement made or information provided by any franchisor, ~~broker~~ behalf of the Franchisor, franchise seller or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. a Franchisor. This provision supersedes any other ~~or inconsistent term of any~~ document executed in connection with the franchise.

EXHIBIT B

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

California Department of Financial
Protection and Innovation

~~2101 Arena Boulevard~~

~~651 Bannon Street, Suite 300,~~

Sacramento, ~~California 95834~~ CA 95811

(866) 275-2677

FLORIDA

Florida Department of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

HAWAII

Commissioner of Securities
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Office of Attorney General
Franchise Bureau
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Indiana Securities Division
(Administrator)
302 W. Washington Street, Room E111
Indianapolis, Indiana 46204
(317) 232-6531

KENTUCKY

Kentucky Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankfort, Kentucky 40602
(502) 573-2200

MARYLAND

Maryland Office of Attorney General
Division of Securities
200 St. Paul Place, 20th Floor
Baltimore, Maryland 21202-2020
(410) 576-6360

**Registered Agent to Receive Service of
Process**

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Unit
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

MINNESOTA

Minnesota Department of Commerce
Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEBRASKA

Nebraska Department of Banking &
Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509-5006
(402) 471-3445

NEW YORK

New York Secretary of State
99 Washington Avenue
Albany, New York 12231
(518) 473-2492

New York State Department of Law
Investor Protection Bureau
28 Liberty St, 21st Floor
New York, New York 10005
(212) 416-8285

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor
Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

OREGON

Oregon Department of Consumer &
Business Services
Division of Finance and Corporate
Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Chief Securities Examiner
Rhode Island Department of Business
Regulation
Banking Division, Franchise Section
1511 Pontiac Ave. – Building 69-1
Cranston, Rhode Island 02920-440
(401) 222-3048

SOUTH DAKOTA

South Dakota Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501-2017
(605) 773-3563

TEXAS

Statutory Document Section
Texas Secretary of State
1019 Brazos Street, Room B05
Austin, Texas 78701
(512) 475-1769

UTAH

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

VIRGINIA

Virginia State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

State of Washington
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902- 8760

WISCONSIN

Wisconsin Commissioner of Securities
201 West Washington Ave., 3rd Floor
Madison, Wisconsin 53703
(608) 266-8818

ATHLETIC REPUBLIC, INC.
ADDENDUM TO ILLINOIS
FRANCHISE AGREEMENT

This Addendum pertains solely to franchises sold in the State of Illinois and is for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Section 4.A is amended by adding the following at the end of such Section:

Payment of Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

2. Section 16.E of the Agreement is hereby amended to include the following:

Nothing in this Section 16.E, however, may be construed to mean that you may not rely on the disclosure document that we provided to you in connection with the offer and purchase of your Franchised Business. Although the statements in the disclosure document do not become part of the Franchise Agreement, nothing in the disclosure document may contradict or be inconsistent with the contract terms.

8. The first sentence of Section 15.D is hereby deleted in its entirety, and the following substituted in lieu thereof:

Subject to Section 15.B, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Illinois federal or state court for the Protected Territory in which you are located.

4. Illinois law, 815 ILCS 705/41, provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. Therefore, any condition, stipulation, or provision in the Franchise Agreement purporting to bind Illinois franchisees to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

5. Section 15.A is amended to provide that Illinois law will govern the Agreement.

6. Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

- 7. No disclaimer statement, questionnaire, clause, or statement acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as have the effect of: (i) waiving any claim of claims under any applicable**

~~state franchise law, including fraud in the inducement, whether common law or statutory, or as (ii) disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. a Franchisor. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.~~

7.

8. Except as amended herein, the Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

ATHLETIC REPUBLIC, INC. _____

By _____
Its _____

By _____
Its _____

ATHLETIC REPUBLIC, INC.
ADDENDUM TO ILLINOIS
AREA DEVELOPMENT AGREEMENT

Illinois law governs the Franchise Agreement.

Payment of Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

No ~~disclaimer statement~~, questionnaire, ~~clause~~, or ~~statement acknowledgment~~ signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall ~~be construed or interpreted as have the effect of: (i) waiving any claim of claims under any applicable state franchise law, including fraud in the inducement, whether common law or statutory, or as (ii) disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker~~ behalf of the Franchisor, franchise seller or other person acting on behalf of ~~the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision.~~ a Franchisor. This provision supersedes any other ~~or inconsistent term of any document executed in connection with the franchise.~~

FRANCHISEE:

ATHLETIC REPUBLIC, INC.

By _____

By _____

Its _____

Its _____