FRANCHISE DISCLOSURE DOCUMENT

Madabolic Franchise System, LLC
A Delaware limited liability company
2610 South Blvd.
Charlotte, North Carolina 28209
Phone: (980) 217-4770
E-Mail: **Brandon@madabolic.com**
Website: www.Madabolic.com

Madabolic Franchise System, LLC offers franchises for the operation of an athletic conditioning facility that provides workouts commonly used by professional athletes that have been modified for everyday people to improve their overall health and wellness.

The total investment necessary to begin operation of a Madabolic franchise ranges from $327,700 to $615,850. This includes $156,450 to $173,350 that must be paid to us.

This 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 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor 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 the franchisor at 2610 South Blvd., Charlotte, North Carolina 28209 or by phone at (980) 217-4770.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your 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 (the "FTC"). 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. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 20, 2023 (amended November 16, 2023)

How to Use this Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or EXHIBIT "E".
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or EXHIBIT "F" includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Madabolic business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Madabolic franchisee?	Item 20 or EXHIBIT "E" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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 "A".

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 and/or litigation only in North Carolina. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in North Carolina than in your own state.

2. **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 franchise in a system with a longer operating history.

3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

4. **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 your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

5. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments regardless of your sales levels. Your inability to make these 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.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

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ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean Madabolic Franchise System, LLC - the franchisor. "You" means the person who buys a Madabolic franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information

Madabolic Franchise System, LLC is a Delaware limited liability company that was organized on June 19, 2019. Our principal business address is located at 2610 South Blvd., Charlotte, North Carolina 28209 and our telephone number is (980) 217-4770. Our agents for service of process are disclosed in EXHIBIT "A" (for registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than "Madabolic Franchise System, LLC".

Business History

We began offering franchises in July 2019. We have never conducted business in any other line of business other than the offering of Madabolic franchises. We have never offered franchises in any other line of business. We have not operated a business similar to the Madabolic business being offered under this franchise. However, our founders Brandon Cullen (currently our Chief Concept Officer) and Kirk DeWaele (currently our Chief Training Officer) have operated Madabolic businesses since 2011 through affiliated entities. However, until October 2013, these businesses were operated under the name "Fight Gone Mad."

Parents, Affiliates and Predecessors

From February of 2012 until July of 2019, Madabolic franchises were offered and sold by our predecessor, Madabolic, Inc. During that time, Madabolic sold a total of 11 Madabolic franchises. Madabolic, Inc. has never offered franchises in any other line of business. Madabolic, Inc. has never operated a Madabolic business. Madabolic Inc.'s principal business address is 2610 South Blvd., Charlotte, North Carolina 28209.

Our direct parent company is Madabolic Holdings, LLC and our indirect parent company is ZGrowth Acquisitions 5, LLC. Madabolic Holdings, LLC and ZGrowth Acquisitions 5, LLC have never offered franchises in any other line of business. Madabolic Holdings, LLC and ZGrowth Acquisitions 5, LLC have never operated a Madabolic business. Madabolic Holdings, LLC and ZGrowth Acquisitions 5, LLC each have a principal business address of 42490 Garfield Road, Suite 202, Clinton Township, Michigan 48038.

Our affiliate Madabolic Distributing, LLC, ("MD") is the exclusive supplier of Madabolic branded gear and apparel; exercise equipment and supplies; and fixtures, furnishings and décor. MD has never operated a Madabolic franchise. MD's principal business address is 42490 Garfield Road, Suite 202, Clinton Township, Michigan 48038. Except as disclosed below, we do not have any affiliates that offer franchises in this or any other line of business.

Our affiliate, Jabz Franchising, LLC ("Jabz"), currently offers franchises for the operation of a boxing studio. These franchises operate under the names "Jabz Fitness". Jabz has offered franchises since June 2013. During this period of time, it has sold a total of 33 franchises. Jabz has never operated, or offered franchises for, Madabolic businesses. Jabz has never offered franchises in any other line of business. Jabz has a principal business address of 42490 Garfield Road, Suite 202, Clinton Township, Michigan 48038.

Our affiliate, Daily Jam Franchise System, LLC ("DJFS"), currently offers franchises for fast-casual restaurants that operate under the name "Daily Jam™". DJFS has offered these franchises since May 2020. During this period of time, DJFS has sold a total of 0 Daily Jam franchises. DJFS has never operated, or offered franchises for, Madabolic businesses. DJFS has never offered franchises in any other line of business. DJFS has a principal business address of 42490 Garfield Road, Suite 202, Clinton Township, Michigan 48038.

Description of Franchised Business

Under your Madabolic franchise (referred to in this Disclosure Document as your "Business"), you will establish and operate an athletic conditioning facility that provides workouts commonly used by professional athletes that have been modified for everyday people to improve their overall health and wellness. Madabolic workout facilities offer group fitness classes utilizing approved equipment, membership options, beverages, supplements and fitness-related apparel, products, and merchandise, all of which must be approved by us. You will offer an athletic conditioning program that is built around a large variety of proprietary workouts to create a balanced and comprehensive fitness program. All workouts are in a group setting focused on athletic movement patterns that are complemented with specific exercise equipment combining strength and metabolic conditioning with intense interval training to achieve positive results.

Each Madabolic location offers affordable membership options and provides its members with small fast-paced classes taught by trainers who nurture an encouraging environment to enhance their workout experience. Our membership model provides for a monthly, unlimited visit membership.

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). Under the Franchise Agreement, we grant you a license to use certain service marks, trademarks, trade names and logos, including service mark "Madabolic" (collectively, the "Marks"). The "Marks" also include our distinctive trade dress used to identify a Madabolic facility, including colors, distinct wallpaper, etc. We also grant you a license to use the distinct system we developed for the operation of a Madabolic facility (the "System"). The operational aspects of a Madabolic franchise are contained within our confidential training manuals and Brand Standards Manual (the "Manual"). You will operate your Madabolic franchise as an independent business using the Marks, the System and the support, guidance and other methods and materials we provide.

Market and Competition

The target market for Madabolic members includes members of the general public, typically between the ages of 20 and 55.

The fitness industry is well developed and highly competitive. A Madabolic franchisee competes primarily with personal trainers, local and national fitness centers and health clubs and to some extent athletic and recreational programs. Some fitness centers operate through a franchise model while others are independent operators or national or regional chains. Demand for fitness classes remains relatively stable over the course of the year, with a temporary surge at the beginning of the year (i.e., New Year's resolutions).

Laws and Regulations

You must comply with all federal and state laws and regulations that apply to businesses generally, including the Americans with Disabilities Act, wage and hour laws and business licensing requirements. Some jurisdictions have passed laws that require businesses to pay employees a higher minimum wage than is required under federal law. These laws may disproportionately affect franchises.

In certain states, "health clubs" are subject to special laws and regulations and some of these laws may apply to your Business. Among other things, these laws and regulations may impose requirements relating to the consumer contracts that your members will sign. These laws may also require that you obtain a bond and may require that you escrow membership fees until the facility opens for business. The federal Truth in Lending Act may require you to provide certain disclosures in your consumer contracts to the extent that you offer financing. Some states require that fitness facilities have a staff person available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. Certain laws may require postings regarding steroids and other drug use and limit supplements that a workout facility may sell. The Payment Card Industry Data Security Standard ("PCI") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI

applies to all organizations or merchants, regardless of size or number of transactions, that accept, transmit or store any cardholder data.

There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Rick Del Sontro – Chief Executive Officer

Rick Del Sontro has served in the role of our Chief Executive Officer since November 2023. He served in the role of our interim Chief Executive Officer from July 2019 until October 2023. He has served as Chief Executive Officer for ZGrowth Partners, LLC in Miami, Florida since June 2018.

Brandon Cullen – Founder and Chief Concept Officer

Brandon Cullen is one of our Founders and has served as our Chief Concept Officer since July 2019. From October 2012 until July 2019 he served as the President and CEO of our predecessor, Madabolic, Inc., in Charlotte, North Carolina. From June 2009 to present, Mr. Cullen has served as President for S3 Endurance, LLC, which operates the Madabolic facility in Charlotte, North Carolina.

Kirk DeWaele – Founder and Chief Training Officer

Kirk DeWaele is one of our Founders and has served as our Chief Training Officer since July 2019. From October 2012 until July 2019 he served as the Vice President and Director of Training for our predecessor, Madabolic, Inc., in Charlotte, North Carolina. From June 2009 to present, Mr. DeWaele has served as Chief Operating Officer for S3 Endurance, LLC, which operates the Madabolic facility in Charlotte, North Carolina.

David Schmidt – Director of Openings

David Schmidt has served as our Director of Openings since July 2020. From November 2017 to present, he has been self-employed as a Consultant by Bing Group in Chapel Hill, North Carolina. He has served as Founding Partner for the following companies in Chapel Hill, North Carolina: (i) Green Beagle Lodge (June 2012 to present); (ii) GBL Property (June 2012 to present); and (iii) GBL Property II (June 2019 to present). From January 2012 to present, he has also served as President and Secretary of Grace Family Partners in Chapel Hill, North Carolina. From May 2019 to June 2019, he served as VP Customer Service for Field2Base in Morrisville, North Carolina. From November 2017 to August 2018, he served as President of CLTC in Durham, North Carolina.

Finley Funsten – Director of Communications

Finley Funsten has served as our Director of Communications since June of 2022. Prior to that she served as our Director of Culture and Experience since March 2021. She previously held the following 2 positions with S3 Endurance, LLC, which owns the Madabolic facility in Charlotte, North Carolina: (i) General Manager (May 2017 to March 2021); and (ii) Trainer (October 2014 to May 2017).

Beth Berkey – Business Development Manager

Beth Berkey has served as our Business Development Manager since June 2022. From October 2016 to present she has been a trainer at MAD Charlotte in Charlotte, North Carolina. From August 2012 to June 2022, she worked for Charlotte-Mecklenburg Schools as a teacher in Charlotte, North Carolina.

Albert Mendoza – Chief Development Officer

Albert Mendoza has served in the role of our Chief Development Officer since November 2023. He has served as an Executive Vice President for ZGrowth Partners, LLC in Miami, Florida since February 2016. From June 2009 to the present, Mr. Mendoza has been President of APAC Franchise Services, Inc. in Escondido,

California.

Danielle Scott

Danielle Scott has served as Vice President of Operations and Development for ZGrowth Partners, LLC in Miami, Florida since October 2018. From February 2017 to April 2018, Ms. Scott was the Vice President of Operations and Development for Zippy Shell, Inc. in Washington, D.C. From December 2013 to the present, Ms. Scott has been a Partner for HES Holdings, Inc. in Crofton, Maryland.

ITEM 3 LITIGATION

United States of America Vs. Rainy Day Holdings, LLC et. al. Case No. 15-5576 (E.D.N.Y)

On September 28, 2015, the United States Attorneys' Office for the Eastern District of New York filed a civil action against 20 defendants arising out of the residential mortgage crisis (2008-2010) (U.S. v. Rainy Day Holdings, LLC et al., Case No. 15-5576 (E.D.N.Y.)). Rick Del Sontro, who is the Chief Executive Officer of ZGrowth Partners, LLC and serves in the role of our CEO, was a named defendant as was his prior charity, The Rainy Day Foundation, Inc. ("Rainy Day"). Rainy Day was a registered non-profit 501(c)(3) organization involved with FHA-insured residential mortgage loans and the lenders enrolled in the HUD Direct Endorsement program. In order to remain enrolled in the program, these lenders were prohibited from exceeding certain specified delinquency and default ratios on the loans they originated. Once originated, many of these loans were bundled and sold on the secondary market to FDIC-insured financial institutions. The Complaint alleged that from 2008 through early 2009, Rainy Day and certain lenders artificially lowered the delinquency and default ratios of these FHA-insured loans by making payments on behalf of the borrowers in violation of HUD requirements. The Complaint asserted that these actions violated certain laws, including the False Claims Act, the Program Fraud Civil Remedies Act, the Financial Institutions Reform, Recovery and Enforcement Act and also were grounds for common law claims of gross negligence, breach of fiduciary duty, indemnification and unjust enrichment.

Current status: On February 19, 2018, the parties entered into a Consent Decree and Order of Settlement (the "Settlement Agreement"). Under the terms of the Settlement Agreement, Rainy Day was required to pay the United States $116,000 and Mr. Del Sontro was required to pay the United States $150,000. The Settlement Agreement prohibits Mr. Del Sontro from (1) directly or indirectly participating in any program concerning federally-related or federally-insured loans, including but not limited to programs concerning those loans defined in the Real Estate Settlement Procedures Act, 12 U.S.C. § 2602(1); and (2) directly or indirectly participating in any activity having to do with the provision of monies to any borrower whose loan is involved in any federally-related program or is federally-insured. In exchange, the defendants were released from the all statutory and common law claims listed above or arising out of the conduct described in the Complaint, while reserving the right to pursue other claims that had not been asserted.

Pearson and Tensaw Investment Group, LLC v. Zippy Shell Incorporated et. al., Case No: 01-20-0000-5245 (Washington, DC); Del Basso and Tampa Bay Storage and Moving, LLC v. Zippy Shell Incorporated et. al., Case No: 01-20-0000-4022 (Washington, DC); Brian Poggi v. Zippy Shell Incorporated et. al., Case No: 01-20-0001-7060 (Washington, DC); Sean Avery, Erin Avery and Avery Row Portable Moving & Storage LP v. Zippy Shell Incorporated et. al, Case No: 01-20-0005-4487 (Washington, DC); David Thurston, Rosemarie Thurston and Tilden Greater Atlanta, LLC n/k/a Tilden Storage and Moving LLC v. Zippy Shell Incorporated et. al., Case No: 01-22-0002-3087 (Washington, DC); Scott Sheffield and Bryma, Inc. v. Zippy Shell Incorporated et. al., Case No: 01-22-0002-3073 (Washington, DC); Stephen Feil and Maroon Spider, LLC v. Zippy Shell Incorporated et. al, Case No: 01-22-0002-3071 (Washington, DC); Thomas Elrod, Maureen Elrod and Sunrise Ventures TBAE, LLC v. Zippy Shell Incorporated et. al., Case No: 01-22-0002-3082 (Washington, DC).

On March 5, 2020, 3 different Zippy Shell franchisees (John Pearson and his entity Tensaw Investment Group, LLC; Luigi Del Basso and his entity Tampa Bay Storage and Moving, LLC; and Brian Poggi), filed separate demands for arbitration with the American Arbitration Association in Washington, DC, naming the following

parties as defendants: Zippy Shell incorporated; Virgo Investment Group, LLC; 1-800-Pack-Rat, LLC; Mark Kuhns; Rick Del Sontro; Gareth Taylor; Danielle Scott; and Jay Young. On or about June 1, 2020, one additional Zippy Shell franchisee (Sean Avery, Erin Avery and their entity Avery Row Portable Moving & Storage LP) filed a demand for arbitration with the American Arbitration Association in Washington, DC, naming the following parties as defendants: Zippy Shell incorporated; 1-800-Pack-Rat, LLC; Mark Kuhns; Rick Del Sontro; Gareth Taylor; Danielle Scott; C. Patterson Cardwell IV and Kevin Barbour. On June 1, 2022, 4 additional Zippy Shell franchisees (David Thurston, Rosemarie Thurston and their entity Tilden Greater Atlanta, LLC n/k/a Tilden Storage and Moving LLC; Scott Sheffield and his entity Bryma, Inc.; Stephen Feil and his entity Maroon Spider, LLC; and Thomas Elrod, Maureen Elrod and their entity Sunrise Ventures TBAE, LLC) filed separate demands for arbitration with the American Arbitration Association in Washington, DC, naming the following parties as defendants: Zippy Shell incorporated; 1-800-Pack-Rat, LLC; Mark Kuhns; Rick Del Sontro; Gareth Taylor; Danielle Scott; C. Patterson Cardwell IV and Kevin Barbour. Rick Del Sontro is the Chief Executive Officer of ZGrowth Partners, LLC, and Danielle Scott is the Vice President of Operations and Development for ZGrowth Partners, LLC. The plaintiff in each matter is a Zippy Shell franchisee. These actions arise out of a series of events relating to the 2018 acquisition of 1-800-Pack-Rat (a competitive system) by the franchisor (Zippy Shell Incorporated) and its majority owner, Virgo Investment Group, LLC (the "Acquisition").

The complaints are virtually identical (prepared by the same attorney) and allege that the defendants: (i) breached the franchise agreement by allowing a competing business (i.e., 1-800-Pack-Rat) to operate within each franchisee's exclusive territory following the Acquisition and misrepresented the nature of each plaintiff's territory as being "exclusive" in the FDD; (ii) breached the covenant of good faith and fair dealing by acquiring 1-800-Pack-Rat utilizing the "acquisition" exception to exclusivity with the intention of undermining the Zippy Shell franchise system; (iii) tortiously interfered with plaintiff's Zippy Shell franchise agreement by engaging in the Acquisition despite knowing that the Acquisition would result in a breach of each plaintiff's franchise agreement; (iv) tortiously interfered with plaintiff's prospective business advantage by modifying the "ZipMove program" in a manner that would make it unavailable to franchisees; (v) fraudulently induced each plaintiff to enter into a Zippy Shell franchise agreement by misrepresenting business forecasts of future growth and making unauthorized financial performance representations; (vi) violated state "Little FTC Acts" by defrauding the plaintiffs into purchasing Zippy Shell franchises and intentionally misrepresenting the prospects or chances for success of these franchises; and (vii) violated 18 U.S.C. s. 1962(c) and 1962(d) by engaging in a fraudulent scheme to fraudulently induce prospective franchisees to become franchisees and take actions adverse to their interests. Mr. Del Sontro had left Zippy Shell prior to the Acquisition and Ms. Scott left Zippy Shell 1 month after the Acquisition. Each plaintiff sought damages ($8,500,000 by Pearson, $16,700,000 by Del Basso and $7,100,000 by Poggi, $6,800,000 by Avery, $9,700,000 by Thurston, $11,500,000 by Sheffield, $9,700,000 by Feil, and $9,700,000 by Elrod) including actual damages, treble damages under RICO, exemplary, statutory and punitive damages plus attorneys' fees and costs. The defendants vehemently denied all wrongdoing.

Current status: On September 16, 2022, each of the following parties entered into settlement agreements wherein the parties agreed to a discontinuance of claims under arbitration proceeding, termination of franchise agreement, compliance with post-termination covenants and executed mutual releases of claims. In addition, Zippy Shell agreed to the following settlement payments made by Zippy Shell Incorporated to each of the below franchisee plaintiffs:

Del Basso and Tampa Bay Storage and Moving, LLC: $1,100,000; Sean Avery, Erin Avery and Avery Row Portable Moving & Storage LP: $1,900,000; David Thurston, Rosemarie Thurston and Tilden Greater Atlanta, LLC n/k/a Tilden Storage and Moving LLC: $1,325,000; Pearson and Tensaw Investment Group, LLC: $7,375,000; Scott Sheffield and Bryma, Inc.: $1,050,000; Stephen Feil and Maroon Spider, LLC: $1,050,000; and Thomas Elrod, Maureen Elrod and Sunrise Ventures TBAE, LLC: $1,350,000.

The Poggi arbitration, which formally closed on December 13, 2022, was not subject to a settlement agreement and resulted in the following findings and awards: that Zippy Shell breached the exclusivity provisions of the franchise agreement, that Zippy Shell breached the covenant of good faith and fair dealing in relation to the

franchise agreement, that Poggi was fraudulently induced to enter in the franchise agreement, and that Del Sontro and Taylor participated in the wrongful acts alleged on behalf of Zippy Shell. Conversely, in the context of a franchisor-franchisee contractual relationship, Poggi was unable to establish a claim for unfair competition against any of the defendants. In conclusion, an award was issued on or about January 20, 2023 in favor of Poggi and against Zippy Shell, Gareth Taylor and Rick Del Sontro, jointly and severally, in the sum of $1,464,048.

Consent Order, State of Washington Department of Financial Institutions, Securities Division (Division). In the matter of determining whether there has been a violation of the Franchise Investment Protection Act by ZGrowth Partners, LLC and Rick Del Sontro, Respondents. Order Number: S-23-3612-23-CO01, September 29, 2023; Consent Order, State of Washington Department of Financial Institutions, Securities Division (Division). In the matter of determining whether there has been a violation of the Franchise Investment Protection Act by Madabolic Franchise System, LLC, Respondent. Order Number: S-23-3612-23-CO02, September 29, 2023; Consent Order, State of Washington Department of Financial Institutions, Securities Division (Division). In the matter of determining whether there has been a violation of the Franchise Investment Protection Act by Albert V. Mendoza, Respondent. Order Number: S-23-3612-23-CO03, September 29, 2023.

On September 29, 2023, the State of Washington issued 3 separate Consent Orders involving the same factual situation. ZGrowth Partners, LLC (ZGrowth) is a franchise holding company and consulting firm that: (a) acquires and owns interests in franchise systems; and (b) manages franchise sales, operations, and brand development. On July 1, 2019, ZGrowth acquired a 70% majority ownership interest in the Madabolic franchise system through its affiliated entity (and our current parent company) ZGrowth Acquisitions 5, LLC. Following the acquisition, ZGrowth entered into a franchise consulting agreement with the franchisor, Madabolic Franchise System, LLC, (Madabolic), pursuant to which ZGrowth, through its CEO Rick Del Sontro (Del Sontro) and Executive Vice President Albert V. Mendoza (Mendoza), assisted Madabolic with franchise sales, marketing and operations.

On May 27, 2022, Madabolic filed an application for franchise registration with the Division. At the time, Madabolic submitted Franchise Seller Disclosure Forms for Del Sontro and Mendoza who at the time were not registered with the Division as franchise brokers. The application was approved on November 23, 2022. On May 10, 2023, Madabolic filed a renewal application with the Division. Because Del Sontro and Mendoza were not employees of Madabolic (but instead employees of the entity that held the majority ownership interest in the brand), the Division issued a Comment Letter inquiring why Del Sontro and Mendoza were not registered as franchise brokers. In response, franchise broker applications were submitted for Del Sontro and Mendoza. Mendoza's broker registration application was approved in August 2023. Del Sontro's broker application was denied.

On August 25, 2023, the Division initiated an investigation, which led to the 3 Consent Orders pertaining to franchise sales activities conducted in Washington by Madabolic, ZGrowth, Del Sontro and Mendoza. The Division found that: (1) Madabolic offered franchises through its website, which generated 8 leads from Washington residents who expressed interest in the franchise opportunity, and some of these offers were made prior to Madabolic receiving a registration permit; (2) Mendoza facilitated and contacted these Washington residents regarding the franchise offers and, in one instance, provided a Franchise Disclosure Document (FDD) to a Washington resident before Madabolic obtained the registration permit; and (3) Del Sontro, Mendoza and ZGrowth offered franchises in Washington by engaging with potential franchisees prior to becoming registered as brokers. The Division alleged that these activities constituted (a) the "offer of a franchise" by Del Sontro, Mendoza and ZGrowth while not properly registered as franchise brokers, (b) the "offer a franchise" by Madabolic prior to issuance of a registration permit and (c) the unlawful engagement of an unregistered broker by Madabolic, in violation of RCW §§19.100.020, 19.100.040 and 19.100.140. The Consent Orders: (1) require payment of a total of $6,000 for investigative costs; (2) deny the franchise broker registration applications for Del Sontro and ZGrowth; (3) prohibit ZGrowth, Del Sontro and Mendoza from offering franchises in Washington without a broker registration; (4) prohibit Madabolic from engaging an unregistered broker to offer

franchises in Washington; and (5) prohibit all parties offering franchises while the offering is not registered. Mendoza's broker registration remains intact and he is currently authorized to offer and sell franchises in Washington on behalf of Madabolic.

ZGrowth, Madabolic, Del Sontro and Mendoza neither admit nor deny any findings of fact or conclusions of law contained in the Consent Orders.

Except for the actions described above, there is no litigation that must be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You pay us a nonrefundable $45,000 initial franchise fee at the time you sign the Franchise Agreement. If you purchase additional franchises from us at the same time, we discount your initial franchise fee for your 2nd Madabolic business by $5,000 and discount your initial franchise fee for your 3rd and subsequent Madabolic businesses by $7,500. The entire initial franchise fee is payable in full at the time you sign the Franchise Agreement. All initial franchise fees are uniform and fully earned.

Startup Packages

Prior to opening, you must purchase the following packages from us or our affiliate:

Package	Items Included	Cost (Including Tax & Shipping)
Inventory	Trade Show Kit, Lobby Launch, cleaning supplies, SFH and t-shirts	$7,000 to $11,500
Fitness Equipment	Gym clock, cardio equipment, gymnastic equipment, plyometric equipment, Rogue resin plyo box, Rogue storage equipment, strength training equipment and other training equipment.	$87,450 to $99,850
Total		$94,450 to $111,350

The specific items within each package, and the associated costs, may vary depending on the size, layout and needs of your facility, the size of your classes and the distance the items must be shipped. The purchase price is nonrefundable and uniformly imposed. The purchase price is due 10 days after invoicing. At any time, we reserve the right to require that you purchase some or all of the items included within these packages directly from the third-party suppliers that we designate.

Grand Opening Marketing Fee

At the time you sign the lease for the premises of your facility, you must pay us a $17,000 grand opening marketing fee. We will spend all of these funds on your grand opening marketing activities during the 60- to 90-day period preceding your opening date and 30 days following your opening date. We do not retain any portion of this fee as profit. The grand opening marketing fee is uniformly imposed and may be partially refundable in the event there are unused funds. We reserve the right to require that you instead pay these funds to a designated third-party marketing company or directly spend these funds yourself on approved local marketing, advertising and promotional activities during the 60- to 90-day period preceding your opening date and 30 days following your opening date.

ITEM 6 OTHER FEES

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Royalty Fee	Greater of (i) 6% of monthly Gross Revenues [2] or (ii) minimum monthly royalty	10th day of month for prior month's operations	You must provide us with monthly reports of Gross Revenues unless you are using a system that allows us to independently generate reports of your Gross Revenues. Your royalty fee commences immediately upon the earlier to occur of (i) your collection of any membership fee or (ii) the date your Business opens to the public. In addition, the minimum royalty fee is $1,500 per month and begins the 13th month after you sign the franchise agreement, regardless of whether your Business is open.
Brand and System Development Fund Fee	1.5% of Gross Revenues [2] (may increase up to 3% of Gross Revenues)	10th day of month for prior month's operations	See Note 3. Your brand and system development fund fee commences immediately upon the earlier to occur of (i) your collection of any membership fee or (ii) the date your Business opens to the public.
Cooperative Advertising Fee	Up to $1,000 per month	10th day of month for prior month's operations	See Note 4.
Training Fee	Up to $300 per person per day plus reimbursement of expenses for onsite training (typically $3,000 to $5,000 total for onsite training)	10 days after invoice	See Note 5.
Conference Registration Fee	Up to $1,500 for 2 people	10 days after invoice	See Note 6.
Technology Fee	Varies (currently $795 per month)	10 days after invoice	See Note 7.
Annual Music License Fee	$1,800 per year	10 days after invoice	We pay this annual fee to BMI and ASCAP on your behalf for special music licenses, and then you must reimburse us for the amount we spend.
Mystery Shopper / Quality Assurance Program Expense	Varies (we estimate it will not exceed $1,000 per year)	10 days after invoice	See Note 8.
Marketing Materials and Inventory	Varies depending on item purchased	10 days after invoice	We will provide you with our current price list at the time you sign the Franchise Agreement.

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Audit Fee	Actual cost of audit (including travel and lodging expenses for audit team) (estimated to range from $2,500 to $5,000)	10 days after invoice	Payable only if the audit (i) reveals that you have understated any amount that you owe us by at least 3% or (ii) is necessary because you fail to furnish required information or reports to us in a timely manner.
Fines	Up to $500 per incident	Upon demand	Payable if you fail to comply with a mandatory standard or operating procedure and you do not cure the non-compliance within the time period we require. We will deposit all fines into the brand and system development fund.
Renewal Fee	25% of then-current initial franchise fee	At time you sign Renewal Agreement	None.
Transfer Fee	$10,000	Before transfer	Subject to state law. Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity that you control or for certain transfers of ownership interests between existing owners. If you sell to a lead that came from our database, you may also be required to pay our then-current referral fee plus any costs associated with applicable broker fees.
Late Fee	$25 plus lesser of 18% of amount past due or highest rate allowed by applicable law	10 days after invoice	None.
Management Fee	Commercially reasonable rate (not to exceed $200 per day plus reimbursement expenses)	10 days after invoice	If you default under the Franchise Agreement, we can designate a temporary manager to manage your Business until you cure the default.
Indemnification	Will vary with circumstances	10 days after invoice	You must indemnify and reimburse us for any damages, losses or expenses we incur as a result of the operation of your Business or your breach of the Franchise Agreement.
Attorneys' Fees and Costs	Will vary with circumstances	Upon demand	If we are the substantially prevailing party in an action relating to your breach of any term of the Franchise Agreement or any other agreement with us or our affiliates, you must reimburse us for all attorneys' fees and other costs we incur.
New Product or Supplier Testing	$50 evaluation fee per product or vendor proposed; $150 evaluation fee for any equipment proposed	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Insurance	Actual cost of premiums, plus our costs and expenses	10 days after invoice	If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.

Notes:

1. All fees are imposed by and are payable to us except that we collect the cooperative advertising fee and transfer these funds to the applicable advertising cooperative. All fees are non-refundable and uniformly imposed on franchisees. You will be required to sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "E"), permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the initial franchise fee) as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must deposit all Gross Revenues into the bank account and ensure that there are sufficient funds available for withdrawal before each due date. You must pay us all taxes that are imposed upon us or that we are required to collect and pay by reason of the furnishing of products, intangible property (including trademarks) or services to you.

2. "Gross Revenues" is defined as the gross amount, in money or other forms of consideration, that you earn or receive from any source-related to, or in connection with, the operation of your Business or with this franchise, whether on or off your premises. This includes all membership-related fees (such as initiation fees, enrollment fees, processing fees, paid-in-full dues, renewal fees, monthly dues and all revenues generated and derived during any presale of memberships) regardless of the amount of monthly membership fees you actually collect. Gross Revenue also includes fair market value for any service or product you receive in barter or exchange for your services or products and all insurance proceeds that you receive for the loss of the Business due to a casualty to or similar event at the Business. We exclude only discounts you allow, gratuities paid by customers to employees of the Business, sales tax receipts that you must by law collect or pay and any customer refunds of previous payments you actually make. From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Revenues. Similarly, if we implement a membership model that allows customers to redeem goods or services associated with the membership from multiple Madabolic facilities, we may establish policies governing the manner in which the monthly membership dues are allocated between the facility that sold the membership and the facilities where the goods or services are redeemed.

3. We have established and maintain a brand and system development fund to promote public awareness of our brand and improve our System. We may increase the required contribution to the brand and system development fund from 1.5% of Gross Revenues up to a maximum of 3% of Gross Revenues. We will provide you with at least 90 days' prior written notice of any increase to your required contribution. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution.

   In addition to your contributions to the brand and system development fund, you must pay us a $17,000 grand opening marketing fee, which we will apply to your grand opening marketing activities during the 60- to 90-day period preceding your opening date and 30 days following your opening date. After opening, you must spend a minimum of $2,000 per month (your "Local Marketing Commitment") on approved local advertising and marketing until you have a minimum of 200 paying members, at which point the Local Marketing Commitment is reduced to a minimum $1,000 per month. However, the higher $2,000 per month Local Marketing Commitment will be immediately and automatically reinstated at any time that the number of paying members at your facility drops below 200.

4. We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We will collect the cooperative advertising fees and remit these fees to the applicable advertising cooperative (unless we administer the advertising cooperative ourselves). The amount of the cooperative advertising fee may be adjusted (or temporarily suspended) upon the majority vote of all franchisees within the advertising cooperative. Any Madabolic facility that we operate will have the same voting power as third party franchisees. If we own the majority of Madabolic facilities within an advertising cooperative, we will not increase the cooperative advertising fee beyond $1,000 per month without the consent of a majority of all third-party franchisees within the advertising cooperative. All cooperative advertising fees will be uniformly imposed on all franchisees within the advertising cooperative, including

any Madabolic facility that we operate. All cooperative advertising fees that you pay will be credited towards your Local Marketing Commitment.

5. We will provide the initial franchise management training program at no additional charge. You must pay us a training fee of up to $300 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners, general managers or fitness instructors); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; (iv) each person to whom we provide additional training that you request; and (v) each person who attends or is required to attend any system-wide refresher or additional training program that we conduct. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee our then-current initial training fee for each of the transferee's owners and employees that attends our initial training program.

6. We may hold periodic national or regional conferences to discuss business and operational issues affecting Madabolic franchisees. You must attend at least one national or regional conference every 2 years. You are also responsible for all expenses and costs that the conference attendees incur, including wages, travel and living expenses.

7. You must acquire and utilize all information and communication technology systems that we specify from time to time (the "Technology Systems"). Our required Technology Systems may include computer systems, webcam systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. Certain components of the Technology Systems must be purchased or licensed from third party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. We also reserve the right to enter into master agreements with third party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The "technology fee" includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. We will provide you with at least 90 days' prior notice of any increase to the technology fee. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems.

   As of the issuance date of this Disclosure Document, we charge a technology fee of $795 per month, which covers: (i) our costs associated with managing and maintaining our intranet, providing you with email accounts and website support, and conducting ongoing technology research and development ($100 per month); (ii) monthly licensing fees paid to the licensor of the business management software you will use ($250 per month); and (iii) monthly licensing fees paid to the licensor of the scheduling and payment processing software you will use ($455 per month). We collect the fees for the software and pay them to third-party licensors. The technology fee does not include licensing fees that you pay directly to third parties, such as the $250 monthly licensing fee paid to the licensor of the email/text marketing software you will use. In the event that our costs are increased by outside vendors, we maintain the right to pass these increases along to you.

8. We reserve the right to engage the services of one or more "mystery shoppers" or quality assurance inspection firms for purposes of inspecting Madabolic facilities for quality control purposes. These inspections may address a variety of issues, including customer service, utilization of approved training programs, workouts and exercises, safety, sanitation and cleanliness, inventory rotation, etc. If we implement such a program, we intend to utilize the program for all Madabolic facilities, including facilities owned by us and our affiliates. Franchisees may be invoiced directly by the mystery shopper or quality assurance firm for the services rendered. Alternatively, we may be invoiced by the mystery shopper or quality assurance firm, in which case all franchisees must pay their proportional share of the total fee based on the number of open facilities owned by the franchisee as compared to the total number of all open Madabolic facilities at the time of the program (including company and affiliate-owned facilities). We agree to pay our proportionate share of these costs with respect to each Madabolic facility that is owned by us or our affiliates. We do not mark up these fees or retain any portion of the amounts that you pay to us for our mystery shopper / quality assurance program.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	**AMOUNT [1]**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Franchise Fee	$45,000	Lump sum	At time you sign Franchise Agreement	Us
Food, Lodging & Travel (5 to 7 people while training)	$5,200 to $7,200	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & 3 Months' Rent [2]	$28,000 to $72,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Build Out & Improvements [3]	$20,000 to $150,000	As incurred	Before opening	Architects, contractors, suppliers
Signage [4]	$17,500 to $28,500	Lump sum	Before opening	Suppliers
Flooring and Tiling [5]	$16,000 to $18,500	As incurred	Before opening	Suppliers
Lighting and Fan [5]	13,000 to 18,000	As incurred	Before opening	Suppliers
Furniture & Fixtures	$14,800 to 24,000	As incurred	Before opening	Suppliers
Fitness Equipment Package [6]	$87,450 to $99,850	Lump sum	Before opening	Us or our affiliate
Computer and POS system [7]	$3,500 to $5,400	As incurred	Before opening	Suppliers
Security, sound and telephone system [8]	$2,000 to $4,000	As incurred	Before opening	Suppliers
Inventory and Other Furniture and Fixtures [9]	$7,000 to $11,500	As incurred	Before opening	Us or our affiliate
Equipment Delivery & Set Up	$11,000 to $15,000	As incurred	Before opening	Suppliers
Other Equipment	$8,400 to $11,000	As incurred	Before opening	Suppliers
Grand Opening Advertising [10]	$17,000	As incurred	Upon signing lease and as incurred	Us and Suppliers
Utility Deposits	$250 to $1,000	As incurred	Before opening	Utility companies
Business Licenses	$1,000 to $2,000	As incurred	Before opening	Government agencies

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	**AMOUNT** [1]	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Professional Fees	$10,000 to $25,000	Lump sum	Before opening	Lawyers and accountants
Insurance (3 months' premium)	$600 to $900	Lump sum	Before opening	Insurance companies
Staffing Prior to Opening	$5,000 to $18,000	As incurred	Before opening	Employees
Additional Funds [11] (3 month period after opening)	$15,000 to $42,000	As incurred	As incurred	Suppliers, employees and us
Total Estimated Initial Investment [12]	**$327,700 to $615,850**			

Notes:

1. We do not offer direct or indirect financing for any of these items. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.

2. These figures presume that you will be leasing your premises. The expense of leasing will vary depending upon the size of the premises, its location, landlord contributions, and the requirements of individual landlords. We anticipate that most Madabolic facilities will range in size from 2,500 to 4,000 square feet. We estimate the rent will range from approximately $7,000 to $20,000 per month, although your actual rent may vary significantly above or below this range depending on your area and the local market conditions. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes 1 months' security plus 3 month's rent. Some franchisees may prefer to own their facility. The costs of purchasing a facility vary so widely that we cannot reasonably estimate the cost.

3. The cost of leasehold improvements and build-out vary widely based upon several factors, including the size and condition of the premises, whether or not there are any existing leasehold improvements and whether the landlord will contribute to the cost of the improvements.

4. The estimates the cost of your signage package, which includes your exterior sign, window vinyl, 1 interior sign and location specific logo/watermark and studio window display artwork. The estimate also includes the estimated cost to pay a local artist for the interior and exterior wall graffiti that is part of our required trade dress. The type and size of the signage you install will be based upon the zoning, property use requirements and any landlord-imposed restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions.

5. This includes the estimated cost for the specialty flooring, tiling, and lighting that we require for Madabolic facilities. The total cost varies based on the size of your facility.

6. You must purchase this package from us or our affiliate. The specific items included in the package are described in Item 5.

7. You must purchase the computer and point of sale (POS) system that we designate. Your system will consist of 2 Apple computers (1 desktop and 1 laptop); 1 printer/copy machine; 1 iPad; 1 iPhone; cloud-based scheduling and payment processing software; cloud-based business management software; and email/text marketing software. The estimate above does not include the monthly fees associated with the software. However, those fees are included in the Additional Funds estimate.

8. This estimates your initial cost to purchase your security, sound and telephone system.

9. You must purchase, use and sell only the inventory items that we designate or approve, such as boxing/bag gloves, public goods, bathroom and shower products, supplements, beverages, t-shirts, tank tops, stickers, magnets and other retail/merchandise items. You must also purchase certain cleaning and bathroom supplies on an as-needed basis, such as gym wipes, cleaning buckets, floor cleaner and bathroom supplies. The estimate in the table above includes the cost for an initial supply of these items. You must also hire a professional cleaning service that will clean your facility daily.

   Other furniture and fixtures include a graffiti wall, a refrigerator and shelving. Other fitness equipment includes your glove holders, glove dryers, defibrillator and bag hanging system. The high estimate assumes you choose to purchase more expensive models of glove holders and dryers.

10. Before opening, you must pay us the $17,000 grand opening marketing fee, which we will use to promote the opening of your Business during the 60- to 90-day period preceding your anticipated opening date and 30 days following your opening. Franchisor will work with the franchisee to determine how funds can be used locally to promote the brand and any unused funds will be returned or credited back to the franchisee.

    You will be required to purchase 2 pre-opening kits from our preferred vendor during your pre-opening process. Kit #1 consists of marketing/promotional items such as a tent, banners, tablecloth, stickers, magnets, pop sockets, business cards, post cards, tier cards, A-frame sign holder, community boards, and other items to be used during your community-building, grassroots marketing events. Kit #2 consists of an opening supply of t-shirts, most or all with your location's watermark, which will be used during your pre-opening promotional events and initial retail inventory.

    After opening, you must spend a minimum of $2,000 per month on local marketing until you have 200 paying members. At any time that you have 200 or more paying members, the minimum monthly marketing expenditure will be reduced to $1,000 per month. For purposes of the estimate above, we have assumed that franchisees will not have 200 paying members within the first 3 months after opening.

11. This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you), utilities, software fees, music license fees and other miscellaneous expenses and required working capital. Your initial 3 months of rent and local marketing expenses are separately stated in the table above. These figures are estimates based on the past experience of our principals in establishing and operating a Madabolic business as well as the experience of our franchisees. For purposes of this estimate, we have assumed that you will not generate significant revenues during the initial 3 months of operation even though you are required to presell 100 memberships or 300 free week offers prior to opening. These figures are estimates based on the past experience of our principals in establishing and operating a Madabolic business as well as the experience of our franchisees.

12. You may have additional expenses starting your Business. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Business.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain "source restricted" goods and services for the development and ongoing operation of your Business. By "source restricted," we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within 30 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, confidentiality, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must pay us $50 for each product or vendor that you propose for our evaluation and $150 for each piece of equipment that you propose for our evaluation.

Current Source Restricted Items

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: the lease for your facility; construction of your facility; exercise equipment and supplies; computer and POS system; security and sound system; signage; fixtures, furnishings and décor; operating supplies; uniforms; inventory; gym flooring; marketing materials and services; cleaning products and services; accounting services; and insurance policies. We estimate that nearly 85% of the total purchases and leases that will be required to establish your Business and 15% of your ongoing operating expenses will consist of source restricted goods or services.

Lease

We do not review the terms of your lease. However, if you will lease the premises for your facility, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Business facility. The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease.

You are required to hire a real estate attorney to review and negotiate the terms of your lease. You may use our recommended real estate attorney who will provide this service for a flat fee of $2,500 or you may hire a real estate attorney of your choosing.

Construction of Facility

We will provide you with our standards and specifications for your Business facility. You will be required to hire an architect in order to prepare the plans for your facility that meet our standards and specifications and comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Your architect and contractor must be appropriately licensed and bonded (if required by applicable law). You must construct and equip your Business premises according to the approved plans as well as the standards and specifications contained in the Manual. You must purchase and install the specific flooring that we designate. You must purchase your flooring, tiling and lighting exclusively from suppliers that we designate or approve.

While not required, we recommend that you hire a "Project Management Company" to assist you in your architectural drawings, permits and the construction bidding process. Our preferred vendor for this is provided

in the Manual.

Exercise Equipment and Supplies

All of your exercise equipment and supplies must meet our standards and specifications. You must purchase all of your exercise equipment exclusively from us or our affiliate.

Computer Equipment and POS System

Your computer system and POS system must meet our standards and specifications. You may purchase your computer (desktop and laptop) from any supplier of your choosing. You must purchase your POS system, related equipment and business management and marketing software only from suppliers that we designate. To ensure proper integration with your POS system, you must also purchase gift cards from suppliers that we designate.

Security and Sound System

Your security system and sound system must meet our standards and specifications. You must purchase these systems from suppliers that we designated or approve.

Signage

All of your exterior and interior signage must meet our standards and specifications and must be purchased from a designated or approved supplier.

Fixtures, Furnishings and Décor

All of your fixtures, furnishings and décor must meet our standards and specifications. You must purchase certain furniture and fixtures that we specify exclusively from us or our affiliate.

Operating Supplies

You must purchase certain operating supplies that meet our standards and specifications. You may purchase these items from any supplier of your choosing.

Uniforms

Your employees must wear the uniforms that we specify or otherwise approve. You must purchase these uniforms from a designated or approved supplier.

Madabolic Branded Gear and Apparel

You must purchase Madabolic branded gear and apparel exclusively from us or our affiliate.

Inventory

All supplements, merchandise, and retail items that you sell must meet our standards and specifications. You must purchase these items only from approved or designated suppliers. You may not offer any merchandise or other inventory items that we have not approved. You must maintain a reasonable inventory at your facility at all times and participate in the quarterly minimum order levels at the levels we specify.

Gym Flooring

You must purchase your gym flooring from one of our approved or designated suppliers. We have negotiated preferred pricing based upon a commitment of business to our flooring partners.

Marketing Materials

All marketing materials must comply with our standards and requirements. We must approve all of your marketing materials before you use them. You must purchase all branded marketing materials (including pictures and other décor) only from us or other suppliers that we designate or approve. All of your social media marketing must be done in compliance with any social media policy that we develop. We may require that you utilize our designated supplier for social media marketing services.

Cleaning Products and Services

You must hire a professional cleaning service that meets our minimum standards and criteria to clean your facility on a daily basis. You must maintain an inventory of cleaning supplies that meet our standards and specifications. Additionally, you must contract with our approved or designated suppliers for your monthly bathroom cleaning supplies and floor mats.

Accounting Services

If you are unable to produce your own reliable financial statements, you will be required to hire a CPA to produce monthly financial statements. You may use our recommended vendor of accounting services or another CPA that we approve.

Insurance

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies from a carrier with an A.M. Best's rating of A or better. The required coverage currently includes: "all risk" property insurance; business interruption insurance for 6 months; comprehensive general liability insurance in the minimum amount of $1,000,000 per occurrence and $2,000,000 in the aggregate; professional liability insurance in the minimum amount of $1,000,000; worker's compensation insurance; tenant's liability insurance; and any other limits and coverage that we periodically require. We also recommend, but do not require, that you obtain: products liability insurance coverage of at least $1,000,000 per occurrence and $2,000,000 in the aggregate; automobile liability insurance in the minimum amount of $500,000 combined single limit; employment practices liability insurance coverage; and crime insurance for employee dishonesty in the minimum amount of $10,000 combined single limit. The required coverage and policies are subject to change. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We will try to negotiate relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us). Alternatively, we reserve the right to purchase the items in bulk and resell them to you at our cost plus a reasonable markup. At this time, we have negotiated purchase agreements (including pricing terms) for the following purchases: exercise equipment, nutritional items and Madabolic branded gear and apparel.

As of the issuance date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) for the following items: lighting; lobby furniture; hangmen for bags; and gym flooring.

There are no purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor and Affiliate Revenues from Source Restricted Purchases

We and our affiliate are currently the exclusive suppliers for the items included within your fitness equipment package and furniture and fixtures package. We and our affiliate generate revenues from these purchases. We

may designate ourselves or an affiliate of ours as an approved or designated supplier for other items in the future. We are also the exclusive supplier of the grand opening marketing services (we collect the grand opening marketing fee from you and pay third-party suppliers for marketing materials and services). Our affiliate, MD is the exclusive supplier of Madabolic branded gear and apparel; exercise equipment and supplies; and fixtures, furnishings and décor. None of our officers own an interest in an approved or designated supplier.

We and our affiliate may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. Currently, our designated supplier for branded apparel and marketing materials pays us or our affiliate a rebate ranging from 10% to 15% of the purchase price paid by our franchisees.

During the fiscal year ended December 31, 2022, our total revenues were $996,993. During that year, we received $583,972 in revenues from required franchisee purchase and leases of products and services, which represents 59% of our total revenues for the year. During the fiscal year ended December 31, 2022, our affiliates received $171,304 in revenues from required franchisee purchase and leases of products and services.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 7.1 & 7.2	Item 7 & Item 11
b. Pre-opening purchases/leases	Section 7.3, 12.7 & 16.1	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	Section 7.3 & 7.4	Item 6, Item 7 & Item 11
d. Initial and ongoing training	Section 5	Item 6 & Item 11
e. Opening	Section 7.4	Item 11
f. Fees	Section 4.2, 5.8, 6.6, 11.1, 11.4, 12.9, 12.11, 12.16, 14, 17.2 & 20.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manuals	Section 6.1, 7.1, 7.3, 11.3, 11.1 & 18.1	Item 11
h. Trademarks and proprietary information	Section 18	Item 13 & Item 14
i. Restrictions on products/services offered	Section 12.3	Item 16
j. Warranty and client service requirements	Section 12.14	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	Section 12.7	Item 8
m. Maintenance, appearance and remodeling requirements	Section 12.8 & 12.10	Item 11
n. Insurance	Section 16.1	Item 6 & Item 7 & Item 8
o. Advertising	Section 11	Item 6, Item 7 & Item 11
p. Indemnification	Section 19	Item 6
q. Owner's participation/ management/staffing	Section 8	Item 11 & Item 15
r. Records/reports	Section 16.2 & 16.3	Item 6
s. Inspections/audits	Section 17	Item 6 & Item 11

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
t. Transfer	Section 20	Item 17
u. Renewal	Section 4	Item 17
v. Post termination obligations	Section 22	Item 17
w. Non-competition covenants	Section 15	Item 17
x. Dispute resolution	Section 23	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	ATTACHMENT "D"	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Before you open your Business, we will:

1. License you the Marks necessary to begin operating your Business. (Section 2)
2. Approve the location, build-out and design of your Business facility. See Section below entitled "Site Development" for additional information. (Sections 7.1, 7.3 & 7.4)
3. Provide you with access to our Manual, which will help you establish and operate your Business. See Section below entitled "Manual" for additional information. (Section 6.1)
4. Provide you with written specifications for the goods and services you must purchase to establish your Business, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. (Section 12.2)
5. Provide you with, and cause to be delivered to your facility, the various items included within the fitness equipment package and furniture and fixtures package, both of which are described in Item 5. Except for these items, we do not deliver any of the items that you are required to purchase. We do not install any of these items at your facility. (Section 6.2)
6. Provide you with our suggested marketing plan for your Business. See Section below entitled "Local Advertising" for additional information. (Section 11.2)
7. Implement a grand opening marketing plan to promote the opening of your Business utilizing the grand opening marketing fee that you pay to us. (Section 11.3(b))
8. Provide an initial training program. See Section below entitled "Training Program" for additional information. (Section 5)
9. Send one or more of our representatives to your facility to provide up to 3 days of on-site training and assistance relating to the opening of your Business (this assistance is part of our initial training program) (Section 5.1)

During the operation of your Business, we will:

1. Provide ongoing guidance and recommendations on ways to improve the marketing and operation of your Business. (Section 6.3)

2. Provide periodic training programs. See Section below entitled "Training Program" for additional information. (Section 5)

3. Maintain a corporate website that will include a list of all of the Madabolic franchisees that are in good standing with us. We will also provide you with a local webpage that will be linked to our website. Your local webpage will include the information about your Business that we require or otherwise approve, such as location, hours of operation, specials and pricing. We may modify the content of and/or discontinue the website (and/or your local webpage) at any time in our sole discretion. (Section 6.5 & 11.3(e))

4. Administer the brand and system development fund. See Section below entitled "Brand and System Development Fund" for additional information. (Section 11.1)

5. Provide you with suggested pricing for the goods and services that you will sell. (Section 12.4)

During the operation of your Business, we may, but need not:

1. Develop new merchandise and retail items for sale by Madabolic franchisees. (Section 6.7)

2. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (Section 6.6)

3. Hold periodic national or regional conferences to discuss business and operational issues affecting Madabolic franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. We may charge you a conference registration fee of up to $1,500 that will cover 2 attendees (the same fee is charged even if you only send one person). (Section 5)

4. Create a franchise advisory council. See Section below entitled "Advisory Council" for additional information. (Section 13)

5. Upon your request, provide additional training or assistance (either at our headquarters or at your facility). See Section below entitled "Training Program" for additional information. (Section 5)

Training Program (Section 5 & 21.2(i))

Overview

We will provide an initial training program for the Managing Owner (defined in Item 15) as well as your initial general managers and fitness instructors. This training will be done both remotely via Microsoft Teams calls as well as through our online learning platform called the Getup. Our initial training program is offered once a month and includes the following 4 components:

- Remote Training
- General Manager Training
- Fitness Instructor Training
- Onsite Training
- Online Learning Platform Training

Remote Training is a 16-week program that consists of remotely conducted training (i.e., telephone call or video conference). Each week, there is a 1-hour training session covering a variety of operational issues. There is no pre-structured agenda for topics to be covered. The Remote Training program begins approximately 16 weeks prior to your projected opening date. Your Managing Owner is required to successfully complete the entire Remote Training program to our satisfaction prior to opening.

Approximately 16 weeks prior to your projected opening date, your Managing Owner and initial general manager (if any) must attend our General Manager Training program. If your Managing Owner will also serve as your initial general manager, then only your Managing Owner will be required to attend. You may send your other owners to General Manager Training but it is not required. The General Manager Training program lasts approximately 2 days and takes place at our corporate headquarters located in Charlotte, North Carolina (or at any other location we designate). Your Managing Owner and initial general manager(s) (if applicable) must successfully complete the General Manager Training program to our satisfaction prior to opening. We intend to offer the General Manager Training program 6 to 8 times per year assuming sufficient demand.

You must send up to 5 fitness instructors to our Fitness Instructor Training program prior to opening. If your Managing Owner and/or general manager(s) will not serve as fitness instructors, they must attend Fitness Instructor Training but need not complete the testing necessary for certification (i.e., for "successful" completion). The Fitness Instructor Training program lasts 2 days and takes place at our corporate headquarters in Charlotte, North Carolina (or at any other location we designate). Each fitness instructor must successfully complete the Fitness Instructor Training program to our satisfaction before teaching any classes at your facility. You must identify a lead fitness instructor no less than 6 weeks prior to opening. Your lead fitness instructor must receive our approval to serve in this capacity.

The Onsite Training program includes approximately 7 days of consultation, training and assistance that is provided at your Madabolic facility at the time you open your Business (approximately 2-3 days prior to opening and 4 days after opening). The on-site training is an informal training program where we provide on-site training for your fitness instructors, monitor your operations and assist you with the opening of your Business.

Training Topics

The General Manager Training program consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
The Madabolic Philosophy	1	0	Corporate Headquarters (Charlotte, North Carolina)
Professionalism – Hiring Instructors, Employees & Staffing	1	0	Corporate Headquarters (Charlotte, North Carolina)
The Program & The System	2	0	Corporate Headquarters (Charlotte, North Carolina)
Contracts, Waivers & Membership Programs	1	0	Corporate Headquarters (Charlotte, North Carolina)
Administrative Bookkeeping Responsibilities & Approvals	0.5	0	Corporate Headquarters (Charlotte, North Carolina)
Inventory, Ordering & Approved Vendors	0.5	0	Corporate Headquarters (Charlotte, North Carolina)
Safety, Security, Health & Sanitation	0.5	0	Corporate Headquarters (Charlotte, North Carolina)
Technology & Software Overview	0.5	0	Corporate Headquarters (Charlotte, North Carolina)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Culture – Community Development & Marketing the Business	1	0	Corporate Headquarters (Charlotte, North Carolina)
The Madabolic® History	1	0	Corporate Headquarters (Charlotte, North Carolina)
The Brand	1	0	Corporate Headquarters (Charlotte, North Carolina)
The Program & The System	2	0	Corporate Headquarters (Charlotte, North Carolina)
Standards & Professionalism	1	0	Corporate Headquarters (Charlotte, North Carolina)
Culture – Social Media, Music	1	0	Corporate Headquarters (Charlotte, North Carolina)
The Close – Membership Sales & Pricing Options	2	0	Corporate Headquarters (Charlotte, North Carolina)
Exercise Equipment Description & Function	0	1	Corporate Headquarters (Charlotte, North Carolina)
Movement Standards, Facility Layout & Hands On Coaching	1	12	Corporate Headquarters (Charlotte, North Carolina)
Total	17	13	

Training Materials

For the classroom training, the training materials will consist of the Manual, presentations and demos. You will not be charged an additional fee for any of the training materials.

Instructors

Our training program will be conducted by the following instructors: Brandon Cullen, Kirk DeWaele, Finley Funston, David Schmidt and Robin Ashwood.

Kirk DeWaele is one of our founders and currently serves as our Chief Training Officer. Kirk has been with Madabolic since 2011. Kirk is involved with our Fitness Instructor Training program and Onsite Training program. He has 15 years of experience in the fitness industry as a personal trainer and gym owner.

Brandon Cullen is one of our founders and currently serves as our Chief Concept Officer. He has been with Madabolic since 2011. Brandon is involved with all of our training programs and has 20 years of experience in the fitness industry as a personal trainer and gym owner.

Finley Funston is our Director of Communications. She has been with Madabolic since 2021. Finley is a long-time member of the Madabolic facility in Charlotte, North Carolina. In October 2014, she began serving as a fitness instructor at the Madabolic facility. In May 2017, she moved up to the role of General Manager. She continued in her role as General Manager until March 2021 when she joined us. Finley is involved with our General Manager Training program and Fitness Instructor Training program. She has a total of 7 years of experience in the fitness field and 4 years of experience in franchise management/operations.

Beth Berkey has served as our Business Development Manager since June 2022. She started as a member at MADabolic in January 2015 and from October 2016 to present she has been a trainer at MAD Charlotte. She currently holds her ACE Personal Training Certification and is Precision Nutrition Level 1 certified. From August 2012 to June 2022, she worked for Charlotte-Mecklenburg Schools as a 7th and 8th grade English

teacher and multi-classroom leader.

David Schmidt is our Director of Openings. He has been with Madabolic since 2020. David became a Zippy Shell franchisee in 2012 and ended up joining the franchisor from June 2015 until December 2016 as Director of Franchise Operations. David also started his own doggy daycare business in 2012, which operated under the name Green Beagle. David has prior experience in developing and opening franchised and independent businesses. He is involved with our General Manager Training program. He has a total of 10 years of experience in the field of franchise and business management/operations.

Robin Ashwood is one of our instructors involved with the General Manager Training program. She has been with Madabolic since January 2021. Robin has also served as lead instructor for our affiliate, Jabz, since 2019. She has been a certified trainer for over 13 years. She has built curriculum and served as an instructor for both private sessions and public classes. She holds a number of certifications, including BASI and Balanced Body national certifications. Robin also has 8 years of experience as a franchise opening manager and franchise operations manager with the Zippy Shell franchise system. She has a total of 13 years of experience in the fitness industry and 12 years of experience in the field of franchise and business management/operations.

Certain representatives from third party suppliers may also be involved with training.

Third-Party Training

Before attending our initial training program, the Managing Owner and all your fitness instructors must successfully complete a nationally accredited personal trainer program and obtain certification in addition to obtaining CPR and First Aid certification in your home state. You must keep a copy of these certifications in the appropriate personnel files.

Ongoing Training

From time to time, we may require that your Managing Owner, general managers and fitness instructors attend mandatory system-wide refresher or additional training courses. Your fitness instructors are only required to participate in certain ongoing training programs that we designate. Your Managing Owner and general managers may be required to participation in all ongoing training programs. These continuing education programs normally will not exceed 1 day in duration. We anticipate quarterly continuing education programs. The programs may address any number of relevant issues, such as new equipment, products and services, membership programs and promotions, updates or changes to our training programs, workouts and/or group fitness classes, vendor and supplier relationship updates, industry developments, merchandising, customer service standards, technology and software developments, sales and marketing and administrative matters.

If you appoint a new Managing Owner or general manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Business.

All of your fitness instructors must successfully complete our instructor training program before teaching any classes at your facility. Alternatively, you may request that we send a representative to your facility to train your new fitness instructors onsite (however you would need to reimburse us for our costs in addition to paying the training fee). In the future we may institute a program that allows a franchisee to have a certified trainer who provides initial training to new instructors. You must at all times maintain a lead fitness instructor that we approve.

If we conduct an inspection of your Business and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Managing Owner, general managers and/or fitness instructors attend remedial training that addresses your operational deficiencies.

You may also request that we provide additional training (either at corporate headquarters or at your facility). We are not required to provide this additional training.

Training Fees and Costs

We will provide the initial training program at no additional charge. You must pay us a training fee of up to $300 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners, general managers or fitness instructors); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; (iv) each person to whom we provide additional training that you request; and (v) each person who attends or is required to attend any system-wide refresher or additional training program that we conduct. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee our then-current initial training fee for each of the transferee's owners and employees that attends our initial training program.

Manual (Section 6.1, 12.2 & 25.8)

We will lend you our Manual in text or electronic form for the term of your Franchise Agreement. The Manual may include, among other things, (i) a description of the authorized goods and services that you may offer at your Business, including memberships, fitness classes, training programs, merchandise, supplements and other goods and services you sell; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Madabolic franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Business facility; (v) policies and procedures pertaining to any gift card, loyalty and/or membership program that we establish; and (vi) a written list of goods and services (or specifications for goods and services) you must purchase for the construction, development and operation of your Business and a list of any designated or approved suppliers for these goods or services. The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. All mandatory provisions contained in the Manual are binding on you. The Manual is confidential and remains our property. We may modify the Manual upon 30 days' prior notice, but the modification(s) will not alter your status or fundamental rights under the Franchise Agreement. The Manual contains a total of 136 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "D".

Site Development (Section 7.1, 7.2, 7.3, 7.5 & 12.10)

A Madabolic workout facility typically ranges in size from 2,500 to 4,000 square feet. We do not typically own the premises and then lease it to the franchisee. You must locate and obtain our approval of the premises from which you will operate your Business within 120 days after you sign the Franchise Agreement. The premises must be located within the Site Selection Area identified in ATTACHMENT "B" to the Franchise Agreement and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs, and video tapes that we may reasonably require) for your proposed site. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. In reviewing a proposed site, we will consider factors such as parking, safety, size, configuration and layout of the facility, traffic counts and patterns, general location, zoning ordinances, existence and location of competitive businesses, population density, general character of the neighborhood and various economic indicators. We do not select the site for your location, and we do not purchase the premises and lease it to you. If you fail to obtain our approval of your site in the required period of time, we may terminate your Franchise Agreement.

You must hire a real estate attorney to review and negotiate your lease. We do not review the terms of your lease. However, if you will lease the premises for your facility, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "C". If

your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your facility. You and the landlord must sign the lease and Lease Addendum within 150 days after you sign the Franchise Agreement.

We will provide you with generic prototype plans for a Madabolic facility. We recommend, but do not require, that your facility include showers and locker rooms. You must hire a licensed and bonded architect to prepare detailed construction plans. The architect must ensure these plans comply with all standards and specifications in the Manual as well as all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must construct and equip the premises to the specifications contained in the Manual and the approved plans. You must also purchase and install the equipment, fixtures, signs and other items that we require. Before you open, we must approve the build-out and layout of your facility. You must remodel and make all improvements and alterations to your facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There is no limitation on the cost of these changes. However, we will not require that you complete any significant remodeling of your facility more than once during any 5-year period (except as a condition to you renewing or transferring your franchise). You may not remodel or significantly alter your premises without our prior approval.

Computer System (Section 12.7, 12.8, 12.9, 16.3 & 17.1)

Required Components

You must purchase and use all Technology Systems (as defined in Note 7 in Item 6) that we designate from time to time. One component of our Technology Systems is your "computer system", which consists of the following items: 2 Apple computers (1 desktop and 1 laptop which may also be your personal laptop); 1 printer/copy machine; 1 iPad; 1 iPhone; cloud-based scheduling software and associated point-of-sale system; business management software; and email/text marketing software. We may change the components of the Technology Systems from time to time, including your computer system.

Email Addresses

We will provide you with the Madabolic email addresses for use with your Business. You and your staff must exclusively use the email addresses that we provide for all communications with us, customers, suppliers and other persons relating to your Business. Neither you nor any of your staff may use any email address that we provide for any purpose unrelated to your Business. We will own the email addresses and the account but will allow you to use them during the term of your franchise. The costs associated with hosting your email addresses are included as part of the technology fee paid to us.

How Computer System Is Used

The computer system is used for scheduling, processing sales transactions, inventory management, payroll, reporting, business management and analytics, contract management and implementing the membership model. It also serves as your CRM system and implements various marketing campaign utilizing customer profiling tools. The email/text marketing software is used for automated email and text marketing. The business management software is used for a variety of purposes, including storing and accessing documents, accessing the Manuals and other important business-related data, tracking financial information and communicating with us and other franchisees. You will also use your system for general business purposes, such as communicating by email and preparing reports.

Fees and Costs

We estimate the initial cost to acquire your computer system will range from $3,000 to $5,400. As further detailed in Item 6, you must pay us a technology fee for certain software, technology and related services that we provide. As of the issuance date of this Disclosure Document, we charge a technology fee of $795 per month ($9,060 per year). The table below identifies the ongoing fees and costs you must pay for your computer system

and other technology and related services:

COMPUTER SYSTEM – ONGOING FEES AND COSTS			
Item	**Fee (Monthly)**	**Fee (Annual)**	**To Whom Paid?**
Intranet, email accounts, website support and ongoing technology research and development (included in technology fee)	$100	$1,200	Us
Business management software (included in technology fee)	$250	$3,000	Us
Scheduling and payment processing software (included in technology fee)	$450	$4,860	Us
Email/text marketing software	$250	$2,880	Third-party licensor
Music Licensing	$150	$1,800	Third-party licensor
Performance Indicator Dashboard	$45	$540	Third-party licensor
Total	$1,200	$14,280	

Maintenance, Support, Updates and Upgrades

In exchange for the monthly fees noted above: (i) the licensor of the scheduling and payment processing software will provide ongoing maintenance, support, repairs, upgrades and updates for the software; (ii) the licensor of the email/text marketing software will provide ongoing maintenance, support, repairs, upgrades and updates for the software, although all such activities may be coordinated through us; and (iii) the licensor of the business management software will provide ongoing maintenance, support, repairs, upgrades and updates for the software. Except as otherwise disclosed above: (i) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (ii) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Collection and Sharing of Data

Your computer system will collect information about your members (including names, contact information, class attendance history, purchase history and credit card information), sales data and inventory data. We will have independent unlimited access to the data entered into your scheduling and payment processing software the date entered into your business management software and there are no contractual restrictions on our rights to access this data. We do not have independent access to other data entered into your general-purpose laptop or desktop that is not entered into these software programs. However, we may inspect your computer system and access this data as part of an inspection.

We will own all data that you and/or we collect relating to your members. We will grant you a license to use this data solely for purposes of operating your Business. You must protect all customer data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws as well as our data processing and data privacy policies set forth in the Manual from time to time. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

Computer System Maintenance and Changes

You must maintain the computer system in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

Brand and System Development Fund (Section 11.1)

We have established and administer a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. The fund will not be used for pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.

You must contribute to the fund the amount we specify from time to time (currently 1.5% of Gross Revenues, but not to exceed 3% of Gross Revenues). We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; and (ii) fines paid by you and other franchisees. Any company-owned Madabolic facility will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any company-owned Madabolic facility that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. During the fiscal year ended December 31, 2022, we spent 52% of the monies in the fund on production, 38% on media placement, 8% on administrative expenses, and 2% on "other" ("other" includes public relations).

We will direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs. The marketing and advertising paid for by the fund may be local, regional or national in scope. At this time, we anticipate most of the marketing will be local. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the fund. The fund will not be audited. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon written request. We have no obligation to conduct any advertising or marketing in your territory or elsewhere except for our obligation to administer the brand and system development fund as discussed above.

Local Advertising (Section 11.2 & 11.3)

You pay us a $17,000 grand opening marketing fee at the time you sign the Franchise Agreement. We will use all of these funds during the 60- to 90-day period preceding your anticipated opening date and 30 days following, to implement a grand opening marketing program to promote the opening of your Business.

After opening, you must spend a minimum of $2,000 per month (your "Local Marketing Commitment") on approved local advertising and marketing until you have a minimum of 200 paying members. The Local Marketing Commitment will be reduced to $1,000 per month at any time that you have a minimum of 200 paying members. However, the $2,000 per month Local Marketing Commitment will be immediately and

automatically reinstated at any time that the number of paying members at your facility drops below 200. We will measure your compliance with this requirement on a rolling 6-month basis, meaning that as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds your Local Marketing Commitment, you will be deemed in compliance even if your expenditure in any given month is less than the minimum Local Marketing Commitment.

You must participate at your own expense in all advertising, promotional and marketing programs that we require. We are not required to spend any of our funds on advertising in your territory. We have no obligation to conduct any advertising or marketing in your territory or elsewhere except for our obligation to administer the brand and system development fund.

We will provide you with a recommended marketing plan for your Business, including "best practices" for local community business development activities. We strongly encourage you to follow the marketing plan and implement the suggested local community business development activities in conjunction with your paid local marketing and advertising activities.

We may create and make available to you advertising and marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify and we will have 30 days to review and either approve or reject the materials. Our failure to approve any advertising materials within the 30-day period will constitute our disapproval of the materials.

You are encouraged to market your Business through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. At all times you must comply with any social media policy that we develop.

We will provide you with a webpage that will be linked to our website. Your webpage will list certain information about your Business that we designate or approve. At this time, we do not allow our franchisees to maintain their own websites or market their businesses on the Internet (except through the webpage we provide and through approved social media channels). Therefore, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to the Franchise Agreement that will govern your ability to maintain a separate website and/or market on the Internet.

Advertising Cooperatives (Section 11.4)

We may, but need not, form one or more advertising cooperatives for the benefit of all Madabolic facilities located within a particular region. If your franchise is located within a region subject to an advertising cooperative, you will be required to pay a cooperative advertising fee (not to exceed $1,000 per month) Any Madabolic facilities owned by us or our affiliates that are located within the cooperative would contribute on the same basis as other franchisees. All cooperative advertising fees that you pay will be credited against your Local Marketing Commitment. We have the right to determine the composition of all geographic territories and market areas for the implementation of each advertising cooperative. In most instances, the boundaries of an advertising cooperative will coincide with zip codes, designated marketing areas or municipal boundaries.

If we implement an advertising cooperative in a particular region, we have the right to establish an advertising council to self-administer the cooperative. You must participate in the council according to the council's rules and procedures and you agree to abide by the council's decisions. Alternatively, we may administer the cooperative ourselves. Advertising cooperatives are not required to operate from written governing documents or prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to franchisees within the advertising cooperative upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

Advisory Council (Section 13)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the advisory council. You would have the right to be a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Madabolic facility operated by us or our affiliates would also be a member of the advisory council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Opening Requirements (Section 7.4)

You may not open your Business before: (i) successful completion of the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; (iv) we provide our written approval of the construction, build-out and layout of your facility; (v) you sell a minimum of 100 memberships or 300 free week offers for your Business; (vi) you have a professional cleaning contract in place; (vii) you have ordered and received all inventory items for your gym which includes, apparel, drinks, supplements, and gloves and (vii) you have been given an approval by a Madabolic team member following their visit during your friends and family classes.

We anticipate that a typical Madabolic franchisee will open his or her Madabolic facility within 120 to 180 days after signing the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, financing, the extent to which an existing location must be upgraded or remodeled, delayed installation of equipment and fixtures, completion of training, ability to sell 100 memberships/300 free week offers; obtaining insurance, and complying with local laws and regulations. Unless we agree to the contrary, your Business must be opened within 180 days after you sign the Franchise Agreement or a lease for the Madabolic facility, whichever is later. Your failure to open within the 180-day period constitutes an event of default under your Franchise Agreement. If you are deemed to be actively working toward your opening and complying with the steps above, but need more time, we may extend the opening time period in our reasonable discretion.

ITEM 12 TERRITORY

Location of Your Business

Each Franchise Agreement grants you the right to operate your Madabolic business from a single location that must be approved by us in advance. You will be required to identify a location for your Madabolic facility within the Site Selection Area described in ATTACHMENT "B" to your Franchise Agreement. You may relocate your facility with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new facility within the Site Selection Area described in ATTACHMENT "B" to your Franchise Agreement (but outside of any territory operated by us or another franchisee) (ii) comply

with all of our then-current site selection and development requirements; and (iii) open your new facility and resume operations within 30 days after closing your prior facility.

Your Territory

You will receive a territory that will be identified in ATTACHMENT "B" to your Franchise Agreement. Your territory will include a minimum of 20,000 individuals between the ages of 20 and 50, as determined by the most recent United States Department of Commerce Census Bureau census data. We may define the boundaries of your territory in any manner we deem appropriate, including by zip code, municipal boundaries, a geographic area marked on a map (such as a circle) or the area within a specified radius from your Madabolic facility.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, we do grant you certain territorial protections. Specifically, we will not operate or authorize a third party to operate a Madabolic workout facility using our Marks that is physically located within your territory during the term of your Franchise Agreement except as otherwise permitted below with respect to Alternative Channels of Distribution and Acquisitions (each defined below). We and other Madabolic franchisees may accept members who reside within your territory, as long as we and the other franchisees do not solicit the member using, or acquire the member as a result of, targeted marketing that was directed into your territory.

Off-Site Events and Activities

You may conduct business at off-site events within your territory (such as fitness expos, health fairs, promotional events, charity events, etc.) to sell memberships and provide authorized products and services. At this time, you may also conduct business at off-site events and sell group memberships (a group is defined as 5 or more people) outside of your territory if: (i) the location is not within a territory operated by us, our affiliate or another franchisee; (ii) you notify us in writing prior to conducting such business or selling group memberships; (iii) you immediately cease conducting off-site events and selling group memberships in any area that is subsequently operated by us, our affiliate or another franchise; and (iv) you follow all of our instructions to transition any group membership to us, our affiliate or another franchisee (as applicable) that subsequently operates the area.

If you are asked to conduct business at off-site events in an area operated by us, our affiliate or another franchisee, you must refer that request to us, our affiliate or the other franchisee (as applicable). Similarly, if you are asked to provide group membership programs to a group of persons whose headquarters are in an area operated by us, our affiliate or another franchisee, you must refer that request to us, our affiliate or the other franchisee (as applicable). If we, our affiliate or another franchisee is requested to conduct business at off-site events in your territory or provide group membership programs to a group of persons whose headquarters are in your territory, we, our affiliate, or the other franchisee (as applicable) must refer that request to you.

At any time, we may establish, modify or develop new policies for conducting business at off-site events outside your territory and selling group memberships and you must comply with all such policies. We may describe these policies in the Manual. Any new policies may result in changes to your ability to conduct business at off-site events outside your territory and/or sell group memberships.

Limitations on Your Rights

We reserve the right to sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to members from a Madabolic workout facility. Examples of Alternative Channels of Distribution include: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as fitness stores, convenience stores or department stores; (iii) sales made at wholesale; and (iv) on-site sales to members, such as sales to employee groups at a business site. We may sell or license a third party to sell competitive or identical goods or services through Alternative Channels of Distribution

(whether under the Marks or different trademarks) anywhere within your territory. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Madabolic franchises operating under the Marks regardless of their location (an "Acquisition"). Any such acquired or converted businesses may be located within your territory, and if this occurs, you will not be entitled to any compensation for sales made by the business.

Restrictions on Your Sales and Marketing Activities

You must direct your marketing activities solely within your territory. Without our prior written consent, which we may withhold in our sole discretion, you may not conduct any targeted marketing that is directed into any area outside of your territory. Marketing that is distributed, circulated or received both within your territory and within an area outside your territory is not deemed to be "targeted marketing" if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your territory; and (ii) the majority of the recipients of the advertising are located within your territory and there is only incidental circulation or distribution outside of your territory. The meaning of "targeted marketing" that is "directed into an area" may be further defined in the Manual, but examples include direct mail that is sent to addresses within a given area, digital advertising that is sent to devices with IP addresses that are registered within a given area and setting up promotional events that take place within a given area.

You may accept members from any location, including outside of your territory, as long as you do not solicit the member using, or acquire the member as a result of, targeted marketing that was directed outside of your territory. You are not permitted to market or sell through Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory. Your marketing activities are also subject to the additional restrictions described above regarding group memberships headquartered outside your territory and in Item 11 under the Section entitled "Local Advertising." There are no other restrictions on your right to solicit members, whether from inside or outside of your territory.

Minimum Performance Requirements

Your territorial protections do not depend on achieving a certain sales volume, market penetration, or other contingency.

Additional Territories or Franchises

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises.

Competitive Businesses Under Different Marks

As discussed in Item 1, our affiliate Jabz currently offers franchises for the operation of a boxing studio for women. These franchises operate under the name "Jabz Boxing Fitness for Women". Jabz' principal business address is 10226 East Karen Drive, Scottsdale, Arizona 85255. Jabz studios offer workout programs that can be considered competitive with the services offered by Madabolic workout facilities. Jabz operates both corporate-owned and franchised studios. There are no restrictions on the ability of Jabz studios to solicit or accept customers from within territories operated by Madabolic businesses. Similarly, there are no restrictions on your ability to solicit or accept members from within the territories operated by Jabz studios. We do not anticipate any conflicts between us and our franchisees, or between franchisees, regarding territory, customers and franchise support. Any such conflicts would be reviewed and resolved on a case-by-case basis.

Except as disclosed above, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at a Madabolic facility. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

On July 1, 2019, our affiliate, Madabolic IP, LLC, was assigned ownership of the following trademarks that have been registered with the United States Patent and Trademark Office principal register:

MARK	REGISTRATION NUMBER	REGISTRATION DATE (RENEWAL DATE)
MADABOLIC	4509804	April 8, 2014
	4490936	March 4, 2014
MADLIFESTYLE	4925765	March 29, 2016
BETTER IS BETTER	5990798	February 18, 2020
WORK. REST. REPEAT. *	6115898	August 4, 2020

All required affidavits have been filed.

* On September 24, 2019, the USPTO issued a Nonfinal Office Action regarding our application for the mark WORK. REST. REPEAT (Serial Number 88249551). The examiner concluded that the phrase is a commonly used slogan in the fitness industry. As such, the examiner denied the application but only for class 41, which relates to physical fitness services. We subsequently obtained a registration for class 35 (franchising services).

On July 17, 2019, we entered into a License Agreement (the "License Agreement") with Madabolic IP, LLC. Under the terms of the License Agreement, Madabolic IP, LLC granted us the right to use the Marks in the Madabolic System and to sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. Madabolic IP, LLC is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent, if we and Madabolic IP, LLC mutually agree to terminate the License Agreement or if we breach Madabolic IP, LLC's the quality control standards and fail to cure the breach within a 60-day cure period. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

We grant you the right to operate a franchise under the name "Madabolic" and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Madabolic franchise or the products or services sold at your Business. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must change to the new trademark at your expense.

You must follow our rules when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Madabolic name relating to the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or Madabolic IP, LLC's right to the Marks.

Except as disclosed above, we are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the

Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

Except as disclosed above, there are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items. During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of a Madabolic facility, including, methods, techniques, specifications, procedures, policies, marketing strategies, promotional programs, proprietary training programs, workouts and group fitness classes, membership programs, membership billing procedures, purchasing strategies, vendor and supplier relationships, cost and pricing strategies, merchandising methods and techniques, inventory management systems, forms, contracts, record keeping and reporting procedures, and information comprising the System and the Manual. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us.

You are required to maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the Franchise Agreement and the Manual. You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements that are known by us at this time.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that you designate an owner who will be primarily responsible for the daily on-premises management and supervision of the Business (the "Managing Owner"). We must approve the owner that you appoint to serve as the Managing Owner. The Managing Owner must dedicate his or her full time efforts to your Business unless you delegate management functions to a general manager. Any new Managing Owner must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Business. The Managing Owner must also complete any mandatory refresher or advanced training courses that we require.

If you are not acting in the capacity of general manager, you may hire 1 or more general managers to assume responsibility for the daily on-site management and supervision of your Business, but only if: (i) the general manager successfully completes the initial training program (and you pay us the associated training fee); (ii) the general manager signs a Brand Protection Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "F" (a "Brand Protection Agreement"); and (iii) the Managing Owner agrees to assume responsibility for the supervision and operation of your Business if the general manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement general manager. We do not require that the general manager own any equity interest in the franchise.

All of your employees and other agents or representatives who may have access to our confidential information must sign a Confidentiality Agreement, the current form of which is attached to the Franchise Agreement as ATTACHMENT "G". If you are an entity, each owner (i.e., each person holding an ownership interest in you),

and in some states the spouse of each owner, must sign a Franchise Owner Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "D". Any employee or independent contractor you hire must complete online education through our online learning management system called the Getup within 30 days of being hired.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services that you sell, including class offerings, merchandise, equipment and other inventory items, memberships and consultations. You must offer all goods and services that we require. You may not sell any goods or services that we have disapproved. You may only offer the specific classes, training programs and exercises that we designate. You must only sell the memberships and/or packages that we authorize or designate. Your memberships must include all of the features and benefits, and only the features and benefits, that we prescribe. We reserve the right to implement policies for transfers of memberships or to allow memberships to be utilized at multiple locations and you must comply with all such policies. At any time, we may change the goods and/or services that you are required to sell and you must comply with any such change.

To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you offer. We will provide you with all membership pricing plans and initial offers which you must utilize in your business. You may not deviate from such membership pricing and offers without our written consent. We also reserve the right to require that you comply with any minimum advertised pricing policy that we establish from time to time.

We may require that you participate in a gift card or other customer loyalty program (including utilization of a "membership" model) in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. If we establish a gift card or loyalty program, we have the right to determine how the proceeds from the sale of gift cards or membership fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You must follow all of our policies regarding any gift card or loyalty program that we establish.

All of your marketing activities must be primarily directed towards members within your territory. You may accept members from any location, including outside of your territory, as long as you do not solicit the member using, or acquire the member as a result of, targeted marketing that was directed outside of your territory.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN FRANCHISE AGREEMENT**	**SUMMARY**
a. Length of the franchise term	Section 4.1	Term is equal to 10 years.
b. Renewal or extension of the term	Section 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 2 consecutive successor franchise agreements. Each renewal term will be 5 years, for a total maximum term of 20 years. The parties may mutually agree to further renewal terms but neither party is obligated to do so (subject to state law).

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN FRANCHISE AGREEMENT**	**SUMMARY**
c. Requirements for you to renew or extend	Section 4.1 & 4.2	You must: not be in default; give us timely notice; sign our then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, Brand Protection Agreement, etc.); sign a general release (subject to state law); pay the renewal fee; remodel or upgrade your facility to comply with our then-current standards and specifications; and maintain possession of your facility under your lease. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
d. Termination by you	Section 21.1	You can terminate for any reasons provided under the law.
e. Termination by us without cause	Section 21.4	We can terminate without cause if you and we mutually agree to terminate.
f. Termination by us with cause	Section 21.2 & 21.3	We can terminate if you default.
g. "Cause" defined - curable defaults	Section 21.2 & 21.3	You have 10 days to cure any monetary default. You have 30 days to cure any other default (other than defaults described below under "non-curable defaults").
h. "Cause" defined - non-curable defaults	Section 21.2	The following defaults cannot be cured: failure to successfully complete training; failure to find approved site, secure lease or open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment of franchise; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2nd underreporting of any amount due by at least 3%; unauthorized transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement by owner or spouse; termination of your lease due to your default; or termination of any other agreement between you and us or an affiliate due to your default.
i. Your obligations on termination/non-renewal	Section 22.1	Obligations include: complete de-identification; cease use of intellectual property; return of Manual and all branded materials; assignment of telephone numbers, listings and domain names; assignment of customer information and accounts; cancellation of fictitious names; and payment of amounts due (also see "r", below).
j. Assignment of contract by us	Section 20.1	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 20.2 & Attachment A (definition of "Transfer")	Includes transfer of contract or assets, or ownership change.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN FRANCHISE AGREEMENT**	**SUMMARY**
l. Our approval of transfer by you	Section 20.2, 20.3 & Attachment A (definition of "Permitted Transfer")	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 20.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; assign your lease, if applicable; remodel the facility to current standards (or get a commitment from transferee to do so); pay us the transfer fee; and sign a general release (subject to state law). We must notify you that we do not intend to exercise our right of first refusal.
n. Our right of first refusal to acquire your business	Section 20.5	We have the right to match any bona fide, arms-length offer for your business.
o. Our option to purchase your business	Section 22.2	We have the option to purchase your Business at the expiration or termination of the Franchise Agreement.
p. Your death or disability	Section 20.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Business prior to transfer.
q. Non-competition covenants during the term of the franchise	Section 15.2 & 15.3	No involvement in competing business; comply with non-solicitation and non-disclosure covenants.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2, 15.4 & 22.1	No involvement for 2 years in competing business at your facility, within 25 miles of your facility or within 25 miles of any other Madabolic facility; comply with non-solicitation and non-disclosure covenants; cease use of intellectual property.
s. Modification of the agreement	Section 25.3 & 25.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t. Integration/merger clause	Section 25.8	Only the terms of the Franchise Agreement and attachments to Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN FRANCHISE AGREEMENT**	**SUMMARY**
u. Dispute resolution by arbitration or mediation	Section 23	Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
v. Choice of forum	Section 23	Subject to state law, all mediation and litigation must take place in county where we maintain our principal place of business (currently Mecklenburg County, North Carolina).
w. Choice of law	Section 25.1	Subject to state law, North Carolina law governs.

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchise.

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.

As of December 31, 2022, there were a total of 24 franchised and 0 affiliate-owned Madabolic facilities open to the public. Of the 24 franchised facilities, 2 were formerly "affiliate owned" facilities that were owned and controlled by our founders. However, these outlets ceased to qualify as "affiliates" as of July 2019 when the founders of the franchise system (and owners of the outlets) sold their controlling interest in the franchise company. Of the 24 facilities open as of December 31, 2022: (i) 16 were open for the entire 2022 calendar year; and (ii) 9 opened during the 2022 calendar year, of which 6 were only open for part of the year, and 2 opened on January 1, 2022 (one facility opened and closed during the 2022 calendar year and has been excluded from this financial performance representation).

There are no material differences between the outlets whose data has been provided and the franchise being offered under this Disclosure Document in terms of method of operation, size of the facility or products and services offered. It should be noted that Madabolic facilities operate using either a 20 person class format or 25 person class format (depending on size and capacity of the facility). Table 1 below designates each outlet as operating using either a 20 person or 25 person class format (these same class format values apply to the corresponding facilities included in Tables 2 and 3).

Table 1 – Gross Revenues

The financial performance representation in Table 1 includes: (i) 2022 annual Gross Revenues data from each of the 16 outlets that were open all of 2022; and (ii) Gross Revenues data for the first 3 months of 2023 (January 1, 2023 through March 31, 2023) for all 16 outlets that were open during this period of time. Table 1 also includes: (i) 2022 annual Gross Revenues data from each of the 8 outlets that were opened during 2022; and (ii) Gross Revenues data for the first 3 months of 2023 (January 1, 2023 through March 31, 2023) for the 8 outlets that were open during this period of time.

Table 1

OPEN ALL OF 2022

Studio Number	City	Class Format	Year Opened	2022 Revenue Full Year	2023 Revenue Jan Thru March
1	Arlington	25	2016	$ 783,425.16	$ 196,355.61
2	Asheville	25	2015	$ 292,337.98	$ 91,139.72
3	Atlanta	25	2018	$ 356,835.40	$ 90,108.90
4	Austin	25	2017	$ 534,685.38	$ 171,864.65
5	Charlotte - S. End	25	2011	$ 788,076.00	$ 222,384.08
6	Charlotte - Elizabeth	20	2016	$ 394,038.00	$ 111,192.04
7	Greenville	20	2019	$ 186,749.14	$ 58,168.13
8	Raleigh	25	2019	$ 441,747.60	$ 144,315.23
9	Washington DC	25	2019	$ 649,269.88	$ 165,146.11
11	Pittsburgh	25	2020	$ 434,127.16	$ 117,953.28
13	Wichita	20	2021	$ 244,225.76	$ 70,435.40
14	Jupiter	25	2021	$ 447,471.30	$ 104,846.10
15	San Antonio/La Cantera	25	2021	$ 145,183.31	$ 44,287.10
16	Charlottesville	25	2021	$ 295,670.84	$ 105,043.10
17	Alexandria	25	2021	$ 361,390.41	$ 131,413.56
18	Washington DC Dupont	25	2021	$ 419,211.58	$ 129,317.84

OPENED IN 2022

Studio Number	City	Class Format	Month and Year Opened	2022 Revenue Full Year	2023 Revenue Jan Thru March
19	Stamford	25	Jan-22	$ 128,311.30	$ 44,942.61
20	Nashville	25	Jan-22	$ 146,071.58	$ 54,849.12
21	Southlake	25	Feb-22	$ 173,862.58	$ 77,793.56
22	Scotts Valley	20	Mar-22	$ 255,652.28	$ 111,732.10
23	McAllen	20	Sep-22	$ 64,740.55	$ 68,488.09
24	Brooklyn	25	Sep-22	$ 56,047.50	$ 71,938.12
25	Washington DC 14th Street	25	Sep-22	$ 56,172.00	$ 94,930.00
26	West Plano	25	Nov-22	$ 18,835.00	$ 43,869.88

Notes to Table 1:

1. For purposes of the table above, the term "Gross Revenues" is defined as the gross amount, in money or other forms of consideration, earned or received from any source-related to, or in connection with, the operation of the business, whether on or off your premises. This includes all membership-related fees (such as initiation fees, enrollment fees, processing fees, paid-in-full dues, renewal fees, monthly dues and all revenues generated and derived during any presale of memberships) regardless of the amount of monthly membership fees actually collected. Gross Revenues also include fair market value for any service or product the outlet receives in barter or exchange for services or products and all insurance proceeds received for the loss of the business due to a casualty to or similar event at the business. Gross Revenues exclude discounts allowed by the business, gratuities paid by customers to employees, sales tax receipts that the business must by law collect or pay and any customer refunds of previous payments that the business actually makes.

2. In making the above financial performance representation for franchised outlets, we have relied upon information taken from each outlet's POS system. However, 2 of our North Carolina outlets (listed in the table above as Studio 5 and Studio 6) that are owned by the same franchisee use the same POS system for both locations, so we are only able to generate reports of total revenues for both locations and we cannot separate revenues by location. We have estimated that 2/3 of the revenues are attributable to one outlet and the remaining 1/3 of the revenues are attributable to the other outlet. Therefore, we have allocated the total 2022 Gross Revenues for both locations ($1,182,114) and the January 1, 2023 through March 31, 2023 Gross Revenues for both locations ($333,576.12) to the 2 outlets on the assumption that 2/3 of the revenues were generated by the larger facility with the 25 person class format (Studio 5) and the remaining 1/3 was generated by the smaller facility with the 20 person class format

(Studio 6). Neither we nor any independent certified public accountant has independently audited or verified the information.

3. The financial performance representation does not include any expense information. As a franchisee, you will incur expenses, such as payroll, rent, marketing, inventory replenishment and utilities, as well as the initial and ongoing fees imposed under the Franchise Agreement.

4. The revenue figures are based on the historical results from the outlets described above.

Table 2 and Table 3 – Total Income, Cost of Goods Sold and Selected Expenses

The financial performance representation in Table 2 and Table 3 include 2022 annual Total Income, Cost of Goods Sold and Selected Expenses for Madabolic facilities that have operated for a given period of time under the same ownership. Table 2 includes the 5 Madabolic facilities that have operated for 3 or more years under the same ownership (i.e. no transfers during 2020, 2021 or 2022). Table 3 includes the same data for the 11 Madabolic facilities that have operated 1-3 years under the same ownership (i.e. no transfers during 2021 and/or 2022). We have excluded 2 Madabolic facilities that were transferred to new ownership during the 2022 calendar year. We have also excluded 6 Madabolic facilities that opened during the 2022 calendar year and were only open for part of the year.

Table 2 (Same Ownership for 3+ Years)

	Unit 1		Unit 4		Unit 5		Unit 6		Unit 9	
Total Income	$ 781,310.89	100.0%	$ 534,447.16	100.0%	$ 790,974.28	100.0%	$ 394,894.21	100.0%	$ 621,199.37	100.0%
Cost of Goods Sold										
Merchandise/Retail/Materials	42,564.63	5.4%	38,789.36	7.3%	52,314.20	6.6%	26,117.89	6.6%	43,689.29	7.0%
Expenses										
Administrative & General	$ 1,439.79	0.2%	$ 3,967.34	0.7%	$ 25,967.08	3.3%	$ 12,964.08	3.3%	$ 3,943.54	0.6%
Insurance	$ 6,111.63	0.8%	$ 2,714.00	0.5%	$ 3,101.82	0.4%	$ 1,548.58	0.4%	$ 2,219.03	0.4%
Marketing	$ 43,830.06	5.6%	$ 24,778.84	4.6%	$ 10,134.21	1.3%	$ 5,059.51	1.3%	$ 37,992.05	6.1%
Occupancy Costs	$ 163,814.28	21.0%	$ 154,029.43	28.8%	$ 173,446.52	21.9%	$ 86,593.24	21.9%	$ 156,487.17	25.2%
Operating & Technology	$ 30,951.21	4.0%	$ 20,586.32	3.9%	$ 24,843.17	3.1%	$ 12,402.96	3.1%	$ 32,173.97	5.2%
Payroll Expenses	$ 205,152.90	38.3%	$ 100,912.82	19.0%	$ 195,101.50	24.7%	$ 97,404.49	24.7%	$ 198,289.45	38.3%
Professional Services	$ 8,802.75	0.4%	$ 2,983.79	2.6%	$ 6,579.03	0.8%	$ 3,284.59	0.8%	$ 14,917.58	0.4%
Total Select Expenses	$ 460,102.62	58.9%	$ 309,972.54	58.0%	$ 439,173.33	55.5%	$ 219,257.45	55.5%	$ 446,022.79	71.8%
Income After Cost of Goods Sold and Select Expenses	**$ 278,643.64**	**35.7%**	**$ 185,685.26**	**34.7%**	**$ 299,486.75**	**37.9%**	**$ 149,518.87**	**37.9%**	**$ 131,487.29**	**21.2%**

Table 3 (Same Ownership for 1-3 years)

	Unit 2		Unit 3		Unit 7		Unit 8		Unit 11	
Total Income	$ 187,235.54	100.0%	$ 351,585.15	100.0%	$ 293,380.04	100.0%	$ 441,709.75	100.0%	$ 433,007.77	100.0%
Cost of Goods Sold										
Merchandise/Retail/Materials	9,315.01	5.0%	2,494.70	0.7%	23,374.19	8.0%	$ -	0.0%	$ 27,273.79	6.3%
Expenses										
Administrative & General	$ 4,137.93	2.2%	$ 2,290.00	0.7%	$ 2,709.29	0.9%	$ 4,599.47	1.0%	$ 39.00	0.0%
Insurance	$ -	0.0%	$ 2,443.09	0.7%	$ 2,152.00	0.7%	$ 3,312.00	0.7%	$ 6,932.00	1.6%
Marketing	$ 25,944.19	13.9%	$ 14,434.89	4.1%	$ 31,894.63	10.9%	$ 27,651.33	6.3%	$ 18,641.54	4.3%
Occupancy Costs	$ 98,068.64	52.4%	$ 188,292.19	53.6%	$ 91,585.27	31.2%	$ 123,535.62	28.0%	$ 136,035.17	31.4%
Operating & Technology	$ 11,444.27	6.1%	$ 11,387.32	3.2%	$ 12,213.86	4.2%	$ 46,076.33	10.4%	$ 24,483.60	5.7%
Payroll Expenses	$ 88,065.50	38.3%	$ 82,300.09	38.3%	$ 96,779.65	38.3%	$ 132,904.59	30.1%	$ 142,955.65	33.0%
Professional Services	$ 1,621.97	0.4%	$ 380.00	0.4%	$ 4,997.00	0.4%	$ 620.00	0.1%	$ 12,706.45	2.9%
Total Select Expenses	$ 229,282.50	122.5%	$ 301,527.58	85.8%	$ 242,331.70	82.6%	$ 338,699.34	76.7%	$ 341,793.41	78.9%
Income After Cost of Goods Sold and Select Expenses	**$ (51,361.97)**	**-27.4%**	**$ 47,562.87**	**13.5%**	**$ 27,674.15**	**9.4%**	**$ 103,010.41**	**23.3%**	**$ 63,940.57**	**14.8%**

	Unit 13		Unit 14		Unit 15		Unit 16		Unit 17	
Total Income	$ 225,548.27	100.0%	$ 445,605.93	100.0%	$ 136,302.44	100.0%	$ 297,026.90	100.0%	$ 361,425.21	100.0%
Cost of Goods Sold										
Merchandise/Retail/Materials	$ 19,377.03	8.6%	$ 30,620.30	6.9%	7,329.57	5.4%	17,706.21	6.0%	21,370.13	5.9%
Expenses										
Administrative & General	$ 633.06	0.3%	$ 2,821.76	0.6%	$ 12,549.60	9.2%	$ 1,434.55	0.5%	$ 1,722.84	0.5%
Insurance	$ 2,088.00	0.9%	$ 3,366.86	0.8%	$ 3,579.87	2.6%	$ 3,511.34	1.2%	$ 2,219.13	0.6%
Marketing	$ 18,870.25	8.4%	$ 20,694.64	4.6%	$ 18,975.71	13.9%	$ 6,387.80	2.2%	$ 33,182.77	9.2%
Occupancy Costs	$ 78,385.25	34.8%	$ 153,213.91	34.4%	$ 186,133.92	136.6%	$ 133,036.45	44.8%	$ 107,074.31	29.6%
Operating & Technology	$ 6,648.83	2.9%	$ 4,094.38	0.9%	$ 14,274.26	10.5%	$ 24,589.46	8.3%	$ 19,495.90	5.4%
Payroll Expenses	$ 42,259.63	18.7%	$ 137,630.20	55.5%	$ 93,268.59	68.4%	$ 31,197.50	10.5%	$ 154,012.36	38.3%
Professional Services	$ 3,159.70	1.4%	$ 2,097.70	0.5%	$ 10,658.36	7.8%	$ 4,618.28	1.6%	$ 6,488.75	0.4%
Total Select Expenses	$ 152,044.72	67.4%	$ 323,919.45	72.7%	$ 339,440.31	249.0%	$ 204,775.38	68.9%	$ 324,196.06	89.7%
Income After Cost of Goods Sold and Select Expenses	**$ 54,126.52**	**24.0%**	**$ 91,066.18**	**20.4%**	**$ (210,467.44)**	**-154.4%**	**$ 74,545.31**	**25.1%**	**$ 15,859.02**	**4.4%**

	Unit 18	
Total Income	$ 393,814.97	100.0%
Cost of Goods Sold		
Merchandise/Retail/Materials	35,842.48	9.1%
Expenses		
Administrative & General	$ 1,783.93	0.5%
Insurance	$ 2,219.13	0.6%
Marketing	$ 33,207.79	8.4%
Occupancy Costs	$ 217,555.53	55.2%
Operating & Technology	$ 21,176.19	5.4%
Payroll Expenses	$ 189,243.81	38.3%
Professional Services	$ 8,668.75	0.4%
Total Select Expenses	$ 473,855.13	120.3%
Income After Cost of Goods Sold and Select Expenses	**$ (115,882.64)**	**-29.4%**

Notes to Tables 2 and 3:

1. For purposes of the table above, the term "Total Income" has the same meaning as "Gross Revenues" in the Notes to Table 1, Note 1 above. However, there are minor timing differences between the Gross Revenues in Table 1 and the Total Income in Tables 2 and 3 for the same Madabolic facility because Gross Revenues figures come from the POS system and are "cash basis" while the Total Income figures come from each facility's financial statements and are "accrual basis."

2. In making the above financial performance representation for franchised outlets, we have relied upon information taken from each outlet's financial statements. However, 2 of our North Carolina outlets (listed in Table 2 above as Unit 5 and Unit 6) that are owned by the same franchisee use the same financial statements for both locations so we are only able to generate reports of Total Income for both

locations and we cannot separate income by location. We have estimated that 2/3 of the income and expenses are attributable to one outlet and the remaining 1/3 of the income and expenses are attributable to the other outlet. Therefore, we have allocated the 2022 Total Income for both locations ($1,185,868.49) to the 2 outlets on the assumption that 2/3 of the income were generated by the larger facility with the 25 person class format (Unit 5) and the remaining 1/3 was generated by the smaller facility with the 20 person class format (Unit 6). Expenses for each facility were split in the same manner. Neither we nor any independent certified public accountant has independently audited or verified the information.

3. The following list includes an explanation of each of the included expenses:

    a. Administrative & General includes bank charges & fees; charitable contributions, donations & gifts; dues & subscriptions; permits, non-sales taxes, penalties and license fees.

    b. Insurance includes property and liability insurance.

    c. Marketing includes promotion and ad spend.

    d. Occupancy Costs include cleaning and janitorial services, gross rent, repairs & maintenance, security, telephone and internet, and utilities.

    e. Operating & Technology include music services, Item 6 ongoing monthly technology fee charges, online software, office & postage, office supplies, payroll services, small equipment, training and education.

    f. Payroll Expenses include contractor wages, management wages, training wages, payroll taxes, and workman's compensation.

    g. Professional Services include accounting, legal, outside consulting.

4. "Income After Cost of Goods Sold and Selected Expenses" is calculated by subtracting cost of goods sold (merchandise, retail and materials) and each of the expenses listed in Tables 2 and 3 above from the Total Income for each facility. It does not include other operating expenses that must be included to determine net profit or net income. These include expenses such as airfare, auto lease expenses, car rental, debt service, depreciation and amortization, entertainment, health insurance, interest paid, lodging, mileage, officer guaranteed payments and salary, personal expenses and sales taxes. We have also not included the following franchise-related fees, which you will be required to pay:

Royalty Fee	Greater of (i) 6% of monthly Gross Revenues or (ii) minimum monthly royalty
Brand and System Development Fund Fee	1.5% of Gross Revenues (may increase up to 3% of Gross Revenues)
Cooperative Advertising Fee	Up to $1,000 per month

5. The income and expense figures are based on the historical results from the outlets described above.

Some Madabolic facilities have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Brandon Cullen at 42490 Garfield Road, Suite 202, Clinton Township, Michigan 48038 or by phone at (980) 217-4770, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	9	11	+2
	2021	11	16	+5
	2022	16	24	+8
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	9	11	+2
	2021	11	16	+5
	2022	16	24	+8

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022

State	Year	Number of Transfers
Georgia	2020	0
	2021	1
	2022	0
North Carolina	2020	0
	2021	1
	2022	2
South Carolina	2020	0
	2021	1
	2022	0
Total	2020	0
	2021	3
	2022	2

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Arizona	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
	2022	0	1	1	0	0	0	0
California	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Connecticut	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Georgia	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
Kansas	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
North Carolina	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Pennsylvania	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	3	0	0	0	0	5
Virginia	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Washington	2020	1	0	0	0	0	0	1

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
D.C.	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Totals	2020	9	2	0	0	0	0	11
	2021	11	6	0	0	0	1	16
	2022	16	9	1	0	0	0	24

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022			
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**
California	2	2	0
Connecticut	0	0	0
Colorado	5	5	0
District of Columbia	0	0	0
Florida	5	5	0
Georgia	1	1	0
Kansas	2	1	0
Maryland	1	1	0
New York	0	0	0
North Carolina	1	1	0
Oklahoma	1	1	0
Oregon	1	1	0
Pennsylvania	3	3	0
South Carolina	2	2	0
Tennessee	0	0	0
Texas	24	24	0
Virginia	6	3	0
Wisconsin	1	1	0
Totals	55	51	0

Notes to Tables

1. The outlets listed above only refer to outlets within the United States.

2. Our fiscal year ends on December 31st.

A list of all current Madabolic franchisees is attached to this Disclosure Document as EXHIBIT "E" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2022. In addition, EXHIBIT "E" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance 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.**

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system.

There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Audited financial statements for Madabolic Franchise System, LLC for the fiscal years ending December 31, 2022, December 31, 2021 and December 31, 2020 are attached to this Disclosure Document as EXHIBIT "F". In addition, an unaudited balance sheet as of March 31, 2023 and an unaudited profit and loss statement from January 1, 2023 through March 31, 2023 are attached to this Disclosure Document as EXHIBIT "F".

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "G"	Franchisee Disclosure Questionnaire (may not be used in franchise registration states)
EXHIBIT "H"	General Release
EXHIBIT "I"	Multi-State Addenda

Attachments to Franchise Agreement

ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Brand Protection Agreement
ATTACHMENT "G"	Confidentiality Agreement
ATTACHMENT "H"	Multi-State Addenda

ITEM 23 RECEIPT

EXHIBIT "K" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722
Agents for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
Securities Division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

MICHIGAN
Franchise Section
Consumer Protection Division
525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517) 335-7567

MINNESOTA
Department of Commerce
Commissioner of Commerce
85 Seventh Place East, #280
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK
New York Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street
New York, NY 10005
(212) 416-8222
Agents for Service of Process:
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231

NORTH DAKOTA
North Dakota Securities Department
State Capitol, 5th Floor, Dept 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

RHODE ISLAND
Department of Franchise Regulation
1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA
Department of Labor and Regulation
Division of Insurance Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA
Agent for Service of Process:
State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
804-371-9967
Administrator:
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

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

WISCONSIN
Department of Financial Institutions
Division of Securities
201 W Washington Avenue, Suite 500, Madison, WI 53703
(608) 261-9555

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

CORPORATION SERVICE COMPANY
251 LITTLE FALLS DRIVE
Wilmington, Delaware 19808
302-636-5401

In states listed in EXHIBIT "A", the additional agent for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]

MADABOLIC FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

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ATTACHMENTS

ATTACHMENT "A"	Definitions
ATTACHMENT "B"	Site Selection and Territory
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
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ATTACHMENT "F"	Brand Protection Agreement
ATTACHMENT "G"	Confidentiality Agreement
ATTACHMENT "H"	Multi-State Addenda

MADABOLIC FRANCHISE AGREEMENT

This Madabolic Franchise Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between Madabolic Franchise System, LLC, a Delaware limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "A". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "A" lists the Sections of this Agreement in which such terms are defined.

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate a Madabolic workout business (your "Business") using our Intellectual Property from a single location that we approve. As a Madabolic franchisee, you will operate an athletic conditioning facility that offers and sells approved group fitness classes, beverages, supplements and fitness-related apparel, products, and merchandise. You must offer only the specific workouts, training programs, classes and exercises that we designate or approve. You will operate utilizing a membership model that we designate. You may conduct business at off-site events within your Territory (such as fitness expos, health fairs, promotional events, charity events, etc.) to sell memberships and provide authorized products and services. You may only conduct business at off-site events outside your Territory and sell group memberships to groups headquartered outside your Territory in accordance with Section 12.5. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS AND LIMITATIONS. We will grant you a protected territory consisting of the geographic area identified in ATTACHMENT "B" (your "Territory"). By "protected", we mean that we will not operate, or grant a franchise or license to a third party to operate, a Madabolic workout facility that is physically located within your Territory during the Term, except as otherwise provided in this Section with respect to Alternative Channels of Distribution and Acquisitions. We reserve the right to: (i) sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Territory; and (ii) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within your Territory. You may accept members who reside outside of your Territory, as long as you do not acquire these members as a result of targeted marketing that is directed outside of your Territory. Similarly, we and other Madabolic businesses can accept members who reside within your Territory, as long as we or the other Madabolic businesses do not acquire these members as a result of targeted marketing that is directed into your Territory. If your Territory has not been identified when you sign this Agreement, we will define your territory within 30 days after we approve the site for your Business facility. Your territory will include a minimum of 25,000 individuals between the ages of 20 and 50.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Agreement will begin on the Effective Date and expire ten (10) years thereafter (the "Term"). If this Agreement is the initial franchise agreement for your Business, you may enter into a maximum of two (2) successor franchise agreements (each, a "Successor Agreement") as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting Madabolic franchises as of the expiration of the Term or renewal term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. Each renewal term will be five (5) years, for a maximum total term of 20 years. You will have no further right to operate your Business following the expiration of the final renewal term unless you and we mutually agree to further renewals. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 360 days before the expiration of the Term or renewal term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the

renewal notice or the time you sign the Successor Agreement; (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) pay us a renewal fee equal to 25% of our then-current initial franchise fee; (vi) remodel your facility (and update and upgrade all of your workout equipment) to comply with our then-current standards and specifications; (vii) have the right under your lease to maintain possession of your premises for the duration of the renewal term; and (viii) take any additional action that we reasonably require.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.

5. TRAINING AND CONFERENCES

5.1. Initial Training Program. Your Managing Owner must successfully complete our 16-week Remote Training program that is conducted virtually and begins approximately 16 weeks prior to your projected opening date. All of your fitness instructors must successfully complete our Fitness Instructor Training program before they may teach classes at your facility. Prior to opening, you must send your fitness instructors (up to a total of five (5)) to our Fitness Instructor Training program that takes place at our corporate headquarters in Charlotte, North Carolina (or at any other location we designate). Your Managing Owner and general managers must attend Fitness Instructor Training but they need not complete certification testing if they will not serve as fitness instructors at your facility. We will also provide an additional three (3) days of on-site training/consulting at your facility. The on-site training/consulting is an informal training program where we provide additional on-site training for your fitness instructors, monitor your operations and assist you with the opening of your Business. You must identify a lead fitness instructor no less than 6 weeks prior to opening. Your lead fitness instructor must receive our approval to serve in this capacity.

5.2. Initial Training For New Owners/General Managers. If you hire a new general manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new general manager or Managing Owner, as applicable, must successfully complete our then-current initial training program through our online educational learning platform and may be required to participate in online video training with Madabolic staff. Any employee or independent contractor you hire must complete online education through our online learning management system within 30 days of being hired.

5.3. New Fitness Instructors. All of your fitness instructors must successfully complete our instructor training program before teaching any classes at your facility. Currently our fitness instructor training program takes place in Charlotte, North Carolina (or any other location we designate). Alternatively, you may request that we send a representative to your facility to provide onsite training for your new fitness (however

you would need to reimburse us for our costs in addition to paying the training fee). In the future we may institute a program that allows a franchisee to have a certified trainer who provides initial training to new instructors. Notwithstanding the above, before you open we will train your initial fitness instructors onsite at your facility at no additional charge as part of our initial training program. You must at all times maintain a lead fitness instructor that we approve, and you must immediately appoint a new lead fitness instructor upon such individual's termination of or separation from employment.

5.4. Periodic Training. We may offer periodic refresher or additional training courses for your Managing Owner, general managers and fitness instructors. Attendance at these training programs is mandatory.

5.5. Additional Training Upon Request. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

5.6. Remedial Training. If we conduct an inspection of your Business and determine that you are not operating your Business in compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner, general managers and fitness instructors attend remedial training that is relevant to your operational deficiencies.

5.7. Conferences. We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Madabolic franchisees. You are required to attend at least one (1) conference every two (2) years.

5.8. Training Fees and Expenses. We will provide our pre-opening initial training program at no additional charge. You must pay us a training fee of up to $300 per person per day for: (i) each person that attends our initial training program after you open your Business (such as new Managing Owners, general managers and fitness instructors); (ii) any person who must retake training after failing to successfully complete training on a prior attempt; (iii) any remedial training that we require based on your operational deficiencies; (iv) each person to whom we provide additional training that you request; and (v) each person who attends any system-wide refresher or additional training program that we conduct. We may charge you a conference registration fee of up to $1,500 that will cover two (2) attendees (the same fee is charged even if you only send one person). If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training or attending conferences, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee our then-current initial training fee for each of the transferee's owners and employees that attends our initial training program. All training fees and expense reimbursements are due 10 days after invoicing.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. During the Term, we will lend you our confidential Brand Standards Manual (the "Manual") in text or electronic form. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. Packages. Prior to opening, you will purchase our designated Fitness Equipment Package and our designated Furniture and Fixtures Package from us or our affiliate as part of our centralized purchasing program that assists franchisees with the development of their Madabolic facilities. You must pay the associated purchase price within 10 days after invoicing. We will arrange for the items within these packages to be shipped to your facility. You understand that we purchase the items included in the packages from third-parties and resell it to you as a convenience to you. **We do not make any representations or warranties regarding the items included within these packages and you hereby waive any and all claims against us relating to these items, the use of any of these items (including equipment) by you or your members, and/or any defects in any of these items**. At any time, we reserve the right to require that you purchase some or all of the items included within these packages directly from the third-party suppliers that we designate.

6.3. General Guidance. Based upon our periodic inspections and evaluations of your Business or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Business.

6.4. Marketing Assistance. As further described in Section 11.1 and Section 11.2, we will administer the brand and system development fund and provide you with other marketing assistance during the Term.

6.5. Website. We will maintain a corporate website for the Madabolic brand. We will provide you with a webpage that will be linked to our website. Your webpage will list certain information about your Business that we designate or approve. We may modify the content of and/or discontinue the website (or your local webpage) at any time in our sole discretion. We will own the website (including your webpage) and domain name at all times.

6.6. Purchase Agreements. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

6.7. Merchandise and Retail Items. We may, but need not, develop new branded merchandise and retail items for sale at your facility. You agree to maintain a reasonable inventory of these items at your facility at all times and participate in the quarterly minimum order levels that we specify.

7. ESTABLISHING YOUR FACILITY

7.1. Site Selection. You agree to locate and obtain our approval of the premises from which you will operate your Business within 120 days after the Effective Date. The premises must be located within the Site Selection Area identified in ATTACHMENT "B" (the "Site Selection Area") and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. Our approval shall be evidenced by the execution of Section B of ATTACHMENT "B" by you and us. You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Madabolic facility. Our approval of the site indicates only that we believe the site meets our minimum criteria.

7.2. Lease. If you will lease the premises for your facility, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must find a new site for your facility. You and the landlord must sign the lease and Lease Addendum within 150 days after the Effective Date. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records. You must hire a real estate attorney to review and negotiate your lease.

7.3. Construction. We will provide you with generic prototype plans for a Madabolic facility. You must hire a licensed and bonded architect to prepare detailed construction plans. The architect must ensure these plans comply with all standards and specifications in the Manual as well as all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must, at your sole expense, construct and equip the premises to the specifications contained in the Manual and approved plans and purchase (or lease) and install the equipment, fixtures, signs and other items that we require. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the franchise. Before you open, we must approve the layout of your facility.

7.4. **Opening**. You must open your Business to the public within 180 days after the Effective Date or signing a lease for the Madabolic facility, whichever is later. You may not open your Business before: (i) successful completion of the initial training program by your Managing Owner and initial general managers and fitness instructors; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; (iv) we provide our written approval of the construction, build-out and layout of your facility; (v) you sell a minimum of 100 memberships or 300 free week offers for your Business; (vi) you have a professional cleaning contract in place; (vii) you have ordered and received all inventory items for your gym which includes, apparel, drinks, supplements, and gloves; and (vii) you have been given an approval by a Madabolic team member following their visit during your friends and family classes. You must send us a written notice identifying your proposed opening date at least 30 days before opening. If you are deemed to be actively working toward your opening and complying with the steps above, but need more time, we may extend the opening time period in our reasonable discretion. We may conduct a pre-opening inspection of your facility and you agree to make any changes we require before opening. BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

7.5. **Relocation.** You may relocate your facility with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new facility within the Site Selection Area (but outside of any territory operated by us or another franchisee); (ii) comply with Sections 7.1 through Section 7.4 of this Agreement with respect to your new facility (excluding the 180-day opening period); and (iii) open your new facility and resume operations within 30 days after closing your prior facility.

8. MANAGEMENT AND STAFFING.

8.1. **Owner Participation.** You acknowledge that a major requirement for the success of your Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Business and provide on-site management and supervision unless you delegate management functions to a general manager. Any new Managing Owner that we approve must successfully complete the initial training program.

8.2. **General Managers.** If you are not acting in the capacity of general manager, you must hire a general manager as soon as you have identified a location for your Business, to assume responsibility for the daily on-site management and supervision of your Business, but only if: (i) the general manager successfully completes the initial training program (and you pay us the associated training fee, if applicable); (ii) the general manager signs a Brand Protection Agreement; and (iii) the Managing Owner agrees to assume responsibility for the on-site management and supervision of your Business if the general manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement general manager. The Managing Owner is responsible for supervising and managing your general managers to ensure your Business is operated in accordance with this Agreement and the Manuals.

8.3. **Fitness Instructors.** All fitness instructors who teach classes or otherwise provide fitness training at your facility must successfully complete our fitness instructor training program before teaching or training at your facility. Currently our fitness instructor training program takes place in Charlotte, North Carolina. Alternatively, you may request that we send a representative to your facility to train your new fitness instructors onsite (however you would need to reimburse us for our costs in addition to paying the training fee). In the future we may institute a program that allows a franchisee to have a certified trainer who provides initial training to new instructors at their facility. You are responsible for conducting background checks on all of your fitness instructors and other employees to ensure they do not present a safety risk to your members.

8.4. **Other Employees.** You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Business. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day to day

activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

8.5. Interim Manager. We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Business if you are in material breach and fail to cure within the stated cure period. The Interim Manager will cease to manage your Business at such time that you cure the material breach. If we appoint an Interim Manager, you agree to compensate the Interim Manager at a rate that we establish in our commercially reasonable discretion (not to exceed $200 per day plus reimbursement of all expenses incurred by the Interim Manager). The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. FRANCHISEE AS ENTITY. If you are an Entity, you agree to provide us with a list of all of your Owners. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. FRANCHISE OWNER AGREEMENT. If you are an Entity, all Owners (whether direct or indirect), and in certain states the spouses of the Owners, must sign a Franchise Owner Agreement, the current form of which is attached as ATTACHMENT "D".

11. ADVERTISING & MARKETING.

11.1. Brand and System Development Fund.

(a) Administration. We have established and maintain a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our sole discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the marketing fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or

equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions.

(b) Contributions. On the 10th day of each month, you must pay us a brand and system development fund fee equal to 1.5% of your Gross Revenues for the prior month's operations. Your required contributions to the brand and system development fund commence immediately upon the earlier to occur of (i) your collection of any membership fee or (ii) the date your Business opens to the public. Upon 90 days' prior notice, we may increase the required contribution up to a maximum of 3% of your Gross Revenues. We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; and (ii) fines paid by you and other franchisees.

11.2. Marketing Assistance From Us. We will provide you with a recommended marketing plan for your Business. The marketing plan may be included in the Manual located within our learning management system. We may create and make available to you advertising and other marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3. Your Marketing Activities.

(a) Generally. After opening, you must spend a minimum of $2,000 per month on approved local marketing and advertising (your "Local Marketing Commitment") until your Business has a minimum of 200 paying members. The Local Marketing Commitment will be reduced to $1,000 per month at any time that your Business has a minimum of 200 paying members. However, the $2,000 per month Local Marketing Commitment will be immediately and automatically reinstated at any time that your Business has fewer than 200 paying members. We will measure your compliance with the Local Marketing Commitment on a rolling six-month basis, meaning that as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds the applicable Local Marketing Commitment amount, you will be deemed in compliance even if your expenditure in any given month is less than the applicable Local Marketing Commitment amount. We must approve all of your local marketing and advertising in accordance with Section 11.3(d). You agree to participate at your own expense in all advertising, promotional and marketing programs that we require, including any advertising cooperative that we establish pursuant to Section 11.4. Your Local Marketing Commitment is in addition to your required contribution to the brand and system development fund.

(b) Grand Opening. At the time you sign the lease for your facility, you must pay us a $17,000 grand opening marketing fee. We will spend all of these funds on your grand opening marketing activities during the 60- to 90-day period preceding your opening date and 30 days following your opening date. We do not retain any portion of this fee as profit. We will control how and when these funds are spent. We reserve the right to require that you instead pay these funds to a designated third-party marketing company or directly spend these funds yourself on approved local marketing, advertising and promotional activities during the 60- to 90-day period preceding your opening date and 30 days following your opening date. The franchisee will work with the openings team to create a plan to spend funds on digital marketing, local advertising and grassroots marketing.

(c) Standards for Advertising. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others. We reserve the right to require that you comply with any minimum advertised pricing policy that we establish from time to time. You may not conduct any targeted marketing that is directed outside of your Territory. Marketing that is distributed, circulated or received both within your Territory and within an area outside your Territory is not deemed to be "targeted marketing" if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your

Territory; and (ii) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution outside of your Territory. The meaning of "targeted marketing" that is "directed into an area" may be further defined in the Manual, but examples include direct mail that is sent to addresses within a given area, digital advertising that is sent to devices with IP addresses that are registered within a given area and setting up promotional events that take place within a given area.

(d) Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved and you modify). We will be deemed to have disapproved the materials if we fail to issue our approval within 30 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove).

(e) Internet and Websites. You may market your Business through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. At this time, we do not allow our franchisees to maintain their own websites (other than the localized webpage that we provide) or market their Madabolic facilities on the Internet (other than through approved social media outlets). Accordingly, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Business. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a website and/or market on the Internet.

11.4. Advertising Cooperative. We have the right, but not the obligation, to create one or more advertising cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. We have the right to: (i) allocate any portion of the marketing fund fee to the advertising cooperative; (ii) determine the composition of all geographic territories and market areas for each advertising cooperative; and (iii) require that you participate in any advertising cooperative if and when established by us. If we implement an advertising cooperative, we may establish an advertising council to self-administer the advertising cooperative. You must participate in the council according to the council's rules and procedures and you must abide by the council's decisions. Alternatively, we may administer the advertising cooperative ourselves. You must pay the monthly cooperative advertising fee established by us or the council, as applicable, which will be due on the 10th day of each month for the prior month's operations. The cooperative advertising fee shall not exceed $1,000 per month unless the majority of all franchisees within the cooperative vote to increase the cooperative advertising fee to more than $1,000 per month. All cooperative advertising fees that you pay will be credited against your minimum local marketing expenditure requirement set forth in Section 11.3(a). If we or an affiliate of ours operate a majority of the Madabolic facilities within the advertising cooperative, we will increase the cooperative advertising fee only with the consent of a majority of all third-party franchisees within the advertising cooperative. We will collect all cooperative advertising fees and pay them to the applicable advertising cooperative unless we administer the advertising cooperative ourselves. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

12. OPERATING STANDARDS.

12.1. Generally. You agree to operate your Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Manual.

12.2. Brand Standards Manual. You agree to establish and operate your Business in accordance with the Manual. The Manual may contain, among other things: (i) a description of the authorized goods and services that you may offer at your Business, including memberships, fitness classes, training programs, merchandise, supplements and other goods and services you sell; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Madabolic franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Business facility; (v) policies and procedures pertaining to any gift card,

loyalty and/or membership program that we establish; and (vi) a written list of goods and services (or specifications for goods and services) you must purchase for the construction, development and operation of your Business and a list of any designated or approved suppliers for these goods or services. The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding 30 days after we send you notice of the modification. All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

12.3. Authorized Goods and Services. You agree to offer all goods and services that we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services at your Business without our prior written permission. You may not use your facility or permit your facility to be used for any purpose other than offering the goods and services that we authorize. You may only offer the specific classes, exercises and training programs that we designate. You may not alter or deviate from our required classes, exercises or training programs without our prior approval. You may not purchase or utilize any exercise equipment, training equipment, or exercise supplies that we have not approved. You must offer only the memberships (and associated options) that we designate. Your memberships must include all of the features and benefits, and only the features and benefits, that we prescribe. You may not offer any "packages" other than the "packages" we prescribe or authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement.

12.4. Pricing. We will provide you with our suggested retail pricing for the memberships and other goods and services you will sell. To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you offer, including membership fees. We will provide you with all membership pricing plans and initial offers, which you must utilize in your business. You may not deviate from our pricing plans and initial offers without our written consent.

12.5. Extra-Territorial Off-Site Events and Group Memberships. You may conduct business at off-site events and sell group memberships (a group is defined as 5 or more people) outside of your Territory only if: (i) the location is not within a territory operated by us, our affiliate or another franchisee; (ii) you notify us in writing prior to conducting such business or selling group memberships; (iii) you immediately cease conducting off-site events and selling group memberships in any area that is subsequently operated by us, our affiliate or another franchise; and (iv) you follow all of our instructions to transition any group membership to us, our affiliate or another franchisee (as applicable) that subsequently operates the area. If you are asked to conduct business at off-site events in an area operated by us, our affiliate or another franchisee, you must refer that request to us, our affiliate or the other franchisee (as applicable). Similarly, if you are asked to provide group membership programs to a group of persons whose headquarters are in an area operated by us, our affiliate or another franchisee, you must refer that request to us, our affiliate or the other franchisee (as applicable). If we, our affiliate or another franchisee is requested to conduct business at off-site events in your territory or provide group membership programs to a group of persons whose headquarters are in your Territory, we, our affiliate, or the other franchisee (as applicable) must refer that request to you. At any time, we may establish, modify or develop new policies for conducting business at off-site events outside your Territory and selling group memberships and you must comply with all such policies. We may describe these policies in the Manuals. Any new policies may result in changes to your ability to conduct business at off-site events outside your Territory and/or sell group memberships.

12.6. Membership Model and Loyalty Programs. You will operate your Business using the membership model that we designate. You must offer all membership options that we require. You may not offer any other membership options that we have not approved. The details of our membership program may be described in the Manual and may change from time to time. You must comply with all policies and other requirements that we specify from time to time with respect to the membership program. Without limiting the generality of the foregoing, we reserve the right to implement policies for transfers of memberships or to allow memberships to be utilized at multiple locations, in which case we may implement new software and/or Apps to monitor sales and allocate payments of the monthly membership fees to the Madabolic facility where goods or

services are redeemed (either in whole or on a percentage basis). We may also require that you participate in a gift card or other form customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase and utilize additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. If we establish a gift card program, we have the right to determine how the amount of the gift cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify from time to time relating to customers who purchase a gift card from one Madabolic facility and redeem the card at another Madabolic facility. We may implement new software and/or Apps to monitor gift card sales and allocate payments to the Madabolic facility where goods or services are redeemed (either in whole or on a percentage basis), in which case we may require that the proceeds from gift card sales be deposited into a trust account that we control. We may also adopt policies regarding cooperation between franchisees relating to customers who purchase a membership or gift card at one Madabolic facility and redeem products or services from one or more other Madabolic facilities. You agree to comply with all policies and procedures that we specify and we may modify these policies and procedures at any time.

12.7. Suppliers and Purchasing. You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of Madabolic facilities, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 30-day period. You must pay us $50 for each product or vendor that you propose for our evaluation and $150 for each piece of equipment that you propose for our evaluation. The fee is due 10 days after invoicing.

12.8. Equipment Maintenance and Changes. You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period that we reasonably prescribe.

12.9. Technology Systems.

(a) Generally. You must acquire and utilize all information and communication technology systems that we specify from time to time, including, without limitation, computer systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems (collectively referred to as the "Technology Systems"). The Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose that we deem appropriate. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.

(b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You

must ensure that your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to enable us to have independent and unlimited access to the operational data collected through your Technology Systems, including information regarding your Gross Revenues for purposes of calculating fees owed. Upon our request, you agree to provide us with the user IDs and passwords for your Technology Systems, including upon termination or expiration of this Agreement.

(c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs: (i) you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon our request, you agree to enter into a license agreement with us (or our affiliate) in a form that we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The "technology fee" includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems. The technology fee is due 10 days after invoicing or as otherwise specified by us from time to time. As of the Effective Date, we charge a technology fee of $795 per month. This fee covers a number of items, including: (i) our costs associated with managing and maintaining our intranet, providing you with email accounts and website support, and conducting ongoing technology research and development ($100 per month); (ii) monthly licensing fees paid to the licensor of the scheduling and payment processing software ($455 per month); (iii) and monthly licensing fees paid to the licensor of the business management software ($250 per month). In the event that our costs are increased by outside vendors, we maintain the right to pass these increases along to you.

12.10. Remodeling and Maintenance. You agree to remodel and make all improvements and alterations to your facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There is no limitation on the cost of these changes. However, we will not require that you complete any significant remodeling more than once during any five (5) year period, except as a condition to renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current specifications, standards or image requirements. You agree to maintain your facility in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, redecorating of the interior and exterior of the facility at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the facility as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time. You must hire a professional cleaning services that meets our minimum standards and requirements to thoroughly clean your facility on a daily basis.

12.11. Music. You may only play the music at your facility that we specify or otherwise approve. We

may require that you purchase your music through a designated music vendor. We may purchase your music licensing fee from ASCAP/BMI and require you to reimburse for all such licensing and other fees that we pay on behalf of your facility.

12.12. Minimum Class Frequency. You must offer a minimum of 23 classes per week upon opening. You agree to notify us of your class schedule, and you may not change your class schedule without giving us prior notice. When you initially open, you may be required to reduce the number of classes offered.

12.13. Hours of Operation. You must be open for business during the minimum days and hours of operation that we specify, which is currently 7 days per week. You must establish specific hours of operation and submit those hours to us for approval. You must offer the minimum number of classes each week that we specify. You agree to notify us of your class schedule, and you may not change your class schedule without giving us prior written notice. We will provide an annual calendar of the days locations may be closed, and you are required to be open on all other days.

12.14. Member Complaints. If you receive a member complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

12.15. Quality Assurance Programs. At any time, we reserve the right to engage the services of one or more "mystery shoppers" or quality assurance inspection firms who will inspect Madabolic facilities for quality control purposes. These inspections may address a variety of issues, including customer service, utilization of approved training programs, workouts and exercises, safety, sanitation and cleanliness, inventory rotation, etc. You agree to fully cooperate with any such inspection. If we implement such a program, you may be invoiced directly by the mystery shopper or quality assurance firm for the services rendered. Alternatively, we may be invoiced by the mystery shopper or quality assurance firm, in which you must pay your proportional share of the total fee based on the number of open Madabolic facilities owned by you as compared to the total number of all open Madabolic facilities at the time of the program (including company and affiliate-owned facilities). You agree to pay us this fee within 10 days after invoicing.

12.16. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures and you fail to correct the non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to $500 per occurrence.

13. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You will have the right to be a member of the advisory council as long as you are not in default under this Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote on all matters on which members are authorized to vote.

14. FEES

14.1. Initial Franchise Fee. You agree to pay us a $45,000 initial franchise fee in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed.

14.2. Royalty Fee. On the 10th day of each month, you agree to pay us a royalty fee equal to the greater of 6% of your Gross Revenues or the minimum monthly royalty fee. The "minimum monthly royalty fee" is $1,500 per month and begins the 13th month after the Effective Date of this Agreement. You are not required to pay any minimum monthly royalty fee prior to the 13th month after your opening date. Your royalty

fee commences immediately upon the earlier to occur of (i) your collection of any membership fee or (ii) the date your Business opens to the public.

14.3. Other Fees and Payments. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

14.4. Late Fee. If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us a $25 late charge plus interest on the amounts past due at the rate equal to the lesser of 18% per annum (pro-rated on a daily basis), or the highest rate permitted by your State's law. If no due date has been specified by us, then interest begins to run 10 days after we bill you. We will not impose a late fee for any amounts paid pursuant to Section 14.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payments at the time the payments became due and payable. However, we may impose a late fee for any amounts that we are unable to reasonably determine due to your failure to furnish us with a report required by Section 16.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due and payable. You acknowledge that this Section 14.4 shall not constitute our agreement to accept the late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Business.

14.5. Method of Payment. You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate (your "Account") for: (i) all fees payable to us pursuant to this Agreement (other than the initial franchise fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of goods or services. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to this Agreement as ATTACHMENT "E". You must sign and deliver to us any other documents that we or your bank may require to authorize us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Business within the period of time prescribed by the Manual. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your Account to cover all amounts that you owe, any excess amounts that you owe will be payable upon demand, together with any late charge imposed pursuant to Section 14.4.

14.6. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

15. BRAND PROTECTION COVENANTS.

15.1. Reason for Covenants. You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners or persons associated with you or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

15.2. Our Know-how. You and the Owners agree: (i) neither you nor any Owner will use the Know-how in any business or capacity other than the operation of your Business pursuant to this Agreement; (ii) you and the Owners will maintain the confidentiality of the Know-how at all times; (iii) neither you nor any Owner will make unauthorized copies of documents containing any Know-how; (iv) you and the Owners will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you and the Owners will stop using the Know-how immediately upon the expiration, termination or Transfer of this Agreement, and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement will stop using the Know-how immediately at the time he or she ceases to be an Owner.

15.3. Unfair Competition During Term. You and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing any member of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

15.4. Unfair Competition After Term. During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within and does not provide competitive goods or services to members who are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

15.5. Immediate Family Members. The Owners acknowledge that they could circumvent the purpose of Section 15 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge that it would be difficult for us to prove whether the Owners disclosed the Know-how to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 15 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses the Know-how. However, the Owner may rebut this presumption by furnishing evidence conclusively showing that the Owner did not disclose the Know-how to the family member.

15.6. Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Business who may have access to our Know-how, and who are not required to sign a Brand Protection Agreement, sign and send us a Confidentiality Agreement before having access to our Know-how. You must use your best efforts to ensure that these individuals comply with the terms of the Brand Protection Agreements and Confidentiality Agreements, as applicable, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Brand Protection Agreement or Confidentiality Agreement, as applicable, including reasonable attorneys' fees and court costs.

15.7. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Madabolic franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 15 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

15.8. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 15 will cause substantial and irreparable damage to us and/or other Madabolic franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 15 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or

in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 15.

16. YOUR OTHER RESPONSIBILITIES

16.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies: (i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Business, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost; (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business, containing minimum liability protection of $1,000,000 combined single limit per occurrence, and $2,000,000 in the aggregate; (iii) professional liability insurance in the minimum amount of $1,000,000; (iv) tenant's liability insurance as required by your landlord; (v) worker's compensation insurance and employer's liability insurance as required by law; and (vi) any other insurance that we specify in the Manual from time to time. We also recommend, but do not require, that you obtain: (i) products liability insurance coverage of at least $1,000,000 combined single limit per occurrence, and $2,000,000 in the aggregate; (ii) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the operation of your Business, containing minimum liability protection of $500,000 combined single limit per occurrence; and (iii) crime insurance for employee dishonesty in the minimum amount of $10,000 combined single limit. You agree to obtain the required insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Business. All insurance policies must endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your required policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 10 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within 10 days after invoicing, all costs and premiums that we incur.

16.2. Books and Records. You agree to prepare and maintain at your facility for at least five (5) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Business. You must maintain, and upon our request furnish to us by e-mail, mail or facsimile, a written list of all of your members. You must send us copies of your books and records within seven (7) days of our request.

16.3. Reports. No later than the 20th day of each month, you must prepare and provide to us monthly financial statements which shall include: (i) your Gross Revenues and expenses for the prior month's operations; and (ii) your expenditures on local advertising required by Section 11.3 that were incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports that we require in the form and manner that we require. You agree to send us a copy of any report required by this Section upon request. If you miscalculate Gross Revenues, you must notify us of the error no later than the end of the next Gross Revenues reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based upon the Gross Revenues previously reported. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or point of sale system to retrieve and compile information regarding the operation of your

Business. If we can automatically generate reports of your Gross Revenues from your point-of-sale system, we may waive your obligation to provide monthly reports of your Gross Revenues.

16.4. Financial Statements. Within 90 days after the end of each calendar year, you must prepare an annual profit and loss statement along with a balance sheet for your Business (as of the end of the calendar year) and an annual statement of profit and loss and source and application of funds. All financial statements must be: (i) verified and signed by you certifying to us that the information is true, complete, and accurate; (ii) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (iii) submitted in any format that we reasonably require. We have the right to require that your financial statements be audited by a certified public accountant if you have previously submitted to us materially inaccurate financial statements. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose the financial statements, reports, and operating data to prospective franchisees, regulatory agencies and others at our discretion, provided the disclosure is not prohibited by applicable law.

16.5. Legal Compliance. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Business and operate and manage your Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

16.6. Ownership and Protection of Data. We are the exclusive owner of all data that you and/or we collect relating to your members. We hereby grant you a license to utilize such data solely for purposes of operating your Business in compliance with this Agreement. You must protect all member data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy laws with respect to data, which if compromised, could have a negative impact on our image or consumer confidence. You agree: (i) to comply with all applicable data protection laws as well as our data processing and data privacy policies as set forth in the Manual from time to time; and (ii) upon our request, to sign any data processing and/or data privacy agreement required by any applicable data protection law or otherwise required by us. You further agree to: (i) obtain, maintain and adhere to all applicable compliance standards established by the PCI-DSS; (ii) establish appropriate administrative, technical and physical controls consistent with law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that it stores, processes, transmits, or comes in contact with; (iii) promptly notify us if you suspect that there is, or has been, a security breach or potential compromise of any such credit card information; (iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and (v) promptly notify us of any noncompliance PCI-DSS requirements to discuss your remediation efforts and timeline.

17. INSPECTION AND AUDIT

17.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter your facility, evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include watching or participating in your classes and/or contacting your landlord, members and employees. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.

17.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement of your Gross Revenues or any amount that you owe us, you agree to

immediately pay to us any additional fees that you owe us together with any late fee payable pursuant to Section 14.4. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us by at least three percent (3%), in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due 10 days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

18. INTELLECTUAL PROPERTY

18.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Business during the Term pursuant to, and only in compliance with, this Agreement, the Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property.

18.2. Membership Accounts and Data. You acknowledge and agree that we will be the sole and exclusive owner of all member accounts and data, including for members at your Business. During the Term, we will license you the right to utilize these accounts and associated data for purposes of operating your Business in accordance with this Agreement and the Manuals. Upon the expiration or termination of this Agreement, you will have no further rights to utilize the member accounts or data for any purpose without our prior written consent. You agree to take all actions that we request to facilitate the transfer of your members to another Madabolic facility that we designate upon the expiration or termination of this Agreement.

18.3. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. We will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

18.4. Use of Marks. You agree to use the Marks as the sole identification of your Business; provided, however that you must identify yourself as the independent owner of your Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

18.5. Use of Know-how. We will disclose the Know-how to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Business. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Business during the Term.

18.6. Improvements. If you conceive of or develop any improvements or additions to the marketing,

method of operation or the services or products offered by a Madabolic business (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a Madabolic franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a Madabolic business.

18.7. Notification of Infringements and Claims. You must immediately notify us of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

19. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use or operation of your Business or your performance and/or breach of any of your obligations under this Agreement; (ii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement; (iii) any labor, employment or similar type of Claim pertaining to your employees, including claims alleging that we are a joint employer of your employees; (iv) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission and the National Labor Relations Board; and (v) any labor, employment or similar type of Claim pertaining to our relationship with you or your Owners, including claims alleging that we are a joint employer of you and/or any of your Owners. You and your Owners agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

20. TRANSFERS

20.1. By Us. This Agreement and the franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

20.2. By You. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our

approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to own and operate a Madabolic business and otherwise meets all of our then applicable standards for franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the Training Fee for each new person who must attend training);

(iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(v) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Business;

(vi) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(vii) you remodel your facility to comply with our then-current standards and specifications or you obtain a commitment from the transferee to do so;

(viii) you or the transferee pay us a $10,000 transfer fee to defray expenses that we incur in connection with the Transfer (if you sell to a lead that came from our database, you may also be required to pay our then-current referral fee plus any costs associated with applicable broker fees);

(ix) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(x) we do not elect to exercise our right of first refusal described in Section 20.5; and

(xi) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

20.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must give us at least 10 days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

20.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 20.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

20.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will

purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 20.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

21. TERMINATION

21.1. By You. You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 90 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 22 and all other obligations that survive the expiration or termination of this Agreement.

21.2. Termination By Us Without Cure Period. We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if the Managing Owner fails to satisfactorily complete the initial training program in the manner required by Section 5.1;

(ii) if you fail to obtain our approval of your site within the time period required by Sections 7.1;

(iii) if you fail to secure a fully executed lease and Lease Addendum within the time period required by Section 7.2;

(iv) if you fail to open your Business within the time period required by Section 7.4;

(v) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(vi) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;

(vii) if you abandon or fail to operate your Business for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;

(viii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business, even if you or the Owner still maintain appeal rights;

(ix) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary

action or (c) fails to comply with any material federal, state or local law or regulation applicable to your Business;

(x) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;

(xi) if you manage or operate your Business in a manner that presents a health or safety hazard to your customers, employees or the public;

(xii) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;

(xiii) if you fail to pay any amount owed to us or an affiliate of ours within ten (10) days after receipt of a demand for payment;

(xiv) if you underreport any amount owed to us by at least three percent (3%), after having already committed a similar breach that had been cured in accordance with Section 21.3;

(xv) if you make an unauthorized Transfer;

(xvi) if you make an unauthorized use of the Intellectual Property;

(xvii) if you breach any of the brand protection covenants described in Section 15;

(xviii) if any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement;

(xix) if the lease for your premises is terminated due to your default; or

(xx) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.

21.3. Additional Conditions of Termination. In addition to our termination rights in Section 21.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section 21.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

21.4. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

22. POST-TERM OBLIGATIONS.

22.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(i) immediately cease to use the Intellectual Property;

(ii) pay us all amounts that you owe us;

(iii) comply with all covenants described in Section 15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(iv) return all copies of the Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to a Madabolic business, unless we allow you to transfer such items to an approved transferee;

(v) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

(vi) provide us with a list of all of your current, former and prospective members and assign their agreements and account data to us or our designee (unless we allow you transfer the agreements and data to an approved transferee) (you acknowledge that we are the sole and exclusive owner of your member accounts and data);

(vii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business;

(viii) notify all telephone companies, listing agencies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(ix) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

22.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your facility and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"). We will notify you of the specific items that we wish to purchase (the "Acquired Assets"). We may also require that you assign your lease to us at no additional charge.

(b) Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Business in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two (2) Qualified Appraisers shall appoint a third (3rd) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3rd) Qualified Appraiser within the 30-day period, then a third (3rd) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Business, if less than three (3) years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(d) Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a

single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(f) Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

23. DISPUTE RESOLUTION. The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the validity, enforcement or interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a "Dispute") to mediation before a mutually-agreeable mediator prior to litigation, unless the Dispute involves an alleged breach of Section 15 or Section 18. Any mediation shall take place in the county in which we maintain our principal place of business at the time the mediation begins (currently, Mecklenburg County, North Carolina). If the Dispute is not successfully resolved by mediation within 90 days after either party makes a demand for mediation or the Dispute involves an alleged breach of Section 15 or Section 18, either party may file a lawsuit in any state or federal court of general jurisdiction in the county in which we maintain our principal place of business at the time the lawsuit is filed (currently, Mecklenburg County, North Carolina) and we and you irrevocably submit to the jurisdiction of such courts and waive any objection either of us may have to either the jurisdiction or venue of such courts. If we or you must enforce this Agreement in a judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 15 OR SECTION 18) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

24. REPRESENTATIONS.

24.1. Corporate Representations. You and the Owners jointly and severally represent and warrant to us that:

(i) the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (i) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (ii) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (iii) violate any applicable Law;

(ii) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and

(iii) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.

24.2. Franchise Compliance Representations. You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates or (ii) such earlier time in the sales process that you requested a copy.

24.3. General Representations. You and the Owners jointly and severally represent and warrant to us that you are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

24.4. Anti-Terrorism Compliance. You and the Owners jointly and severally represent and warrant to us that, to the best of your knowledge:

(i) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law;

(ii) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and

(iii) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America.

The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

25. GENERAL PROVISIONS

25.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of North Carolina (without reference to its principles of conflicts of law), but any law of the State of North Carolina that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

25.2. Relationship of the Parties. You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties,

as a franchisee of ours and the independent owner of your Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.3. **Severability and Substitution**. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

25.4. **Waivers.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other Madabolic franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

25.5. **Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

25.6. **Force Majeure.** Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. Notwithstanding the foregoing, "force majeure" will not: (i) relieve you of any payment obligations under this Agreement; or (ii) excuse, or apply with respect to, any breaches resulting from an epidemic or pandemic of a contagious illness or disease or resulting from any economic or financial changes caused by such epidemic or pandemic.

25.7. **Binding Effect.** This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 16.1 and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 16.1 and Section 19, respectively.

25.8. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 25.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to

modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

25.9. **Covenant of Good Faith**. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

25.10. **Rights of Parties are Cumulative**. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

25.11. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 14, Section 15, Section 17, Section 19, Section 22, Section 23 and Section 25.

25.12. **Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.13. **Time of Essence.** Time is of the essence in this Agreement and every term thereof.

25.14. **Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

25.15. **Notice.** All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

YOU:	As set forth below your signature on this Agreement
US:	Madabolic Franchise System, LLC Attention: President 42490 Garfield Road, Suite 202 Clinton Township, Michigan 48038

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by fax, e-mail or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Madabolic Franchise System, LLC, a Delaware limited liability company

By:_____
Name:_____
Its:_____

YOU (If you are an entity):

_____,
a(n)_____

By:_____
Name:_____
Its:_____

YOU (If you are not an entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

Franchisee's Principal Business Address:
_____
_____
_____
_____

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEFINITIONS

"Account" is defined in Section 14.5.

"Acquisition" means either (i) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise or (ii) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

"Acquired Assets" is defined in Section 22.2.

"Agencies" is defined in Section 22.1(viii).

"Agreement" is defined in the Introductory Paragraph.

"Alternative Channels of Distribution" means all channels of distribution other than retail sales made to members from a Madabolic workout facility, including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as fitness stores, convenience stores or department stores; (iii) sales made at wholesale; and (iv) on-site sales to members, such as sales to employee groups at a business site.

"Appraisal Date" is defined in Section 22.2.

"Appraised Value" is defined in Section 22.2.

"Brand Protection Agreement" means our form of Brand Protection Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "F".

"Business" is defined in Section 2.

"Claim" or *"Claims"* means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers fitness classes that emphasize strength and conditioning interval training exercises.

"Confidentiality Agreement" means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "G".

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Madabolic franchisees to use, sell or display in connection with the marketing and/or operation of a Madabolic facility, whether now in existence or created in the future.

"Dispute" is defined in Section 23.

"Effective Date" is defined in the Introductory Paragraph.

"Entity" means a corporation, partnership, limited liability company or other form of association.

"General Release" means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

"Gross Revenues" means the gross amount, in money or other forms of consideration, that you earn or receive from any source-related to, or in connection with, the operation of your Business or with this franchise, whether on or off your premises, including, without limitation, all membership-related fees (such as initiation fees, enrollment fees, processing fees, paid-in-full dues, renewal fees, monthly dues and all revenues generated and

derived during any presale of memberships) regardless of the amount of monthly membership fees you actually collect. Gross Revenue also includes fair market value for any service or product you receive in barter or exchange for your services or products and all insurance proceeds that you receive for the loss of the Business due to a casualty to or similar event at the Business. Gross Revenues excludes only discounts you allow, gratuities paid by customers to employees of the Business, sales tax receipts that you must by law collect or pay and any customer refunds of previous payments you actually make. From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Revenues. Similarly, if we implement a membership model that allows customers to redeem goods or services associated with the membership from multiple Madabolic facilities, we may establish policies governing the manner in which the monthly membership dues are allocated between the facility that sold the membership and the facilities where the goods or services are redeemed.

"Improvements" is defined in Section 18.6.

"Indemnified Party" or *"Indemnified Parties"* means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Interim Manager" is defined in Section 8.5.

"Interim Term" is defined in Section 4.3.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Madabolic business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies, promotional programs, proprietary training programs, workouts and group fitness classes, membership programs, membership billing procedures, purchasing strategies, vendor and supplier relationships, cost and pricing strategies, merchandising methods and techniques, inventory management systems, forms, contracts, record keeping and reporting procedures, and information comprising the System and the Manual.

"Losses and Expenses" means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

"Managing Owner" means the Owner that you designate and we approve who is primarily responsible for the daily on-premises management and supervision of the Business.

"Manual" is defined in Section 6.1.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Madabolic facility, including "Madabolic," the associated logo and any other trademarks, service marks or trade names that we designate for use in a Madabolic facility. The term "Marks" also includes any distinctive trade dress used to identify a Madabolic facility, whether now in existence or hereafter created.

"Marketing Campaign" is defined in Section 11.1(a).

"Owner" or *"Owners"* means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. "Owner" includes both passive and active owners.

"PCI-DSS" means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at https://www.pcisecuritystandards.org as of the Effective Date.

"Permitted Transfer" means: (i) a Transfer from one Owner to another Owner who was an approved Owner

prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"Post-Term Restricted Period" means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement. "Post-Term Restricted Period" means, with respect to an Owner, a period of two (2) years after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to an Owner, a period of one (1) year after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

"Prohibited Activities" is defined in Section 15.3.

"Qualified Appraiser" is defined in Section 22.2.

"Restricted Territory" means the geographic area within: (i) a 25 mile radius from your Madabolic facility (and including your facility itself); and (ii) a 25 radius from all other Madabolic facilities that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10 mile radius from your Madabolic facility (and including your facility itself).

"Site Selection Area" is defined in Sections 7.1.

"Successor Agreement" is defined in Section 4.1.

"System" means our distinct system for the operation of a Madabolic business, the distinctive characteristics of which include logo, Marks, proprietary fitness programs and products, membership model, confidential brand standards manual and operating system.

"Technology Fee" is defined in Section 12.9(a).

"Term" is defined in Section 4.1.

"Territory" is defined in Section 3.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the franchise (or any interest therein), the Business (or any portion thereof) or an ownership interest in an Entity that is the franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

"We" or "us" is defined in the Introductory Paragraph.

"You" is defined in the Introductory Paragraph.

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

SITE SELECTION AND TERRITORY

A. Site Selection Area.

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area:

[_____]

* The Site Selection Area is not your territory and there are no protections associated with this area.

B. Approved Site.

Pursuant to Section 7.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your Madabolic facility.

Approved address:

_____

_____

C. Territory.

The Territory referenced in the Franchise Agreement shall consist of the following geographic area (as may be further depicted on a map attached on the following page):

[_____]

*** If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

[Attach Map on Following Page If Applicable]

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

This Agreement dated this ___ day of _____, 202__ among Madabolic Franchise System, LLC, a Delaware limited liability company, with principal offices at 2610 South Blvd., Charlotte, North Carolina 28209 (the "Franchisor"), _____, a(n)_____, with principal offices located at _____ (the "Landlord"), and _____, a(n)_____, with principal offices located at _____ (the "Tenant/Franchisee").

Introduction

A. On _____, the Tenant/Franchisee and the Franchisor entered a Madabolic, Franchise Agreement (the "Franchise Agreement"). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate a Madabolic franchised business (the "Franchised Business") at the Premises (defined below).

B. Simultaneously with entering this Agreement, the Landlord and the Tenant/Franchisee are entering a lease agreement (the "Lease"). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit "A" (the "Premises").

C. To protect the Franchisor's rights and interests under the Franchise Agreement, the Landlord grants certain rights to the Franchisor under the Lease as set forth below.

Agreement

The parties, therefore, agree as follows:

1. Notices. At the same time such notices are sent to the Tenant/Franchisee, the Landlord must provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address set forth above or such other address as the Franchisor may notify the Landlord in writing.

2. Right to Cure. If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, in such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord's or Franchisee's consent. The Franchisor may thereafter assign the Lease to another Madabolic franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without the Landlord's prior consent, the Tenant/Franchisee may assign the Lease to the Franchisor. In such event, the Franchisor may thereafter assign the Lease to another Madabolic franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. The Landlord agrees that upon the expiration or termination of the Lease, the Franchisor shall have the first right of refusal to lease the Premises as the new tenant.

5. Expiration or Termination of Franchise Agreement. The Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving the Franchisor the

right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee's interests under the Lease in accordance with Section 2 above.

6. Acknowledgement of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement to enter the Premises to: (i) make any modifications or alterations necessary in the Franchisor's sole discretion to protect its franchise system and its trademarks without being guilty of trespass or any other tort or crime; and (ii) remove any trade fixtures, interior or exterior signs and other items bearing the Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Without the Franchisor's prior written consent, the Landlord and the Tenant/Franchisee may not amend, modify, supplement, terminate, renew or extend the Lease.

8. Miscellaneous.

a. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

b. All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

c. The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

d. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page is binding upon any party so confirming or telecopying.

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Madabolic Franchise System, LLC, a Delaware limited liability company

By:_____
Name:_____
Its:_____

LANDLORD:

_____, (a)n _____
_____

By:_____
Name:_____
Its:_____

TENANT/FRANCHISEE:

_____, (a)n _____
_____

By:_____
Name:_____
Its:_____

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

_____

_____

_____

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "Agreement") is entered into by: (i) each of the undersigned owners of Franchisee (defined below); and (ii) the spouse of each such owner, in favor of Madabolic Franchise System, LLC, a Delaware limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you".

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

   "Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers fitness classes that emphasize strength and conditioning interval training exercises.

   "Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Madabolic franchisees to use, sell or display in connection with the marketing and/or operation of a Madabolic facility, whether now in existence or created in the future.

   "Franchise Agreement" means the Madabolic Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

   "Franchised Business" means the Madabolic facility operated by Franchisee pursuant to the Franchise Agreement.

   "Franchisee" means _____.

   "Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a Madabolic facility, (ii) the method of operation of a Madabolic facility or (iii) any marketing or promotional ideas relating to a Madabolic facility, whether developed by you, Franchisee or any other person.

   "Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

   "Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Madabolic business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies, promotional programs, proprietary training programs, workouts and group fitness classes, membership programs, membership billing procedures, purchasing strategies, vendor and supplier relationships, cost and pricing strategies, merchandising methods and techniques, inventory management systems, forms, contracts, record keeping and reporting procedures, and information comprising the System and the Manual.

   "Manual" means our confidential brand standards manual for the operation of a Madabolic facility.

   "Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Madabolic facility, including "Madabolic," the associated logo and any other trademarks, service marks or trade names that we designate for use in a Madabolic facility. The term "Marks" also includes any distinctive trade dress used to identify a Madabolic facility, whether now in existence or hereafter created.

   "Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing any member of ours (or of one of our affiliates or franchisees) to transfer their business to Owner or to any other person that is not then a franchisee of ours.

   "Restricted Period" means the two (2) year period after the earliest to occur of the following: (i) the

termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

"Restricted Territory" means the geographic area within: (i) a 25 mile radius from the Franchised Business facility (and including the facility itself); and (ii) a 25 radius from all other Madabolic facilities that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10 mile radius from the Franchised Business facility (and including the facility itself).

"System" means our distinct system for the operation of a Madabolic business, the distinctive characteristics of which include logo, Marks, proprietary fitness programs and products, membership model, confidential brand standards manual and operating system.

2. Background. In your capacity as an owner of Franchisee, or the spouse of an owner of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to "owners" and not just Franchisee. You agree to comply with the terms of this Agreement In order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Franchised Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner of Franchisee or your spouse is an owner of Franchisee, as applicable. You further agree that you will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an owner of Franchisee or while your spouse is an owner of Franchisee, as applicable, by engaging in any Prohibited Activities.

(c) Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to members who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited

activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

(d) Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

(e) Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area, we may at any time unilaterally modify the terms of the system protection covenants in Section 3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law

(f) Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other Madabolic franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Transfer Restrictions. If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee except in accordance with the terms and conditions set forth in Section 20.2 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (1) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to

this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**

7. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party relating to or alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of North Carolina and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name | Business No.

Franchisee Mailing Address (street) | Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different from above)

Franchisee Fax No. | Franchisee E-mail Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

Bank Account No. | ☐ Checking ☐ Savings (check one) | Bank Routing No. (9 digits)

Bank Mailing Address (city, state, zip) | Bank Phone No.

Authorization:

Franchisee hereby authorizes Madabolic Franchise System, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature:_____ Date:_____

Name:_____

Its:_____

Federal Tax ID Number:_____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "F"

TO FRANCHISE AGREEMENT

BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Madabolic Franchise System, LLC, a Delaware limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

   "Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that offers fitness classes that emphasize strength and conditioning interval training exercises.

   "Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Madabolic franchisees to use, sell or display in connection with the marketing and/or operation of a Madabolic facility, whether now in existence or created in the future.

   "Franchisee" means the Madabolic franchisee for whom you are an officer, director, employee or independent contractor.

   "Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a Madabolic facility, (ii) the method of operation of a Madabolic facility or (iii) any marketing or promotional ideals relating to a Madabolic facility, whether developed by you, Franchisee or any other person.

   "Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

   "Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Madabolic business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies, promotional programs, proprietary training programs, workouts and group fitness classes, membership programs, membership billing procedures, purchasing strategies, vendor and supplier relationships, cost and pricing strategies, merchandising methods and techniques, inventory management systems, forms, contracts, record keeping and reporting procedures, and information comprising the System and the Manual.

   "Manual" means our confidential brand standards manual for the operation of a Madabolic facility.

   "Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Madabolic facility, including "Madabolic," the associated logo and any other trademarks, service marks or trade names that we designate for use in a Madabolic facility. The term "Marks" also includes any distinctive trade dress used to identify a Madabolic facility, whether now in existence or hereafter created.

   "Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing any member of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

   "Restricted Period" means the two (2) year period after you cease to be an officer, director, employee or independent contractor of Franchisee; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.

   "Restricted Territory" means the geographic area within: (i) a 25 mile radius from Franchisee's Madabolic

facility (and including the facility itself); and (ii) a 25 radius from all other Madabolic facilities that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10 mile radius from Franchisee's Madabolic facility (and including the facility itself).

"System" means our distinct system for the operation of a Madabolic business, the distinctive characteristics of which include logo, Marks, proprietary fitness programs and products, membership model, confidential brand standards manual and operating system.

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Madabolic facility operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an officer, director, employee or independent contractor of Franchisee by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to members who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Madabolic franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You

agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of North Carolina and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

This Brand Protection Agreement is executed as of the date or dates set forth below.

By: _____

Name: _____

Date: _____

ATTACHMENT "G"

TO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Madabolic Franchise System, LLC, a Delaware limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Madabolic franchisees to use, sell or display in connection with the marketing and/or operation of a Madabolic facility, whether now in existence or created in the future.

"Franchisee" means the Madabolic franchisee for whom you are an officer, director, employee or independent contractor.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a Madabolic facility, (ii) the method of operation of a Madabolic facility or (iii) any marketing or promotional ideals relating to a Madabolic facility, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Madabolic business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies, promotional programs, proprietary training programs, workouts and group fitness classes, membership programs, membership billing procedures, purchasing strategies, vendor and supplier relationships, cost and pricing strategies, merchandising methods and techniques, inventory management systems, forms, contracts, record keeping and reporting procedures, and information comprising the System and the Manual.

"Manual" means our confidential brand standards manual for the operation of a Madabolic facility.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Madabolic facility, including "Madabolic," the associated logo and any other trademarks, service marks or trade names that we designate for use in a Madabolic facility. The term "Marks" also includes any distinctive trade dress used to identify a Madabolic facility, whether now in existence or hereafter created.

"System" means our distinct system for the operation of a Madabolic business, the distinctive characteristics of which include logo, Marks, proprietary fitness programs and products, membership model, confidential brand standards manual and operating system.

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Madabolic facility operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Madabolic franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of North Carolina and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By: _____

Name: _____

Date: _____

ATTACHMENT "H"

TO FRANCHISE AGREEMENT

MULTI-STATE ADDENDA

[See Attached]

MULTI-STATE ADDENDA

The following are additional disclosures for the Franchise Agreement of Madabolic Franchise System, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

FOR THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document.
2. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The franchise agreement requires application of the laws of North Carolina. This provision may not be enforceable under California law.
8. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
9. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
10. The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information."
11. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE

CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION at https://dfpi.ca.gov/.

12. All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the State of California. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

FOR THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for Madabolic Franchise System, LLC is amended as follows:

A. You must sign a general release in order to renew or transfer your franchise. Any such release must comply with the provisions of the Illinois Franchise Disclosure Act (the "Act").

B. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois.

C. 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.

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

E. All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General's Office based upon their review of our financial condition as reflected in our financial statements. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

FOR THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law"), the Franchise Agreement for Madabolic Franchise System, LLC is amended as follows:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

(c) You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

(d) Any acknowledgements or representations of you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

(f) Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

(g) Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

FOR THE STATE OF MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

A. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.

B. We will comply with Minnesota Statute Section 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) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

C. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statues, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J) which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond if required.

D. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g) which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

E. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

F. All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

FOR THE STATE OF NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Franchise Agreement for Madabolic Franchise System, LLC is amended as follows:

1. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.

2. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.

3. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.

4. Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

FOR THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Franchise Agreement for Madabolic Franchise System, LLC is amended as follows:

(a) We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.

(b) If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.

(c) We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.

(d) Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

FOR THE STATE OF VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act (the "Virginia Franchise Law"), the Franchise Agreement for Madabolic Franchise System, LLC is amended as follows:

(a) Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Franchise Law.

(b) Pursuant to Section 13.1-564 of the Virginia Franchise Law, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Franchise Law or the laws of Virginia, that provision may not be enforceable.

(c) The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

FOR THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

All initial fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the State of Washington. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 202___, and of the Franchise Disclosure Document but only state law as of the date above, prior to or at the time of execution.

DATED this _____ day of _____, 202____.

FRANCHISOR:

Madabolic Franchise System, LLC, a Delaware limited liability company

By:_____
Name:_____
Its:_____
Date: _____

FRANCHISEE:

_____,
a(n)_____

By:_____
Name:_____
Its:_____
Date: _____

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

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EXHIBIT "E"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees as of December 31, 2022)

The following table lists franchisees that were open as of December 31, 2022.

Outlet Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	Scotts Valley	262 Mt. Hermon Road #101 Scotts Valley, CA 95066	(831) 621-2130	Peter Malek
Connecticut	Stamford	850 Canal Street Stamford, CT 06902	(203) 625-1707	Laura and Gregg Conover
Florida	Jupiter	901 W. Indian town Road Jupiter, FL 33458	(561) 284-3481	Zach Eggen and Josh Werner
Georgia	Atlanta	661 Auburn Ave NE #260, Atlanta, GA 30312	(470) 392-8672	Raenard Dillard
Kansas	Wichita	11120 E. 26th St N. - STE 700 Wichita, KS 67226	(316) 295-2590	Monte Ysidro Yvette Ysidro
New York	Brooklyn	211 N. 11th Street Brooklyn, NY 11211	(718) 269-6236	Brian Rekuc
North Carolina	Asheville	151 Coxe Ave #102, Asheville, NC 28801	(828) 552-3911	Evan Lindsey
North Carolina	Charlotte / Southend	2610 South Blvd Charlotte, NC 28209	(980) 217-4770 (704) 771-6906	Finley & Landon Funsten
North Carolina	Elizabeth	2115 E 7th St #104 Charlotte, NC 28204	(980) 217-4770 (704) 771-6906	Finley & Landon Funsten
North Carolina	Raleigh	410 S Dawson St.suite 120 Raleigh, NC 27601	(919) 554-0080	Emily Barton
Pennsylvania	Pittsburgh	115 26th Street, Unit 3 Pittsburg, PA 15222	(304) 639-3467	Jesse Holloway Dan Holloway
South Carolina	Greenville	17 Wolseley Road Greenville, SC 29615	(864) 252-4473	Evan Lindsay
Tennessee	Nashville	715 Craighead Street Nashville, TN 37204	(615) 878-3345	Brandon Fotopoulas Will Shytle
Texas	Austin	440 E St Elmo Rd E, Austin, TX 78745	(512) 202-0406	Jon Guida
Texas	McAllen	923 W. Dove Avenue McAllen, TX 78504	(956) 253-8240	Jennifer Del Angel Carlos Del Angel
Texas	San Antonio	17022 Fiesta Drive. BLDG 400, STE 101 San Antonio, TX 78256	(254) 541-5773	Dimple Patel
Texas	Southlake	210 South Nolen Drive STE 100 Southlake, TX 76092	(713) 419-1653	Adam Zeitsiff Ryan Svoboda
Texas	West Plano	1901 Preston Road Suite E1002 Plano, TX 75093	(469) 960-3425	Adam McLeod Gregg Vncent
Virginia	Alexandria	704 N. Washington Street Alexandria, VA 22314	(828) 508-2262	Corbin Jennings

Outlet Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Virginia	Arlington	3100 Clarendon Blvd M-100, Arlington, VA 22201	(828) 508-2262	Corbin Jennings
Virginia	Charlottesville	923 Preston Avenue Charlottesville, VA 22903	(313) 617-2355	Todd & Kristen Lorenger
Washington DC	Washington DC	One Dupont Circle, NW suite #115 Washington, DC 20036	(828) 508-2262	Corbin Jennings
Washington DC	Washington DC	701 2nd St NE Washington, DC 20002	(828) 508-2262	Corbin Jennings
Washington DC	Washington DC	2106 14th Street NW Washington, DC 20009	(202) 998-3765	Corbin Jenings

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2022.

Outlet Not Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	San Jose	To Be Determined	(831) 234-1757	Peter Malek
California	San Jose	To Be Determined	(831) 234-1757	Peter Malek
Colorado	Denver	To Be Determined	303-250-3113	Justin Noska
Colorado	Denver	To Be Determined	303-250-3113	Justin Noska
Colorado	Denver	To Be Determined	303-250-3113	Justin Noska
Colorado	Denver	To Be Determined	303-489-4158	Trish O'Donnell
Colorado	Denver	To Be Determined	303-489-4158	Trish O'Donnell
Florida	St. Petersburg	To Be Determined	(614) 202-1396	Tijana Stevens
Florida	Orlando	To Be Determined	214-551-3541	Abel and Chriistine Navarro
Florida	Sarasota	To Be Determined	801-603-9244	Colby Bone
Florida	Tampa	To Be Determined	727-415-5929	Todd Reisner
Florida	Tampa	To Be Determined	727-415-5929	Todd Reisner
Georgia	Alpharetta	To Be Determined	910-409-9028	Melissa Knowles
Kansas	Wichita	To Be Determined	(316) 295-2590	Monte Ysidro Yvette Ysidro
Kansas	Wichita	To Be Determined	(316) 295-2590	Monte Ysidro Yvette Ysidro
Maryland	Bethesda	To Be Determined	301-233-2558	Dale Thompson
North Carolina	Raleigh	To Be Determined	(571) 292-7347	Josh Hicks
Oklahoma	Tulsa	To Be Determined	(918) 804-7339	Christopher Frank
Oregon	Bend	To Be Determined	(970) 403-2420 (757) 752-9718	Andy Nyce Alyssa Laroussa

Outlet Not Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Pennsylvania	Philadelphia	To Be Determined	(610) 220-7930 (215) 808-4465	Micah Macbeth and Ryan Dorsey
Pennsylvania	Philadelphia	To Be Determined	(610) 220-7930 (215) 808-4465	Micah Macbeth and Ryan Dorsey
Pennsylvania	Philadelphia	To Be Determined	(610) 220-7930 (215) 808-4465	Micah Macbeth and Ryan Dorsey
South Carolina	Charleston	To Be Determined	(214) 724-4278	Gregg Vincent and Brendan Shane
South Carolina	Charleston	To Be Determined	(214) 724-4278	Gregg Vincent and Brendan Shane
Texas	Austin	To Be Determined	(512) 202-0406	Jon Guida and Corbin Jennings
Texas	Austin	To Be Determined	(512) 202-0406	Jon Guida and Corbin Jennings
Texas	Austin	To Be Determined	(512) 202-0406	Jon Guida and Corbin Jennings
Texas	Dallas / Fort Worth	To Be Determined	(832) 814-9137	Gregg Vincent Adam McLeod
Texas	Dallas / Fort Worth	To Be Determined	(832) 814-9137	Gregg Vincent Adam McLeod
Texas	Houston	To Be Determined	(832) 814-9137	Steve Hatcher Michelle Hatcher
Texas	Houston	To Be Determined	(832) 814-9137	Steve Hatcher Michelle Hatcher
Texas	Houston	To Be Determined	(832) 814-9137	Steve Hatcher Michelle Hatcher
Texas	Houston	To Be Determined	(832) 814-9137	Steve Hatcher Michelle Hatcher
Texas	Houston	To Be Determined	(832) 814-9137	Steve Hatcher Michelle Hatcher
Texas	San Antonio	To Be Determined	(254) 541-5773	Dimple Patel
Texas	San Antonio	To Be Determined	(254) 541-5773	Dimple Patel
Texas	San Antonio	To be Determined	(254) 541-5773	Dimple Patel
Texas	Tarrant County	To Be Determined	(713)419-1653 (631)804-7595	Adam Zeitsiff and Ryan Svoboda
Texas	Tarrant County	To Be Determined	(713) 419-1653 (631) 804-7595	Adam Zeitsiff and Ryan Svoboda
Texas	Tarrant County	To Be Determined	(713) 419-1653 (631) 804-7595	Adam Zeitsiff and Ryan Svoboda
Texas	Tarrant County	To Be Determined	(713) 419-1653 (631) 804-7595	Adam Zeitsiff and Ryan Svoboda
Texas	Dallas	To Be Determined	(512) 740-8392 (214) 724-4278	Adam McLeod Gregg Vincent

Outlet Not Open as of December 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Texas	Dallas	To Be Determined	(512) 740-8392 (214) 724-4278	Adam McLeod Gregg Vincent
Texas	Dallas	To Be Determined	(512) 740-8392 (214) 724-4278	Adam McLeod Gregg Vincent
Texas	Dallas	To Be Determined	(512) 740-8392 (214) 724-4278	Adam McLeod Gregg Vincent
Texas	Houston	To Be Determined	(832) 660-4576	Vinnie Ronca
Texas	Houston	To Be Determined	(832) 660-4576	Vinnie Ronca
Texas	Houston	To Be Determined	(832) 660-4576	Vinnie Ronca
Virginia	N. Virginia	To Be Determined	(828) 508-2262	Corbin Jennings
Virginia	N. Virginia	To Be Determined	(828) 508-2262	Corbin Jennings
Virginia	N. Virginia	To Be Determined	(240) 810-5234	Mohammad Mukhtar
Virginia	N. Virginia	To Be Determined	(240) 810-5234	Mohammad Mukhtar
Virginia	N. Virginia	To Be Determined	(240) 810-5234	Mohammad Mukhtar
Virginia	N. Virginia	To Be Determined	(828) 508-2262	Corbin Jennings
Wisconsin	Milwaukee	To Be Determined	(414) 378-1662	Tyler Sullivan

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

Former Franchisees – Left System in 2022			
State	**City**	**Current Business Phone or Last Known Home Phone**	**Owner Name(s)**
North Carolina	Charlotte / Southend	(704) 771-6906	Brandon Cullen Kirk Dewaele
North Carolina	Elizabeth	(704) 771-6906	Brandon Cullen Kirk Dewaele
South Carolina	Greenville	864-320-8814	DeAndre Presley

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT "F"

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

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

MADabolic Franchise System LLC
Balance Sheet
YTD 3/31/23

ASSETS	
Current Assets	
Total Checking/Savings	239,467.49
Accounts Receivable	
Accounts Receivable	81,511.29
Total Accounts Receivable	81,511.29
Other Current Assets	172,427.92
Total Current Assets	493,406.70
Fixed Assets	
1800 · Fixed Assets	50,980.72
Total Fixed Assets	50,980.72
Other Assets	1,425,788.92
TOTAL ASSETS	1,970,176.34
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable	15,572.07
Credit Cards	1,141.24
Other Current Liabilities	
Franchisee Deposits	98,679.31
Deferred Revenue-Current	235,730.00
Total Other Current Liabilities	334,409.31
Total Current Liabilities	351,122.62
Long Term Liabilities	
Deferred Revenue-Non Current	2,173,542.00
Total Long Term Liabilities	2,173,542.00
Total Liabilities	2,524,664.62
Equity	
Total Member Equity	-554,488.28
TOTAL LIABILITIES & EQUITY	1,970,176.34

MADabolic Franchise System LLC
Profit & Loss
YTD 3/31/23

Ordinary Income/Expense	
Income	
MADathome	57.06
Apparel/Merchandise/Equipment	69,689.79
Franchise Royalties	132,037.12
Furniture/C&R	3,384.02
MindBody Software	34,460.10
Music License	11,550.00
System Advertising	27,138.54
Technology Fee	23,200.00
Training	6,200.00
Total Income	307,716.63
Cost of Goods Sold	
Cost of Sales	66,124.97
Total COGS	66,124.97
Gross Profit	241,591.66
Expense	
Amortization Expense	1,713.09
Automobile Expense	30.00
Bank Service Charges	65.25
Benefits	1,992.43
Computer and Internet Expenses	47,391.63
Depreciation	303.39
Filing/Registration Fees	2,006.25
Franchise Sales Expense	15,000.00
Insurance Expense	108.90
Marketing	16,718.12
Meals and Entertainment	267.31
Office Supplies/Expense	246.23
Postage/Shipping	48.64
Outside Services	38,725.02
Payroll Expenses	14,849.36
Professional Fees	24,843.75
Telephone Expense	1,132.88
Travel Expense	11,890.34
Website	702.85
Guaranteed Payments	47,100.00
Total Expense	225,135.44
Net Income	16,456.22

MADABOLIC FRANCHISE SYSTEM, LLC

dba

Independent Auditor's Report and
Financial Statements

December 31, 2022 and 2021

SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS

MADABOLIC FRANCHISE SYSTEM, LLC

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SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS
18426 Brookhurst St., Ste 205, Fountain Valley, CA 92708 – (714) 587-2477 Phone – (714) 587-2476 Fax

INDEPENDENT AUDITOR'S REPORT

To the Managing Members of
Madabolic Franchise System, LLC

Opinion

We have audited the accompanying financial statements of Madabolic Franchise System, LLC (a Delaware Limited Liability Company) (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Madabolic Franchise System, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Madabolic Franchise System, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Madabolic Franchise System, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Madabolic Franchise System, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Madabolic Franchise System, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Fountain Valley, California
March 28, 2023

MADABOLIC FRANCHISE SYSTEM, LLC

Balance Sheets
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash	$ 237,955	$ 461,545
Accounts receivable	102,510	38,685
Prepaid expenses	5,183	7,027
Total current assets	345,648	507,257
Property and equipment:		
Furniture and fixtures	2,125	2,125
Office equipment	5,682	5,682
Less: Accumulated depreciation	(7,247)	(6,033)
Total property and equipment	560	1,774
Other assets:		
Note receivable-related party	124,054	-
Notes receivable-franchisees	485,000	260,000
Deferred commission fees, net of amortization-related party	924,176	515,670
Website, net of accumulated amortization	16,050	22,902
Total other assets	1,549,280	798,572
TOTAL ASSETS	**$ 1,895,488**	**$ 1,307,603**
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Current liabilities:		
Accounts payable	$ 31,110	$ 102,003
Deferred revenue, current	235,730	129,480
Franchisee deposits	145,695	251,035
Credit cards payable	356	12,454
Current-portion of SBA PPP Loan payable	-	2,706
Total current liabilities	412,891	497,678
Long-term liabilities:		
Deferred revenue, non-current	2,053,542	1,124,124
Total long-term liabilities	2,053,542	1,124,124
TOTAL LIABILITIES	2,466,433	1,621,802
MEMBER'S EQUITY		
Member's Equity (Deficit)	(570,945)	(314,199)
Total Member's Equity (Deficit)	(570,945)	(314,199)
TOTAL LIABILITIES AND MEMBER'S EQUITY	**$ 1,895,488**	**$ 1,307,603**

See accompanying notes to financial statements.

MADABOLIC FRANCHISE SYSTEM, LLC

Statements of Income
For the Years Ended December 31, 2022 and 2021

	2022	2021
REVENUES		
Franchise fees	$ 44,332	$ 14,417
Royalty fees	368,629	202,252
Apparel and product sales	583,972	250,410
Total Revenues	996,933	467,079
Cost of sales	379,495	182,814
Gross profit	617,438	284,265
Operating expenses:		
Guaranteed payments	205,795	150,000
Computer and website expenses	151,367	137,756
Outside services	147,800	133,242
Advertising and marketing	106,308	53,667
Legal and professional fees	98,523	95,665
Franchise sales consulting	60,000	60,198
Payroll expenses	32,951	-
Travel and entertainment	21,468	9,262
Commission expenses	18,744	4,658
Office expenses	8,347	4,273
Depreciation and amortization	8,066	8,066
Taxes and licenses	7,119	3,215
Auto & truck	4,564	6,275
Insurance	2,964	3,623
Repairs and maintenance	121	2,348
Total operating expenses	874,137	672,248
Loss from operations	(256,699)	(387,983)
Other income (expense):		
Interest expense	(47)	(9)
Debt Extinguishment-PPP Loan Forgiveness	-	32,669
Total other income (expense)	(47)	32,660
Loss before income taxes	(256,746)	(355,323)
Provision for income taxes	-	-
NET LOSS	**$ (256,746)**	**$ (355,323)**

See accompanying notes to financial statements.

MADABOLIC FRANCHISE SYSTEM, LLC

Statements of Changes in Member's Equity
For the Years Ended December 31, 2022 and 2021

	2022	2021
Member's Equity (Deficit), beginning of year	$ (314,199)	$ (2,738)
Capital contributions	-	43,862
Net loss	(256,746)	(355,323)
Member's Equity (Deficit), end of year	**$ (570,945)**	**$ (314,199)**

See accompanying notes to financial statements.

MADABOLIC FRANCHISE SYSTEM, LLC

Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (256,746)	$ (355,323)
Adjustments to reconcile net loss to net cash provided by (used for) operations:		
Depreciation and amortization	8,066	1,984
Debt Extinguishment-PPP Loan Forgiveness	-	(32,669)
(Increase) decrease in:		
Accounts receivable	(63,825)	(14,120)
Prepaid expenses	1,844	2,541
Note receivable-related party	(124,054)	23,508
Note receivable-franchisees	(225,000)	(130,000)
Deferred commission fees	(408,506)	(254,342)
Other receivables	-	7,653
Increase (decrease) in:		
Accounts payable	(70,893)	102,003
Credit card payable	(12,098)	3,502
Deferred revenue	1,035,668	518,286
Franchisee deposits	(105,340)	251,035
SBA loan payable	(2,706)	-
Net cash provided (used) by operating activities	(223,590)	124,058
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions	-	43,862
Net cash provided (used) by financing activities	-	43,862
NET INCREASE (DECREASE) IN CASH	**(223,590)**	**167,920**
CASH - beginning	461,545	293,625
CASH - end	**$ 237,955**	**$ 461,545**
SUPPLEMENTAL INFORMATION		
Cash paid for interest	**$ 47**	**$ 9**
Cash paid for taxes	**$ -**	**$ -**

See accompanying notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Madabolic Franchise System, LLC (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

History and organization – Madabolic Franchise System, LLC (MFSL) was organized in Delaware on June 19, 2019 and maintains its corporate office in Wilmington, Delaware. The Company was organized for the purpose of franchising the athletic conditioning facility that provides workouts commonly used by professional athletes that have been modified for everyday people to improve their overall health and wellness. Madabolic workout facilities offer group fitness classes utilizing approved equipment, membership options, beverages, supplements and fitness-related apparel, products and merchandise. The franchise concept was modeled after the high set of standards developed and implemented at the original Madabolic facility located in Charlotte, North Carolina.

Madabolic Franchise System, LLC is a business whose planned principal operations is to operate and sell franchises. The Company is currently developing marketing strategies to sell franchises and penetrate U.S. market with its unique operational techniques, service concepts, and proprietary information.

As of December 31, 2022, there were 23 operating locations franchised by MFSL, eight of which opened in 2022.

The Company's activities are subject to significant risks and uncertainties, including: (1) the inability to achieve the Company's planned objective and fail in opening and maintaining new franchises and (2) failing to secure additional funding to operationalize the Company's franchise concept.

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state laws require that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchisees. The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold. The Company is currently going through the registration process.

Basis of accounting – The accompanying financial statements have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Cash and cash equivalents – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company had no cash equivalents as of December 31, 2022 and 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of risk – Occasionally the Company maintains cash balances in excess of the FDIC insurance limit of $250,000. The Company does not believe that it is exposed to significant credit risk as deposits are maintained in high quality financial institution. At December 31, 2022 and 2021, the Company's uninsured cash balances totaled $-0 and $131,205, respectively.

Accounts receivable – Accounts receivable represent amounts due from franchisees. The Company considers accounts receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. At December 31, 2022 and 2021, accounts receivables totaled $102,510 and $38,685, respectively.

Property and equipment – Property and equipment is recorded at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which is five years. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewal are charged to expenses as incurred.

Depreciation expense for the years ended December 31, 2022 and 2021 was $8,066 and $8,066 respectively.

Website – The Company markets the brand and opportunity in various franchise info-websites, lead search, and maintains a robust website. The cost of creation, design, and development of the website are treated as a capital asset. Additionally, enhancements and upgrades that add functionality are capitalized. Website costs that are ongoing, and geared for upkeep and maintenance are charged to expense when incurred. These capitalized costs are amortized using the straight-line method over the estimated useful life, which is five years.

The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to, a significant decrease in market value of an asset, a significant adverse change to the extent or manner in which an asset is used, or an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Company measures the carrying amount of the asset against the estimated non-discounted future cash flows associated with it. Should the sum of the expected future cash flows be less than the carrying value of the assets evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. There have been no impairment losses recorded as of December 31, 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Income taxes – The Company has elected to be taxed under the provisions of a single-member domestic limited liability company (LLC) of the Internal Revenue Code. Under federal and most state laws, taxes based on income of a single-member LLC is filed to the single member's income tax return. Accordingly, no provision for current federal income taxes has been recorded in the accompanying financial statements.

The Company is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax returns. Management has determined that the Company does not have any uncertain positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties, and interest as a result of challenge.

The Company's income tax filings are subject to examination by the taxing authorities until the expiration of the related statutes of limitation on those tax returns. In general, the federal and state income tax returns have a three year statute of limitation.

Franchisee deposits – The Company collects funds in advance from new franchisees for future grand opening marketing expenses and equipment to build out their studios. Funds are held until needed to be spent on these items. At December 31, 2022 and 2021, franchisee deposits totaled $145,695 and $251,035, respectively.

Revenue recognition

The Company adopted Topic 606 "Revenue from Contracts with Customers" for revenue recognition related to contracts with customers. Under the new guidance, revenue is recognized in accordance with a five step revenue model, as follows: (i) identifying the contract with the customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company made significant judgements in identifying the promised goods or services in their contracts with franchisees that are distinct, and which represent separate performance obligations, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise. The Company recognizes initial and renewal franchise fees as revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

- ***Franchise fees*** – The Company collects a nonrefundable franchise fees when franchise agreements are signed. The Company has determined that the initial franchise services are not distinct from the continuing franchise rights/license or services offered during the term of the franchise agreement and should be treated as a single performance obligation; therefore, initial franchise fees received from franchisees are recognized as revenue over the term of each respective franchise agreement, which is typically 10 years.

  The Company recognizes franchise fee beginning with the opening of the franchise, which is when the Company has performed substantially all initial services required by the franchise agreement and the franchisee benefits from the rights afforded by the franchise agreement. Amounts recognized for franchise fees were $44,332 and $14,417 at December 31, 2022 and 2021, respectively.

- ***Royalties*** – The Company collects royalties from each franchise outlet based upon a percentage of gross revenues. The Company recognizes royalties as revenue when earned. At December 31, 2022 and 2021, royalties recognized by the Company was $368,629 and $202,252, respectively.

- ***Product sales*** – The product sales include the sale of point-of-sale technology equipment to franchisees and the sale of the initial equipment package. The Company recognizes product sales as revenue when sold. At December 31, 2022 and 2021, product sales totaled $583,972 and $250,410, respectively.

- ***Cost of sales*** – Cost of sales consists primarily of music license and merchandise apparel sold to franchisees. At December 31, 2022 and 2021, cost of sales was $379,495 and $182,814, respectively.

- ***Deferred costs-Commission Fees*** – The Company capitalizes incremental commission fees paid as a result of obtaining franchise agreement contracts. Capitalized commission fees are amortized over the term of the franchise agreement. Deferred commission fees at December 31, 2022 and 2021 was $924,176 and $515,670, respectively.

Contract Liabilities/Deferred Revenue – Contract liabilities consist primarily of deferred revenue resulting from initial and renewal franchise fees and area development agreement ("ADA") fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement, and billed in advance of satisfaction of the Company's performance obligation. The Company classify these contract liabilities as deferred revenue in the balance sheets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The following table reflects the change in contract liabilities between December 31, 2022 and 2021:

	2022	2021
Balance at beginning of year	$ 1,253,604	$ 735,318
Revenue recognized during the year	(44,332)	(14,417)
New deferred revenue during the year	1,080,000	532,703
Balance at end of year	$ 2,289,272	$ 1,253,604

The following table illustrates estimated deferred revenues expected to be recognized as future revenue which is being amortized over the term of the franchise agreement.

Future revenue to be recognized in:	Amount
Remainder 2022	$ 13,501
2023	235,730
2024	235,730
2025	235,730
2026	232,730
2027	232,730
Thereafter	1,103,122
Total	$ 2,289,272

NOTE 2 – NOTES RECEIVABLE- FRANCHISEES

During the year, the Company had notes receivable from franchisees relating to the sale for a multi-outlet franchise. The note receivable is unsecured, non -interest bearing and due and payable on (i) the date which is forth-two (42) months following Franchisee's execution of the Note or (ii) any sale, transfer, assignment or other disposition (including termination) of Franchisee's franchise rights under the franchise agreement. The franchisee may pre-pay any portion of the Note at any time without penalty.

At December 31, 2022 and 2021, notes receivable totaled $485,000 and $260,000, respectively.

NOTE 3 – ACCOUNTS PAYABLE

The Company has payment terms with its various vendors and suppliers and, accordingly, records trade payables as those liabilities are incurred. At December 31, 2022 and 2021, the Company had recorded trade payables in the amount of $31,110 and $102,003, respectively.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all of the Company's current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying value that approximate fair value because of the short term nature of the instrument. The recorded value of these financial instruments approximated fair value at December 31, 2022 and 2021.

NOTE 5 – CREDIT CARDS PAYABLE

The Company has an unsecured bank credit cards with a total limit of $100,000 and an outstanding balance of $356 and $12,454 at December 31, 2022 and 2021, respectively. Based on the card usage and outstanding balance, a finance charge is charged to the Company. The finance charge is expensed when incurred. At December 31, 2022 and 2021, finance charged totaled $-0.

NOTE 6 – PAYCHECK PROTECTION PROGRAM (PPP) FUNDS

The Company applied for and received a loan on May 1, 2020, in the amount of $35,375. The funds may be used only for payroll costs, rent, and utilities. Under the terms of the PPP, the loan may be forgiven if they are used for the qualifying expenses. The Company has used the loan of $32,669 for qualifying expenses and 92% of the loan was forgiven. Accordingly, the Income Statement reflects the Gain on Debt Extinguishment in Other Income in the amount of $32,669.

At December 31, 2022 and 2021, the SBA loan balance was $-0 and $2,706, respectively.

NOTE 7 – RELATED PARTY TRANSACTIONS

During the period, the Company had transactions with related parties. These transactions include the following:

- ***Note receivable*** – The Company's member advanced funds to a related party by common ownership. The note receivable balance was $124,054 and $-0 at December 31, 2022 and 2021, respectively. The advances are unsecured and non-interest bearing. The principal amount, plus all accrued interest, if not sooner paid, shall be due and payable on or before the three-year anniversary of the first advance.

- ***Consulting fees and commission expenses*** – A member who holds an approximate 70% ownership of the related holding company had a consulting agreement with the Company (see Note 9). At December 31, 2022 and 2021, the Company paid a total of $60,000 and $60,000 to a related 70% owner for franchise sales and operational consulting fees and $231,250 and $228,428 for commission expenses subject to deferral – see Note 1 Deferred Costs-Commission fees.

- ***Guaranteed payments*** – On July 1, 2019, the Company entered into an Employment Agreement with two related parties affiliated through common ownership (see Note 9). At December 31, 2022 and 2021, guaranteed payments totaled $205,795 and $150,000, respectively.

NOTE 8 – FRANCHISING

In general, the Company updates and/or revises franchise agreements on an annual basis and, as a result, the agreements with individual franchisees may vary. Currently, the franchise agreement provides that franchisees must pay the initial franchise fee, which may be up to $40,000 for a single franchised outlet

Under the current standard franchise agreement, each franchisee is required (i) to pay a royalty of 6% of their monthly gross revenue, (ii) to contribute 1% of gross revenues (which may increase up to 3%) for brand and system development fund fee and (iii) to pay up to $1,000 monthly for cooperative advertising fee. These funds are managed by the Company and are primarily used to create advertising content and purchase digital and television advertising on a national level. The franchise agreement also requires franchisees to spend at least 5% of its monthly gross revenue on local advertising and promotions.

Franchisees are generally granted the right to operate an outlet in a particular location, typically providing for a 10-year initial term, with an opportunity to enter into one or more renewal franchise agreements subject to certain conditions; such as a renewal fee equal to 25% of the current initial franchise fee. The Company recognizes renewal fees in income when a renewal agreement becomes effective.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Consulting Agreement #1

On August 1, 2019, the Company entered into a Franchise Consulting Agreement with ZGrowth Partners, LLC (ZPL), a related party by common ownership. ZPL will (i) develop and implement franchise marketing plan and strategies; (ii) assist and establish franchise recruiting process from initial lead generation through final execution; and (iii) assist in all other franchise operational aspects. The Company shall pay $10,000 monthly to ZPL plus commission fee equal to 50% of the franchise fee for each franchise sold.

Consulting Agreement #2

On March 1, 2021, the Company entered into a consulting agreement with a third party consultant to work on four primary areas within the business, these areas include (i) marketing and brand image; (ii) new franchisee training; (iii) discovery day participation and (iv) key vendor relationship management. The consultant will be paid $55,000 on a monthly basis which will be paid in equal installments on a semi-monthly basis. The agreement may be terminated with or without cause, by giving 15 days written notice.

At December 31, 2022 and 2021, the consultant was paid a total of $55,000 and $46,042, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Employment Agreement #1

On July 1, 2019, the Company entered into an Employment Agreement with one of its parent company members to serve as Chief Concept Officer ("CCO") of the Company for an initial term of three years unless earlier terminated pursuant to the terms of the agreement. On August 1, 2022, and on each subsequent anniversary thereafter, the agreement shall automatically renew and extend for a period of 12 months (each such 12-month period being a "Renewal Term") unless written notice of non-renewal is delivered from either party. During the term of the agreement, CCO will be entitled to a base salary at the annualized rate of $75,000 per year for the first five years and $100,000 per year for the next five years. CCO will be paid a three percent (3%) commission of the franchise fee the Company receives for each single unit sold (the "Franchise Sales Bonus") to be paid within thirty (30) days after the Company receives the franchise fee, or portion of the franchise fee, in good funds.

Employment Agreement #2

On July 1, 2019, the Company entered into an Employment Agreement with one of its parent company members to serve as Chief Training Officer ("CTO") of the Company for an initial term of three years unless earlier terminated pursuant to the terms of the agreement. On August 1, 2022, and on each subsequent anniversary thereafter, the agreement shall automatically renew and extend for a period of 12 months (each such 12-month period being a "Renewal Term") unless written notice of non-renewal is delivered from either party. During the term of the agreement, CTO will be entitled to a base salary at the annualized rate of $75,000 per year for the first five years and $100,000 per year for the next five years. CTO will be paid a three percent (3%) commission of the franchise fee the Company receives for each single unit sold (the "Franchise Sales Bonus") to be paid within thirty (30) days after the Company receives the franchise fee, or portion of the franchise fee, in good funds.

NOTE 10 – SUBSEQUENT EVENTS

Date of management review – The Company has evaluated subsequent events through March 28, 2023, the date of which the financial statements were available to be issued. Through that date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.

MADABOLIC FRANCHISE SYSTEM, LLC

dba

Independent Auditor's Report and
Financial Statements

December 31, 2021 and 2020

SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS

MADABOLIC FRANCHISE SYSTEM, LLC

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SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS
18426 Brookhurst St., Ste 205, Fountain Valley, CA 92708 – (714) 587-2477 Phone – (714) 587-2476 Fax

INDEPENDENT AUDITOR'S REPORT

To the Managing Members of
Madabolic Franchise System, LLC

Opinion

We have audited the accompanying financial statements of Madabolic Franchise System, LLC (a Delaware Limited Liability Company) (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Madabolic Franchise System, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Madabolic Franchise System, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Madabolic Franchise System, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Madabolic Franchise System, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Madabolic Franchise System, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Fountain Valley, California
April 27, 2022

MADABOLIC FRANCHISE SYSTEM, LLC

Balance Sheets
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash	$ 461,545	$ 293,625
Accounts receivable	38,685	24,565
Prepaid expenses	7,027	9,568
Total current assets	507,257	327,758
Property and equipment:		
Furniture and fixtures	2,125	2,125
Office equipment	5,682	4,600
Less: Accumulated depreciation	(6,033)	(4,819)
Total property and equipment	1,774	1,906
Other assets:		
Note receivable-related party	-	23,508
Notes receivable-franchisees	260,000	130,000
Other receivable	-	7,653
Deferred commission fees, net of amortization	515,670	261,328
Website, net of accumulated amortization	22,902	24,754
Total other assets	798,572	447,243
TOTAL ASSETS	**$ 1,307,603**	**$ 776,907**
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Current liabilities:		
Accounts payable	$ 102,003	$ -
Deferred revenue, current	129,480	3,500
Franchisee deposits	251,035	-
Credit cards payable	12,454	8,952
Current-portion of SBA PPP Loan payable	2,706	17,599
Total current liabilities	497,678	30,051
Long-term liabilities:		
SBA PPP Loan payable, net of current portion	-	17,776
Deferred revenue, non-current	1,124,124	731,818
Total long-term liabilities	1,124,124	749,594
TOTAL LIABILITIES	1,621,802	779,645
MEMBER'S EQUITY		
Member's Equity (Deficit)	(314,199)	(2,738)
Total Member's Equity (Deficit)	(314,199)	(2,738)
TOTAL LIABILITIES AND MEMBER'S EQUITY	**$ 1,307,603**	**$ 776,907**

See accompanying notes to financial statements.

MADABOLIC FRANCHISE SYSTEM, LLC

Statements of Income
For the Years Ended December 31, 2021 and 2020

	2021	2020
REVENUES		
Franchise fees	$ 14,417	$ 35,729
Royalty fees	202,252	125,667
Apparel and product sales	250,410	198,829
Total Revenues	467,079	360,225
Cost of sales	182,814	218,219
Gross profit	284,265	142,006
Operating expenses:		
Guaranteed payments	150,000	180,452
Computer and website expenses	137,756	112,880
Outside services	133,242	33,829
Legal and professional fees	95,665	93,895
Franchise sales consulting	60,198	60,123
Advertising and marketing	53,667	60,993
Travel and entertainment	9,262	8,091
Depreciation and amortization	8,066	1,214
Auto & truck	6,275	6,283
Commission expenses	4,658	19,600
Office expenses	4,273	4,620
Insurance	3,623	3,751
Taxes and licenses	3,215	21,261
Repairs and maintenance	2,348	550
Bad debt	-	12,718
Total operating expenses	672,248	620,260
Loss from operations	(387,983)	(478,254)
Other income (expense):		
Interest expense	(9)	-
Debt Extinguishment-PPP Loan Forgiveness	32,669	-
Total other income (expense)	32,660	-
Loss before income taxes	(355,323)	(478,254)
Provision for income taxes	-	-
NET LOSS	**$ (355,323)**	**$ (478,254)**

See accompanying notes to financial statements.

MADABOLIC FRANCHISE SYSTEM, LLC

Statements of Changes in Member's Equity
For the Years Ended December 31, 2021 and 2020

	2021	2020
Member's Equity (Deficit), beginning of year	$ (2,738)	$ 350,516
Capital contributions	43,862	125,000
Net loss	(355,323)	(478,254)
Member's Equity (Deficit), end of year	**$ (314,199)**	**$ (2,738)**

See accompanying notes to financial statements.

MADABOLIC FRANCHISE SYSTEM, LLC

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (355,323)	$ (478,254)
Adjustments to reconcile net loss to net cash provided by (used for) operations:		
Depreciation and amortization	1,984	1,214
Debt Extinguishment-PPP Loan Forgiveness	(32,669)	-
(Increase) decrease in:		
Accounts receivable	(14,120)	3,153
Prepaid expenses	2,541	22,957
Note receivable-related party	23,508	-
Note receivable-franchisees	(130,000)	(130,000)
Deferred commission fees	(254,342)	(208,828)
Other receivables	7,653	(7,653)
Increase (decrease) in:		
Accounts payable	102,003	(5,248)
Credit card payable	3,502	3,876
Deferred revenue	518,286	630,318
Franchisee deposits	251,035	-
SBA loan payable	-	35,375
Net cash provided (used) by operating activities	124,058	(133,090)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(1,323)
Net cash provided (used) by investing activities	-	(1,323)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions	43,862	125,000
Net cash provided (used) by financing activities	43,862	125,000
NET INCREASE (DECREASE) IN CASH	**167,920**	**(9,413)**
CASH - beginning	293,625	303,038
CASH - end	**$ 461,545**	**$ 293,625**
SUPPLEMENTAL INFORMATION		
Cash paid for interest	**$ 9**	**$ -**
Cash paid for taxes	**$ -**	**$ -**

See accompanying notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Madabolic Franchise System, LLC (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

History and organization – Madabolic Franchise System, LLC (MFSL) was organized in Delaware on June 19, 2019 and maintains its corporate office in Wilmington, Delaware. The Company was organized for the purpose of franchising the athletic conditioning facility that provides workouts commonly used by professional athletes that have been modified for everyday people to improve their overall health and wellness. Madabolic workout facilities offer group fitness classes utilizing approved equipment, membership options, beverages, supplements and fitness-related apparel, products and merchandise. The franchise concept was modeled after the high set of standards developed and implemented at the original Madabolic facility located in Charlotte, North Carolina.

Madabolic Holdings LLC is the parent company and ZGrowth Acquisitions 5, LLC is the indirect parent company, each have a principal corporate office in Clinton Township, Michigan.

Madabolic Franchise System, LLC is a business whose planned principal operations is to operate and sell franchises. The Company is currently developing marketing strategies to sell franchises and penetrate U.S. market with its unique operational techniques, service concepts, and proprietary information.

As of December 31, 2021, there were 17 operating locations franchised by MFSL.

The Company's activities are subject to significant risks and uncertainties, including: (1) the inability to achieve the Company's planned objective and fail in opening and maintaining new franchises and (2) failing to secure additional funding to operationalize the Company's franchise concept.

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state laws require that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchisees. The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold. The Company is currently going through the registration process.

Basis of accounting – The accompanying financial statements have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Cash and cash equivalents – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company had no cash equivalents as of December 31, 2021 and 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of risk – Occasionally the Company maintains cash balances in excess of the FDIC insurance limit of $250,000. The Company does not believe that it is exposed to significant credit risk as deposits are maintained in high quality financial institution. At December 31, 2021 and 2020, the Company's uninsured cash balances totaled $131,205 and $-0, respectively.

Accounts receivable – Accounts receivable represent amounts due from franchisees. The Company considers accounts receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. At December 31, 2021 and 2020, accounts receivables totaled $38,685 and $24,565, respectively.

Property and equipment – Property and equipment is recorded at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which is five years. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewal are charged to expenses as incurred.

Depreciation expense for the years ended December 31, 2021 and 2020 was $8,066 and $1,214 respectively.

Website – The Company markets the brand and opportunity in various franchise info-websites, lead search, and maintains a robust website. The cost of creation, design, and development of the website are treated as a capital asset. Additionally, enhancements and upgrades that add functionality are capitalized. Website costs that are ongoing, and geared for upkeep and maintenance are charged to expense when incurred. These capitalized costs are amortized using the straight-line method over the estimated useful life, which is five years.

The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to, a significant decrease in market value of an asset, a significant adverse change to the extent or manner in which an asset is used, or an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Company measures the carrying amount of the asset against the estimated non-discounted future cash flows associated with it. Should the sum of the expected future cash flows be less than the carrying value of the assets evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. There have been no impairment losses recorded as of December 31, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Income taxes – The Company has elected to be taxed under the provisions of a single-member domestic limited liability company (LLC) of the Internal Revenue Code. Under federal and most state laws, taxes based on income of a single-member LLC is filed to the single member's income tax return. Accordingly, no provision for current federal income taxes has been recorded in the accompanying financial statements.

The Company is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax returns. Management has determined that the Company does not have any uncertain positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties, and interest as a result of challenge.

The Company's income tax filings are subject to examination by the taxing authorities until the expiration of the related statutes of limitation on those tax returns. In general, the federal and state income tax returns have a three year statute of limitation.

Franchisee deposits – The Company collects funds in advance from new franchisees for future grand opening marketing expenses and equipment to build out their studios. Funds are held until needed to be spent on these items. At December 31, 2021 and 2020, franchisee deposits totaled $251,035 and $-0, respectively.

Revenue recognition

The Company adopted Topic 606 "Revenue from Contracts with Customers" for revenue recognition related to contracts with customers. Under the new guidance, revenue is recognized in accordance with a five step revenue model, as follows: (i) identifying the contract with the customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company made significant judgements in identifying the promised goods or services in their contracts with franchisees that are distinct, and which represent separate performance obligations, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise. The Company recognizes initial and renewal franchise fees as revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

- ***Franchise fees*** – The Company collects a nonrefundable franchise fees when franchise agreements are signed. The Company has determined that the initial franchise services are not distinct from the continuing franchise rights/license or services offered during the term of the franchise agreement and should be treated as a single performance obligation; therefore, initial franchise fees received from franchisees are recognized as revenue over the term of each respective franchise agreement, which is typically 10 years.

  The Company recognizes franchise fee beginning with the opening of the franchise, which is when the Company has performed substantially all initial services required by the franchise agreement and the franchisee benefits from the rights afforded by the franchise agreement. Amounts recognized for franchise fees were $14,417 and $35,729 at December 31, 2021 and 2020, respectively.

- ***Royalties*** – The Company collects royalties from each franchise outlet based upon a percentage of gross revenues. The Company recognizes royalties as revenue when earned. At December 31, 2021 and 2020, royalties recognized by the Company was $202,252 and $125,667, respectively.

- ***Product sales*** – The product sales include the sale of point-of-sale technology equipment to franchisees and the sale of the initial equipment package. The Company recognizes product sales as revenue when sold. At December 31, 2021 and 2020, product sales totaled $250,410 and $198,829, respectively.

- ***Cost of sales*** – Cost of sales consists primarily of music license and merchandise apparel sold to franchisees. At December 31, 2021 and 2020, cost of sales was $182,814 and $218,219, respectively.

- ***Deferred costs-Commission Fees*** – The Company capitalizes incremental commission fees paid as a result of obtaining franchise agreement contracts. Capitalized commission fees are amortized over the term of the franchise agreement. Deferred commission fees at December 31, 2021 and 2020 was $515,670 and $261,328, respectively.

Contract Liabilities/Deferred Revenue – Contract liabilities consist primarily of deferred revenue resulting from initial and renewal franchise fees and area development agreement ("ADA") fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement, and billed in advance of satisfaction of the Company's performance obligation. The Company classify these contract liabilities as deferred revenue in the balance sheets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The following table reflects the change in contract liabilities between December 31, 2020 and 2021:

	2021	2020
Balance at beginning of year	$ 735,318	$ 105,000
Revenue recognized during the year	(14,417)	(35,729)
New deferred revenue during the year	532,703	666,047
Balance at end of year	$ 1,253,604	$ 735,318

The following table illustrates estimated deferred revenues expected to be recognized as future revenue which is being amortized over the term of the franchise agreement.

Future revenue to be recognized in:	Amount
2022	$ 129,480
2023	129,480
2024	129,480
2025	129,480
2026	129,480
Thereafter	606,205
Total	$ 1,253,604

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all of the Company's current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying value that approximate fair value because of the short term nature of the instrument. The recorded value of these financial instruments approximated fair value at December 31, 2021 and 2020.

NOTE 3 – NOTES RECEIVABLE- FRANCHISEES

During the year, the Company had notes receivable from franchisees relating to the sale for a multi-outlet franchise. At December 31, 2021 and 2020, notes receivable totaled $260,000 and $130,000, respectively.

NOTE 4 – ACCOUNTS PAYABLE

The Company has payment terms with its various vendors and suppliers and, accordingly, records trade payables as those liabilities are incurred. At December 31, 2021 and 2020, the Company had recorded trade payables in the amount of $102,003 and $-0, respectively.

NOTE 5 – CREDIT CARDS PAYABLE

The Company has an unsecured bank credit cards with a total limit of $100,000 and an outstanding balance of $12,454 and $8,952 at December 31, 2021 and 2020, respectively. Based on the card usage and outstanding balance, a finance charge is charge to the Company. The finance charge is expensed when incurred. At December 31, 2021 and 2020, finance charge totaled $-0.

NOTE 6 – PAYCHECK PROTECTION PROGRAM (PPP) FUNDS

The Company applied for and received a loan on May 1, 2020, in the amount of $35,375. The funds may be used only for payroll costs, rent, and utilities. Under the terms of the PPP, the loan may be forgiven if they are used for the qualifying expenses. The Company has used the loan of $32,669 for qualifying expenses and 92% of the loan was forgiven. Accordingly, the Income Statement reflects the Gain on Debt Extinguishment in Other Income in the amount of $32,669.

At December 31, 2021 and 2020, the SBA loan balance was $2,706 and $35,375, respectively.

NOTE 7 – RELATED PARTY TRANSACTIONS

During the period, the Company had transactions with related parties. These transactions include the following:

- ***Note receivable*** – The Company's member advanced funds to a related party by common ownership. The note receivable balance was $-0 and $23,508 at December 31, 2021 and 2020, respectively. The advances are unsecured, non-interest bearing, due and payable on or before the one year anniversary of the note.

- ***Consulting fees and commission expenses*** – A member who holds an approximate 70% ownership of the related holding company had a consulting agreement with the Company (see Note 9). At December 31, 2021 and 2020, the Company paid a total of $60,000 and $50,000 to a related 70% owner for franchise sales and operational consulting fees and $231,250 and $228,428 for commission expenses.

- ***Guaranteed payments*** – On July 1, 2019, the Company entered into an Employment Agreement with two related parties affiliated through common ownership (see Note 9). At December 31, 2021 and 2020, guaranteed payments totaled $150,000 and $180,452, respectively.

NOTE 8 – FRANCHISING

In general, the Company updates and/or revises franchise agreements on an annual basis and, as a result, the agreements with individual franchisees may vary. Currently, the franchise agreement provides that franchisees must pay the initial franchise fee, which may be up to $35,000 for a single franchised outlet

Under the current standard franchise agreement, each franchisee is required (i) to pay a royalty of 6% of their monthly gross revenue, (ii) to contribute 1% of gross revenues (which may increase up to 3%) for brand and system development fund fee and (iii) to pay up to $1,000 monthly for cooperative advertising fee. These funds are managed by the Company and are primarily used to create advertising content and purchase digital and television advertising on a national level. The franchise agreement also requires franchisees to spend at least 5% of its monthly gross revenue on local advertising and promotions.

Franchisees are generally granted the right to operate an outlet in a particular location, typically providing for a 10-year initial term, with an opportunity to enter into one or more renewal franchise agreements subject to certain conditions; such as a renewal fee equal to 25% of the current initial franchise fee. The Company recognizes renewal fees in income when a renewal agreement becomes effective.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Consulting Agreement #1

On August 1, 2019, the Company entered into a Franchise Consulting Agreement with ZGrowth Partners, LLC (ZPL), a related party by common ownership. ZPL will (i) develop and implement franchise marketing plan and strategies; (ii) assist and establish franchise recruiting process from initial lead generation through final execution; and (iii) assist in all other franchise operational aspects. The Company shall pay $10,000 monthly to ZPL plus commission fee equal to 50% of the franchise fee for each franchise sold.

Consulting Agreement #2

On March 1, 2021, the Company entered into a consulting agreement with a third party consultant to work on four primary areas within the business, these areas include (i) marketing and brand image; (ii) new franchisee training; (iii) discovery day participation and (iv) key vendor relationship management. The consultant will be paid $55,000 on a monthly basis which will be paid in equal installments on a semi-monthly basis. The agreement may be terminated with or without cause, by giving 15 days written notice.

At December 31, 2021, the consultant was paid a total of $46,042.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Employment Agreement #1

On July 1, 2019, the Company entered into an Employment Agreement with one of its parent company members to serve as Chief Concept Officer ("CCO") of the Company for an initial term of three years unless earlier terminated pursuant to the terms of the agreement. On August 1, 2022, and on each subsequent anniversary thereafter, the agreement shall automatically renew and extend for a period of 12 months (each such 12-month period being a "Renewal Term") unless written notice of non-renewal is delivered from either party. During the term of the agreement, CCO will be entitled to a base salary at the annualized rate of $75,000 per year for the first five years and $100,000 per year for the next five years. CCO will be paid a three percent (3%) commission of the franchise fee the Company receives for each single unit sold (the "Franchise Sales Bonus") to be paid within thirty (30) days after the Company receives the franchise fee, or portion of the franchise fee, in good funds.

Employment Agreement #2

On July 1, 2019, the Company entered into an Employment Agreement with one of its parent company members to serve as Chief Training Officer ("CTO") of the Company for an initial term of three years unless earlier terminated pursuant to the terms of the agreement. On August 1, 2022, and on each subsequent anniversary thereafter, the agreement shall automatically renew and extend for a period of 12 months (each such 12-month period being a "Renewal Term") unless written notice of non-renewal is delivered from either party. During the term of the agreement, CTO will be entitled to a base salary at the annualized rate of $75,000 per year for the first five years and $100,000 per year for the next five years. CTO will be paid a three percent (3%) commission of the franchise fee the Company receives for each single unit sold (the "Franchise Sales Bonus") to be paid within thirty (30) days after the Company receives the franchise fee, or portion of the franchise fee, in good funds.

NOTE 10 – SUBSEQUENT EVENTS

Date of management review – The Company has evaluated subsequent events through April 27, 2022, the date of which the financial statements were available to be issued. Through that date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.

MADABOLIC FRANCHISE SYSTEM, LLC

dba

Independent Auditor's Report and
Financial Statements

December 31, 2020 and 2019

SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS

MADABOLIC FRANCHISE SYSTEM, LLC

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SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS
18426 Brookhurst St., Ste 205, Fountain Valley, CA 92708 – (714) 587-2477 Phone – (714) 587-2476 Fax

INDEPENDENT AUDITOR'S REPORT

To the Managing Members of
Madabolic Franchise System, LLC

We have audited the accompanying financial statements of Madabolic Franchise System, LLC (a Delaware Limited Liability Company) (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, members' equity and cash flows for the year ended December 31, 2020 and for the period from inception June 19, 2019 to December 31, 2019 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Madabolic Franchise System, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the year and period then ended in accordance with accounting principles generally accepted in the United States of America.

Fountain Valley, California
April 21, 2021

MADABOLIC FRANCHISE SYSTEM, LLC

Balance Sheets
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash	$ 293,625	$ 303,038
Accounts receivable	24,565	27,718
Prepaid expenses	9,568	32,525
Total current assets	327,758	363,281
Property and equipment:		
Furniture and fixtures	2,125	2,125
Office equipment	4,600	3,277
Less: Accumulated depreciation	(4,819)	(3,606)
Total property and equipment	1,906	1,796
Other assets:		
Note receivable-related party	23,508	23,508
Notes receivable-franchisees	130,000	-
Other receivable	7,653	-
Deferred commission fees, net of amortization	261,328	52,500
Website, net of accumulated amortization of $18,969	24,754	24,755
Total other assets	447,243	100,763
TOTAL ASSETS	**$ 776,907**	**$ 465,840**
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Current liabilities:		
Accounts payable	$ -	$ 5,248
Deferred revenue, current	3,500	-
Credit cards payable	8,952	5,076
Current-portion of SBA PPP Loan payable	17,599	-
Total current liabilities	30,051	10,324
Long-term liabilities:		
SBA PPP Loan payable, net of current portion	17,776	-
Deferred revenue, non-current	731,818	105,000
Total long-term liabilities	749,594	105,000
TOTAL LIABILITIES	779,645	115,324
MEMBER'S EQUITY		
Member's Equity (Deficit)	(2,738)	350,516
Total Member's Equity (Deficit)	(2,738)	350,516
TOTAL LIABILITIES AND MEMBER'S EQUITY	**$ 776,907**	**$ 465,840**

See accompanying notes to financial statements.

MADABOLIC FRANCHISE SYSTEM, LLC

Statements of Income
For the Year Ended December 31, 2020 and
For the Period from June 19, 2019 (Inception) to December 31, 2019

	2020	2019
REVENUES		
Franchise fees	$ 35,729	$ 5,000
Royalty fees	125,667	61,954
Apparel and product sales	198,829	62,064
Total Revenues	360,225	129,018
Cost of sales	218,219	31,361
Gross profit	142,006	97,657
Operating expenses:		
Guaranteed payments	180,452	64,180
Computer and website expenses	112,880	29,320
Legal and professional fees	93,895	43,954
Advertising and marketing	60,993	29,525
Franchise sales consulting	60,123	25,000
Outside services	33,829	3,908
Taxes and licenses	21,261	663
Commission expenses	19,600	-
Bad debt	12,718	8,780
Travel and entertainment	8,091	16,296
Auto & truck	6,283	2,300
Office expenses	4,620	2,457
Insurance	3,751	1,556
Depreciation and amortization	1,214	3,361
Repairs and maintenance	550	971
Total operating expenses	620,260	232,271
Loss from operations	(478,254)	(134,614)
Loss before income taxes	(478,254)	(134,614)
Provision for income taxes	-	-
NET LOSS	**$ (478,254)**	**$ (134,614)**

See accompanying notes to financial statements.

MADABOLIC FRANCHISE SYSTEM, LLC

Statements of Changes in Member's Equity
For the Year Ended December 31, 2020 and
For the Period from June 19, 2019 (Inception) to December 31, 2019

	2020	2019
Member's Equity, beginning of year	$ 350,516	$ -
Capital contributions	125,000	485,130
Net loss	(478,254)	(134,614)
Member's Equity (Deficit), end of year	**$ (2,738)**	**$ 350,516**

See accompanying notes to financial statements.

MADABOLIC FRANCHISE SYSTEM, LLC

Statements of Cash Flows
For the Year Ended December 31, 2020 and
For the Period from June 19, 2019 (Inception) to December 31, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (478,254)	$ (134,614)
Adjustments to reconcile net loss to net cash provided by (used for) operations:		
Bad debt	-	8,780
Depreciation and amortization	1,214	3,361
Asset assignment	-	37,964
(Increase) decrease in:		
Accounts receivable	3,153	(27,718)
Prepaid expenses	22,957	(32,525)
Loan receivable		(23,508)
Note receivable-franchisees	(130,000)	-
Deferred commission fees	(208,828)	(52,500)
Other receivables	(7,653)	-
Increase (decrease) in:		
Accounts payable	(5,248)	5,248
Credit card payable	3,876	5,076
Deferred revenue	630,318	105,000
SBA loan payable	35,375	-
Net cash provided (used) by operating activities	(133,090)	(105,436)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,323)	-
Net cash provided (used) by investing activities	(1,323)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions	125,000	408,474
Net cash provided (used) by financing activities	125,000	408,474
NET INCREASE (DECREASE) IN CASH	**(9,413)**	**303,038**
CASH - beginning	303,038	-
CASH - end	**$ 293,625**	**$ 303,038**
SUPPLEMENTAL INFORMATION		
Cash paid for interest	**$ -**	**$ -**
Cash paid for taxes	**$ -**	**$ -**

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING & FINANCING ACTIVITIES

In 2019, a related party transferred all of its assets to the Company through an asset assignment agreement. This resulted in a non-cash increase to assets of $76,656 and a non-cash increase to member's equity of $76,656.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Madabolic Franchise System, LLC (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

History and organization – Madabolic Franchise System, LLC (MFSL) was organized in Delaware on June 19, 2019 and maintains its corporate office in Wilmington, Delaware. The Company was organized for the purpose of franchising the athletic conditioning facility that provides workouts commonly used by professional athletes that have been modified for everyday people to improve their overall health and wellness. Madabolic workout facilities offer group fitness classes utilizing approved equipment, membership options, beverages, supplements and fitness-related apparel, products and merchandise. The franchise concept was modeled after the high set of standards developed and implemented at the original Madabolic facility located in Charlotte, North Carolina.

Madabolic Holdings LLC is the parent company and ZGrowth Acquisitions 5, LLC is the indirect parent company, each have a principal corporate office in Clinton Township, Michigan.

Madabolic Franchise System, LLC is a business whose planned principal operations is to operate and sell franchises. The Company is currently developing marketing strategies to sell franchises and penetrate U.S. market with its unique operational techniques, service concepts, and proprietary information.

As of December 31, 2020, there were 17 operating locations franchised by MFSL.

The Company's activities are subject to significant risks and uncertainties, including: (1) the inability to achieve the Company's planned objective and fail in opening and maintaining new franchises and (2) failing to secure additional funding to operationalize the Company's franchise concept.

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state laws require that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchisees. The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold. The Company is currently going through the registration process.

Basis of accounting – The accompanying financial statements have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Cash and cash equivalents – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company had no cash equivalents as of December 31, 2020 and 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Accounts receivable – Accounts receivable represent amounts due from franchisees. The Company considers accounts receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. At December 31, 2020 and 2019, accounts receivables totaled $24,565 and $27,718, respectively.

Property and equipment – Property and equipment is recorded at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which is five years. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewal are charged to expenses as incurred.

Depreciation and amortization expense for the year and period ended December 31, 2020 and 2019 was $1,214 and $3,361, respectively.

Website – The Company markets the brand and opportunity in various franchise info-websites, lead search, and maintains a robust website. The cost of creation, design, and development of the website are treated as a capital asset. Additionally, enhancements and upgrades that add functionality are capitalized. Website costs that are ongoing, and geared for upkeep and maintenance are charged to expense when incurred. These capitalized costs are amortized using the straight-line method over the estimated useful life, which is five years.

The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to, a significant decrease in market value of an asset, a significant adverse change to the extent or manner in which an asset is used, or an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Company measures the carrying amount of the asset against the estimated non-discounted future cash flows associated with it. Should the sum of the expected future cash flows be less than the carrying value of the assets evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. There have been no impairment losses recorded as of December 31, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid expenses – Prepaid expenses consists primarily of direct costs associated with fitness equipment and legal and professional fees totaling $9,568 and $32,525 at December 31, 2020 and 2019, respectively.

Advertising/marketing expenses – Advertising expense is recorded as the obligation to contribute to the advertising fund is accrued, generally when the associated revenue is recognized. Advertising/marketing expenses was $60,993 and $29,525 for the year and period ended December 31, 2020 and 2019, respectively.

Income taxes – The Company has elected to be taxed under the provisions of a single-member domestic limited liability company (LLC) of the Internal Revenue Code. Under federal and most state laws, taxes based on income of a single-member LLC is filed to the single member's income tax return. Accordingly, no provision for current federal income taxes has been recorded in the accompanying financial statements.

The Company is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax returns. Management has determined that the Company does not have any uncertain positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties, and interest as a result of challenge.

The Company's income tax filings are subject to examination by the taxing authorities until the expiration of the related statutes of limitation on those tax returns. In general, the federal and state income tax returns have a three year statute of limitation.

Revenue from Contracts with Customers

Revenue from contracts with customers consist primarily of royalties, marketing and promotion fee, initial and renewal franchise fees. The Company's performance obligations under franchise agreements consist of (i) a franchise license, including a license to use our brands (ii) pre-opening services, such as training, and (iii) ongoing services, such as marketing services and operational support. These performance obligations are highly interrelated so are not considered to be individually distinct and therefore are accounted for as a single performance obligation, which is satisfied by providing a right to use intellectual property over the term of each franchise agreement.

Royalties, including franchisee contributions to the brand and system development fee, are calculated as a percentage of franchisee's monthly gross revenues over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee upon signing and prior to the outlet/workout facility opening or at the time of a renewal of an existing franchise agreement. Royalties, inclusive of brand and system development fee contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchised sales occur. Additionally, under ASC 606, initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers

Franchise fee payments received by the Company are recorded as deferred revenue on the Balance Sheet, which represents a contract liability. Deferred revenue is reduced as fees are recognized in revenue over the term of the franchise license for the respective outlet/workout facility.

Revenue recognition

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 606, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs-Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

The Company adopted Topic 606 "Revenue from Contracts with Customers" for revenue recognition related to contracts with customers. Under the new guidance, revenue is recognized in accordance with a five step revenue model, as follows: (i) identifying the contract with the customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company made significant judgements in identifying the promised goods or services in their contracts with franchisees that are distinct, and which represent separate performance obligations, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise. The Company recognizes initial and renewal franchise fees as revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods.

- ***Franchise fees*** – The Company collects a nonrefundable franchise fees when franchise agreements are signed. The Company recognizes franchise fee beginning with the opening of the franchise, which is when the Company has performed substantially all initial services required by the franchise agreement and the franchisee benefits from the rights afforded by the franchise agreement. Amounts recognized for franchise fees were $35,729 and $5,000 at December 31, 2020 and 2019, respectively. The Company had deferred franchise fee revenue of $735,318 and $105,000 at December 31, 2020 and 2019, respectively.

- ***Royalties*** – The Company collects royalties from each franchise outlet based upon a percentage of gross revenues. The Company recognizes royalties as revenue when earned. At December 31, 2020 and 2019, royalties recognized by the Company was $125,667 and $61,954, respectively.

- ***Product sales*** – The product sales include the sale of point-of-sale technology equipment to franchisees and the sale of the initial equipment package. The Company recognizes product sales as revenue when sold. At December 31, 2020 and 2019, product sales totaled $198,829 and $62,064, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

- ***Cost of sales*** – Cost of sales consists primarily of music license and merchandise apparel sold to franchisees. At December 31, 2020 and 2019, cost of sales was $218,219 and $31,361, respectively.

- ***Transfer fees*** – The Company's current franchise agreement provides that upon the transfer of a franchised outlet to a different franchisee, the Company is entitled to a transfer fee in the amount of $10,000 per outlet being transferred, if more than one, in addition to reimbursement of out-of-pocket expenses, including external legal and administrative costs incurred in connection with the transfer. Transfer related fees and expenses are due, payable, and recognized at the time the transfer is effectuated.

- ***Deferred costs-Commission Fees*** – The Company capitalizes incremental commission fees paid as a result of obtaining franchise agreement contracts. Capitalized commission fees are amortized over the term of the franchise agreement. Deferred commission fees at December 31, 2020 and 2019 was $261,328 and $52,500, respectively.

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all of the Company's current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying value that approximate fair value because of the short term nature of the instrument. The recorded value of these financial instruments approximated fair value at December 31, 2020 and 2019.

NOTE 3 – NOTES RECEIVABLE- FRANCHISEES

During the year, the Company had notes receivable from franchisees relating to the sale for a multi-outlet franchise. At December 31, 2020, notes receivable totaled $130,000.

NOTE 4 – ACCOUNTS PAYABLE

The Company has payment terms with its various vendors and suppliers and, accordingly, records trade payables as those liabilities are incurred. At December 31, 2020 and 2019, the Company had recorded trade payables in the amount of $-0 and $5,248, respectively.

NOTE 5 – CREDIT CARDS PAYABLE

The Company has an unsecured bank credit cards with a total limit of $143,500 and an outstanding balance of $8,952 and $5,076 at December 31, 2020 and 2019, respectively. Based on the card usage and outstanding balance, a finance charge is charge to the Company. The finance charge is expensed when incurred. At December 31, 2020 and 2019, finance charge totaled $-0.

NOTE 6 – SBA LOAN PAYABLE

On May 1, 2020, the Company was granted a loan from Bank of America in the amount of $35,375, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan was in the form of a Note issued by the Company, matures on June 1, 2022 and bears an interest at a rate of 1% per annum, payable monthly commencing on December 1, 2020. The Note may be repaid by the Borrower at any time prior to maturity with no repayment of penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020. The Company intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP loan, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Company plans to apply for the loan forgiveness and expects for forgiveness of most or all of the loan.

At December 31, 2020, the SBA loan balance was $35,375.

NOTE 7 – RELATED PARTY TRANSACTIONS

During the period, the Company had transactions with related parties. These transactions include the following:

- ***Note receivable*** – The Company's member advanced funds to a related party by common ownership. The note receivable balance was $23,508 and $23,508 at December 31, 2020 and 2019, respectively. The advances are unsecured, non-interest bearing, due and payable on or before the one year anniversary of the note.

- ***Consulting fees and commission expenses*** – A member who holds an approximate 70% ownership of the related holding company had a consulting agreement with the Company (see Note 8). At December 31, 2020 and 2019, the Company paid a total of $60,000 and $50,000 to a related 70% owner for franchise sales and operational consulting fees and $228,428 and $52,500 for commission expenses.

- ***Guaranteed payments*** – On July 1, 2019, the Company entered into an Employment Agreement with two related parties affiliated through common ownership (see Note 7). At December 31, 2020 and 2019, guaranteed payments totaled $180,452 and $64,180, respectively.

- ***Asset assignment*** – On August 1, 2019, MADabolic Inc (a related party) transferred all of its assets to the Company through an asset assignment agreement. As part of this asset assignment, all of the franchise agreements entered into by MADabolic Inc. were also assigned to the Company and notice of assignment was given to all effected franchisees.

NOTE 8 – FRANCHISING

In general, the Company updates and/or revises franchise agreements on an annual basis and, as a result, the agreements with individual franchisees may vary. Currently, the franchise agreement provides that franchisees must pay the initial franchise fee, which may be up to $35,000 for a single franchised outlet

Under the current standard franchise agreement, each franchisee is required (i) to pay a royalty of 6% of their monthly gross revenue, (ii) to contribute 1% of gross revenues (which may increase up to 3%) for brand and system development fund fee and (iii) to pay up to $1,000 monthly for cooperative advertising fee. These funds are managed by the Company and are primarily used to create advertising content and purchase digital and television advertising on a national level. The franchise agreement also requires franchisees to spend at least 5% of its monthly gross revenue on local advertising and promotions.

Franchisees are generally granted the right to operate an outlet in a particular location, typically providing for a 10-year initial term, with an opportunity to enter into one or more renewal franchise agreements subject to certain conditions; such as a renewal fee equal to 25% of the current initial franchise fee. The Company recognizes renewal fees in income when a renewal agreement becomes effective.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Consulting Agreements

On August 1, 2019, the Company entered into a Franchise Consulting Agreement with ZGrowth Partners, LLC (ZPL), a related party by common ownership. ZPL will (i) develop and implement franchise marketing plan and strategies; (ii) assist and establish franchise recruiting process from initial lead generation through final execution; and (iii) assist in all other franchise operational aspects. The Company shall pay $10,000 monthly to ZPL plus commission fee equal to 50% of the franchise fee for each franchise sold.

Employment Agreements

On July 1, 2019, the Company entered into an Employment Agreement with one of its parent company members to serve as Chief Concept Officer ("CCO") of the Company for an initial term of three years unless earlier terminated pursuant to the terms of the agreement. On August 1, 2022, and on each subsequent anniversary thereafter, the agreement shall automatically renew and extend for a period of 12 months (each such 12-month period being a "Renewal Term") unless written notice of non-renewal is delivered from either party. During the term of the agreement, CCO will be entitled to a base salary at the annualized rate of $75,000 per year for the first five years and $100,000 per year for the next five years. CCO will be paid a three percent (3%) commission of the franchise fee the Company receives for each single unit sold (the "Franchise Sales Bonus") to be paid within thirty (30) days after the Company receives the franchise fee, or portion of the franchise fee, in good funds.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Employment Agreements

On July 1, 2019, the Company entered into an Employment Agreement with one of its parent company members to serve as Chief Training Officer ("CTO") of the Company for an initial term of three years unless earlier terminated pursuant to the terms of the agreement. On August 1, 2022, and on each subsequent anniversary thereafter, the agreement shall automatically renew and extend for a period of 12 months (each such 12-month period being a "Renewal Term") unless written notice of non-renewal is delivered from either party. During the term of the agreement, CTO will be entitled to a base salary at the annualized rate of $75,000 per year for the first five years and $100,000 per year for the next five years. CTO will be paid a three percent (3%) commission of the franchise fee the Company receives for each single unit sold (the "Franchise Sales Bonus") to be paid within thirty (30) days after the Company receives the franchise fee, or portion of the franchise fee, in good funds.

NOTE 10 – SUBSEQUENT EVENTS

Date of management review – The Company has evaluated subsequent events through April 21, 2021, the date of which the financial statements were available to be issued. Through that date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE[1]

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Madabolic Franchise System, LLC ("we" or "us), and you are preparing to enter into a Franchise Agreement for the operation of a Madabolic franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes__	No__	l.	Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
Yes__	No__	2.	Have you received and personally reviewed the Franchise Disclosure Document we provided?
Yes__	No__	3.	Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
Yes__	No__	4.	Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
Yes__	No__	5.	Did you receive the Franchise Disclosure Document at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
Yes__	No__	6.	Did you receive a complete execution copy of the Franchise Agreement at least seven (7) calendar days before you signed it?
Yes__	No__	7.	Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?
Yes__	No__	8.	Have you discussed the benefits and risks of developing and operating a Madabolic franchise with an existing Madabolic franchisee?
Yes__	No__	9.	Do you understand the risks of developing and operating a Madabolic franchise?
Yes__	No__	10.	Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
Yes__	No__	11.	Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised business to open or consent to a transfer?
Yes__	No__	12.	Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Madabolic franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes__	No__	13.	Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise

[1] Registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Disclosure Document?

Yes__ No__ 14. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Madabolic franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes__ No__ 15. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Madabolic business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____
_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this "Agreement") is made as of _____, 202__ (the "Effective Date") by _____, a(n) _____ ("you") and each individual holding a direct or indirect ownership interest in you (collectively "Owner") in favor of Madabolic Franchise System, LLC, a Delaware limited liability company ("us," and together with you and Owner, the "Parties").

WHEREAS, we signed a Franchise Agreement with you, dated _____, 202____ (the "Franchise Agreement") pursuant to which we granted you the right to own and operate a Madabolic facility;

WHEREAS, you have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, **[enter into a successor franchise agreement]** and we have consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

WHEREAS, as a condition to our consent to the transfer **[your ability to enter into a successor franchise agreement]**, you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of our consent to the transfer **[our entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as follows:

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the "Franchisee Parties"), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the "Franchisor Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Law. This Agreement does not apply to claims arising under the Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

[Section 2 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties,

the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

4. Representations and Warranties. You and Owner each represent and warrant that: (i) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (ii) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (iii) you and Owner have not and shall not (a) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (b) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (iv) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

5. Miscellaneous.

(a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

(b) This Agreement shall be construed and governed by the laws of the State of North Carolina.

(c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

(d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

(e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

(f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

(g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

(h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

_____

By: _____
Name: _____
Its: _____

FRANCHISE OWNERS:

_____
Name: _____

_____
Name: _____

_____
Name: _____

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

MULTI-STATE ADDENDA

[See Attached]

MULTI-STATE ADDENDA

The following are additional disclosures for the Franchise Agreement of Madabolic Franchise System, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

FOR THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document.
2. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The franchise agreement requires application of the laws of North Carolina. This provision may not be enforceable under California law.
8. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
9. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
10. The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information."
11. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE

CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

12. All fees referenced in Item 5 of this Disclosure Document are subject to deferral pursuant to order of the State of California. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

FOR THE STATE OF ILLINOIS

A. You must sign a general release in order to renew or transfer your franchise. Any such release must comply with the provisions of the Illinois Franchise Disclosure Act (the "Act").

B. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois..

C. 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.

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

E. Illinois requires inclusion of the following additional risk factor:

> "2. 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 your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails."

F. Item 7 of the FDD is amended to add the following footnote to the table relating to the "Insurance" row:

> "This is an estimate for the various types of insurance a franchisee will need including comprehensive general liability insurance, professional liability insurance, tenant's liability insurance, worker's compensation insurance and employer's liability insurance as required by law and any other insurance that we specify in the Manual from time to time. The amount is an estimate for 3 month's premium and would be paid directly to the insurance carriers in a lump sum before the start of franchise operations."

G. All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General's Office based upon their review of our financial condition as reflected in our financial statements. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

FOR THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.

2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.

4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.

5. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

   Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

   At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

6. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

FOR THE STATE OF MARYLAND

1. The following is added to the **Special Risks to Consider About *This* Franchise** page:

   "**6. 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."

2. ITEM 5 of the Disclosure Document is amended to add the following:

   "Fee Deferral

   Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement."

2. ITEM 17 of the Disclosure Document is amended to add the following:

   The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.

   A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

   Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

   In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

   The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

3. 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.

FOR THE STATE OF MINNESOTA

A. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.

B. We will comply with Minnesota Statute Section 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) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

C. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise

Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statues, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J) which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond if required.

D. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g) which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

E. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

F. No statement, questionnaire, or acknowledgement 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 with the franchise.

G. Items 5 and 7 of this Disclosure Document are amended to include the following:

> "All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business."

FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

6. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

FOR THE STATE OF RHODE ISLAND

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

* Also, see the Rhode Island Addendum that is attached to the franchise agreement for additional information.

FOR THE STATE OF VIRGINIA

A. ITEM 17 of the Disclosure Document is amended to add the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

B. ITEM 17(t) is amended to delete the language contained in the Summary column and replace it with the following:

> "Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in the franchise disclosure document."

C. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

D. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.

E. Virginia requires inclusion of the following additional risk factors:

> 3. 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 your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
>
> 4. The franchisee will be required to make an estimated initial investment ranging from $308,754 to $603,077. This amount exceeds the franchisor's stockholder's equity as of December 31, 2021, which is ($314,199)."

F. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

All fees referenced in Item 5 of this Disclosure Document are subject to deferral pursuant to order of the State of Washington. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that 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:

State	Effective Date
California	June 15, 2023 (amended _____, 2023)
Hawaii	
Illinois	April 28, 2023 (amended _____, 2023)
Indiana	May 10, 2023 (amended _____, 2023)
Maryland	August 4, 2023 (amended _____, 2023)
Michigan	August 16, 2023 (amended November 16, 2023)
Minnesota	August 7, 2023 (amended _____, 2023)
New York	August 17, 2023 (amended _____, 2023)
North Dakota	
Rhode Island	
South Dakota	
Virginia	May 10, 2023 (amended _____, 2023)
Washington	
Wisconsin	May 10, 2023 (amended _____, 2023)

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.

EXHIBIT "K"

TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Madabolic Franchise System, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Madabolic Franchise System, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

___ Albert Mendoza; 42490 Garfield Road, Suite 202, Clinton Township, Michigan 48038; (760) 855-7525
___ Brandon Cullen 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038; (704) 661-7205
___ Kirk Dewaele 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038; (704) 771-6906
___ Rick Del Sontro*, 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038 (202) 345-3420

*Not licensed to sell franchises in Washington.

Issuance Date: April 20, 2023 (amended November 16, 2023)

Madabolic Franchise System, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	List of State Administrators and Agency for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "E"	List of Franchisees
EXHIBIT "F"	Financial Statements of Madabolic Franchise System, LLC
EXHIBIT "G"	Franchisee Disclosure Questionnaire
EXHIBIT "H"	General Release
EXHIBIT "I"	Multi-State Addenda
EXHIBIT "J"	State Effective Dates
EXHIBIT "K"	Receipts

_____
Print Name

_____ _____
Date (Signature) Prospective Franchise Owner

_____

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Madabolic Franchise System, LLC.)

RECEIPT

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Read this Disclosure Document and all agreements carefully. If Madabolic Franchise System, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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Print Name

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Date (Signature) Prospective Franchise Owner

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