

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
t. Integration/ merger clause	24.8	Only the terms of the Franchise Agreement and its attachments 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.
u. Dispute resolution by arbitration or mediation	22	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	22	Subject to state law, mediation and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Mecklenburg County, North Carolina).
w. Choice of law	24.1	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.

Defined Terms

For purposes of this financial performance representation, the following terms have the meanings given to them below.

"Adjusted Gross Profit" or **"AGP"** means the financial performance metric calculated as Gross Profit minus Operating Expenses. It does not account for Excluded Expenses.

"COGS" means variable costs that are directly associated with the provision and delivery of goods and services, including the cost of merchandise and retail items and credit card processing fees.

"Company-Owned Outlet" means any Madabolic Business that is owned by: (a) us; (b) any affiliate of ours; or (c) any person listed in Item 2 of this Disclosure Document if that person, or another person listed in Item 2, is also involved with the management of the Madabolic Business.

“Converted Outlet” means any Madabolic Business that either: (a) was a Company-Owned Outlet that was sold to a franchisee at any time during the Measuring Period; or (b) was a Franchised Outlet that we or our affiliate reacquired from the franchisee at any time during the Measuring Period.

“Excluded Expenses” means and includes: amortization; depreciation; donations and charitable contributions (when reported); entertainment; expenses for travel and lodging; vehicle expenses (including lease payments, car rentals, gas, mileage, repairs, etc.); income taxes; debt service and interest payments; officer guaranteed payments and salary; owner draws and distributions; personal expenses; and royalty and brand fund fees.

“FPR” means the financial performance representation set forth in Item 19 of this Disclosure Document.

“Franchised Outlet” means any Madabolic Business that is owned by a franchisee.

“Gross Profit” means the financial performance metric calculated as Gross Sales minus COGS.

“Gross Sales” means total revenue generated by the Madabolic Business including: (a) revenue from the sale of fitness classes, merchandise, retail items or any other goods or services, including sales made from the Facility and off-site sales; (b) all membership-related fees (e.g., initiation fees, enrollment fees, processing fees, paid-in-full dues, renewal fees and monthly dues); (c) the fair market value of any good or services received in a barter transaction; and (d) any other sums collected that in any way relate to the Madabolic Business (e.g., advertising revenue, sponsorship fees and business interruption insurance proceeds). Gross Sales includes amounts invoiced or otherwise earned but not collected. Gross Sales excludes: (a) sales or use taxes; (b) refunds; (c) revenue from the sale of furniture, fixtures and equipment in the ordinary course of business; (d) discounts and comps; and (e) tips paid to and retained by trainers or other staff members as a gratuity.

“Mature Outlet” means a Qualifying Outlet that opened on or prior to January 1, 2021 and has operated on a continuous from January 1, 2021 through December 31, 2023.

“Measuring Period” means the period of time commencing January 1, 2023 and expiring December 31, 2023.

“Non-Mature Outlet” means any Qualifying Outlet that is not a Mature Outlet.

“Operating Expenses” means the following expenses incurred by the Qualifying Outlets:

- (1) *Administrative & General* - includes bank charges and fees, dues and subscriptions, permits, taxes (other than sales tax), penalties and license fees;
- (2) *Insurance* - includes property and liability insurance premiums;
- (3) *Marketing* - includes local advertising, marketing and promotional costs;
- (4) *Occupancy Costs* - includes cleaning and janitorial, gross rent, repairs and maintenance, security, telephone, Internet and utilities;
- (5) *Operating & Technology* - includes music services, software/technology fees paid to us and third parties, postage, office supplies, payroll services, small equipment, training and education;
- (6) *Payroll* – includes: health insurance (when reported); payroll service fees; payroll taxes; wages for contractors, trainers and management; and worker’s compensation.
- (7) *Professional Services* - includes accounting, legal and outside consulting.

“Qualifying Outlet” means any Franchised Outlet or Company-Owned Outlet that is not a Converted Outlet, was open and operating throughout the entire Measuring Period and (with respect to the AGP FPR only) provided us with Profit and Loss Statements for the entire Measuring Period.

System Statistics

For purposes of this FPR, each Madabolic Business may be referred to as an “outlet.”

As of December 31, 2023, there were 3 Company-Owned Outlets in operation. Of these 3 Company-Owned Outlets, 2 are Qualifying Outlets for purposes of both the Gross Sales and AGP FPRs. The 3rd Company-Owned Outlet is not a Qualifying Outlet because it opened in 2023 and was not open the entire Measuring Period.

As of December 31, 2023, there were 27 Franchised Outlets in operation. Of these 27 Franchised Outlets: (a) 22 are Qualifying Outlets for purposes of the Gross Sales FPR; and (b) 20 are Qualifying Outlets for purposes of the AGP FPR. We excluded 5 Franchised Outlets from both the Gross Sales FPR and AGP FPR because they opened in 2023 and were not open the entire Measuring Period. We excluded 2 additional Franchised Outlets from the AGP FPR (but not the Gross Sales FPR) because they failed to provide complete Profit and Loss Statements covering the entire Measuring Period. For these outlets, we prepared the Gross Sales FPR based on data obtained from the point-of-sale system used by the outlets.

The tables below summarize the outlet statistics and the number of Qualifying Outlets:

2023 Outlet Statistics – Gross Sales FPR								
Outlet Type	Open Outlets As Of		2023 Statistics			Provided Full P&L	Qualifying Outlets	
	Jan 1, 2023	Dec 31, 2023	Opened	Closed	Converted		Gross Sales FPR	AGP FPR
Franchised	22	27	5	0	0	20	22	20
Company-Owned	2	3	1	0	0	2	2	2

Our current franchise model is for a 25-person class format. In prior years, our model allowed for either a 25-person class format or a 20-person class format. Of the 24 Qualifying Outlets, 5 operate under a 20-person class format and 19 operate under a 25-person class format. There are no other material differences between any of the Qualifying Outlets whose data has been provided and the franchised business offered under this Disclosure Documents.

Subsets Utilized

We have broken out the data between Company-Owned Outlets and Franchised Outlets. For the Franchised Outlets, we have separately broken out the data into the following subsets:

SUBSETS FOR FRANCHISED OUTLETS	
Subset	Number of Qualifying Outlets in Subset – Gross Sales FPR
All Outlets	22
Subset 1(a): 25-person class format	18
Subset 1(b): 20- person class format	4
Subset 2(a): Mature Outlets	8
Subset 2(b): Non-Mature Outlets	14

Financial Performance Representation

The following tables present the historical financial results achieved by the Qualifying Outlets during the Measuring Period. Part A includes data for the Company-Owned Outlets. Part B includes data for the Franchised-Outlets.

A. Company-Owned Outlets

The tables in this section present Gross Sales and Adjusted Gross Profit data for the 2 Company-Owned Outlets that are Qualifying Outlets.

Table 1: The following table presents Gross Sales data for each Company-Owned Outlet on an individualized basis. For each outlet, the table lists: (a) year opened; (b) whether it is a 20-person or 25-person format class; (c) whether it is a Mature or Non-Mature Outlet; (d) 2023 annual Gross Sales; (e) 2024 quarterly Gross Sales (from January 1, 2024 to March 31, 2024); and (f) 2023 Adjusted Gross Profit.

TABLE 1 - 2023 FINANCIAL PERFORMANCE DATA OVERVIEW COMPANY-OWNED OUTLETS						
Outlet	Year Opened	Class Format	Maturity	Gross Sales		2023 Adjusted Gross Profit
				2023 Gross Sales (Jan 1 to Dec 31)	2024 Gross Sales (Jan 1 to Mar 31)	
1	2011	25	Mature	\$920,699	\$176,051	\$304,131
2	2016	20	Mature	\$459,659	\$135,386	\$151,838

Table 2: The following table presents 2023 Adjusted Gross Profit data for each Company-Owned Outlet and lists the various expenses deducted from Gross Sales to calculate Adjusted Gross Profit.

TABLE 2 – 2023 ADJUSTED GROSS PROFIT COMPANY-OWNED OUTLETS				
Financial Metric	Company-Owned Outlet 1		Company-Owned Outlet 2	
	Dollars	% of Gross Sales	Dollars	% of Gross Sales
Gross Sales	\$920,699	100%	\$459,659	100%
Credit Card Processing Fees	\$28,456	3.1%	\$14,207	3.1%
Merchandise & Retail	\$62,250	6.8%	\$31,078	6.8%
Total COGS	\$90,706	9.9%	\$45,285	9.9%
Gross Profit	\$829,994	90.1%	\$414,375	90.1%
Administrative & General	\$3,798	0.4%	\$1,896	0.4%
Insurance	\$2,703	0.3%	\$1,350	0.3%
Marketing	\$5,913	0.6%	\$2,952	0.6%
Occupancy Costs	\$196,494	21.3%	\$98,100	21.3%
Operating & Technology	\$18,241	2.0%	\$9,107	2.0%
Payroll	\$286,708	31.1%	\$143,139	31.1%
Professional Services	\$12,004	1.3%	\$5,993	1.3%
Total Operating Expenses	\$525,862	57.1%	\$262,537	57.1%
Adjusted Gross Profit	\$304,131	33.0%	\$151,838	33.0%

B. Franchised Outlets

The tables in this section present Gross Sales and Adjusted Gross Profit data for the Franchised Outlets that are Qualifying Outlets.

Table 3: The following table presents Gross Sales data for all 22 Franchised Outlets on an individualized basis. For each outlet, the table lists: (a) year opened; (b) whether it is a 20-person or 25-person format class; (c) whether it is a Mature or Non-Mature Outlet; (d) 2023 annual Gross Sales; (e) 2024 quarterly Gross Sales (from January 1, 2024 to March 31, 2024); and (f) 2023 Adjusted Gross Profit (excluding the 2 Franchised Outlets that did not provide Profit and Loss Statements for the entire Measuring Period).

TABLE 3 - 2023 GROSS SALES: FRANCHISED OUTLETS INDIVIDUAL RESULTS						
Outlet	Year Opened	Class Format	Maturity	Gross Sales		Adjusted Gross Profit
				2023 Gross Sales (Jan 1 to Dec 31)	2024 Gross Sales (Jan 1 to Mar 31)	
1	2015	25	Mature	\$468,426	\$129,283	\$119,135
2	2016	25	Mature	\$777,543	\$198,794	\$197,873
3	2017	25	Mature	\$534,447	\$170,830	\$185,685
4	2018	25	Mature	\$368,837	\$98,199	\$126
5	2019	20	Mature	\$247,043	\$65,302	\$1,946
6	2019	25	Mature	\$584,900	\$159,623	\$242,075
7	2019	25	Mature	\$698,085	\$189,389	\$168,986
8	2020	25	Mature	\$427,458	\$105,286	\$73,950
9	2021	20	Non-Mature	\$275,799	\$77,608	\$96,313
10	2021	25	Non-Mature	\$384,016	\$105,405	\$65,248
11	2021	25	Non-Mature	\$189,311	\$51,142	(\$219,626)
12	2021	25	Non-Mature	\$438,603	\$128,024	\$163,984
13	2021	25	Non-Mature	\$587,506	\$168,653	\$103,964
14	2021	25	Non-Mature	\$499,035	\$162,739	(\$161,818)
15	2022	25	Non-Mature	\$179,510	\$39,411	Not Applicable
16	2022	25	Non-Mature	\$254,922	\$72,800	\$22,863
17	2022	25	Non-Mature	\$361,220	\$110,736	\$97,432
18	2022	20	Non-Mature	\$480,799	\$146,057	Not Applicable
19	2022	20	Non-Mature	\$298,440	\$83,709	(\$35,215)
20	2022	25	Non-Mature	\$352,383	\$114,142	\$58,013
21	2022	25	Non-Mature	\$492,029	\$169,125	\$20,891
22	2022	25	Non-Mature	\$232,969	\$79,650	(\$76,388)

Table 4: The following table aggregates 2023 Gross Sales data for all 22 Franchised Outlets. It includes highest, lowest, median and average Gross Sales. The data is presented for all 22 Franchised Outlets, and then separately provided based on subset, including: (1) 25-person versus 20-person class format; and (2) Mature Outlet versus Non-Mature Outlet.

TABLE 4 – 2023 GROSS SALES SUMMARY					
2023 Gross Sales	Subsets				All Qualifying Outlets (22 Outlets)
	Class Format		Maturity		
	25-person (18 Outlets)	20-person (4 Outlets)	Mature (8 Outlets)	Non-Mature (14 Outlets)	
Highest	\$777,543	\$480,799	\$777,543	\$587,506	\$777,543
Lowest	\$179,510	\$247,043	\$247,043	\$179,510	\$179,510
Median	\$478,526	\$363,921	\$512,293	\$383,508	\$478,526
Average	\$435,067	\$325,520	\$513,342	\$359,039	\$415,149
Number & Percent that Achieved or Surpassed Stated Average	9 of 18 (50.0%)	1 of 4 (25%)	4 of 8 (50.0%)	7 of 14 (50.0%)	11 of 22 (50.0%)

Table 5: The following table aggregates 2023 Adjusted Gross Profit data for all 20 Franchised Outlets that are Qualifying Outlets for purposes of the AGP FPR. It lists the various expenses deducted from Gross Sales to calculate Adjusted Gross Profit. It includes highest, lowest, median and average for each financial metric. The data is presented for all 20 Franchised Outlets, and then separately provided based on subset, including: (1) 25-person versus 20-person class format; and (2) Mature Outlet versus Non-Mature Outlet.

TABLE 5 – 2023 ADJUSTED GROSS PROFIT SUMMARY					
2023 Adjusted Gross Profit	Subsets				All Qualifying Outlets (20 Outlets)
	Class Format		Maturity		
	25-person (17 Outlets)	20-person (3 Outlets)	Mature (8 Outlets)	Non-Mature (12 Outlets)	
Highest	\$242,075	\$96,313	\$242,075	\$163,984	\$242,075
Lowest	(\$219,626)	(\$35,215)	\$126	(\$219,626)	(\$219,626)
Median	\$73,950	\$1,946	\$119,135	\$40,438	\$69,599
Average	\$62,494	\$21,015	\$123,722	\$11,305	\$56,272
Number & Percent that Achieved or Surpassed Stated Average	9 of 17 (52.9%)	1 of 3 (33.3%)	3 of 8 (37.5%)	8 of 12 (66.7%)	12 of 20 (60.0%)

Tables 6: The following table present the 2023 Adjusted Gross Profit data for each of the 20 Franchised Outlets on an individualized basis. The table lists the various expenses deducted from Gross Sales to calculate Adjusted Gross Profit.

[Remainder of Page Left Blank]

TABLE 6 – 2023 ADJUSTED GROSS PROFIT ALL FRANCHISED OUTLETS								
Financial Metric	Franchised Outlet 1		Franchised Outlet 2		Franchised Outlet 3		Franchised Outlet 4	
	Dollars	% of Gross Sales	Dollars	% of Gross Sales	Dollars	% of Gross Sales	Dollars	% of Gross Sales
Gross Sales	\$ 468,426.04	100.0%	\$ 777,543.46	100.0%	\$ 534,447.16	100.0%	\$ 368,836.99	100.0%
Credit Card Processing Fees	\$ 16,543.43	3.5%	\$ 26,187.07	3.4%	\$ 25,821.78	4.8%	\$ 120.89	0.0%
Merchandise & Retail	\$ 16,767.98	3.6%	\$ 23,537.26	3.0%	\$ 12,967.58	2.4%	\$ 4,072.81	1.1%
Total Cost of Goods Sold	\$ 33,311.41	7.1%	\$ 49,724.33	6.4%	\$ 38,789.36	7.3%	\$ 4,193.70	1.1%
Gross Profit	\$ 435,114.63	92.9%	\$ 727,819.13	93.6%	\$ 495,657.80	92.7%	\$ 364,643.29	98.9%
Administrative & General	\$ 3,878.40	0.8%	\$ 542.42	0.1%	\$ 3,967.34	0.7%	\$ 7,313.53	2.0%
Insurance	\$ 2,310.00	0.5%	\$ 9,609.56	1.2%	\$ 2,714.00	0.5%	\$ 2,556.18	0.7%
Marketing	\$ 27,278.27	5.8%	\$ 46,871.71	6.0%	\$ 24,778.84	4.6%	\$ 18,370.40	5.0%
Occupancy Costs	\$ 114,564.27	24.5%	\$ 188,963.66	24.3%	\$ 154,029.43	28.8%	\$ 206,579.16	56.0%
Operating & Technology	\$ 24,572.94	5.2%	\$ 35,256.43	4.5%	\$ 20,586.32	3.9%	\$ 18,419.60	5.0%
Payroll Expenses	\$ 140,250.90	29.9%	\$ 241,222.70	31.0%	\$ 100,912.82	18.9%	\$ 110,443.00	29.9%
Professional Services	\$ 3,125.00	0.7%	\$ 7,479.97	1.0%	\$ 2,983.79	0.6%	\$ 835.00	0.2%
Total Operating Expenses	\$ 315,979.78	67.5%	\$ 529,946.45	68.2%	\$ 309,972.54	58.0%	\$ 364,516.87	98.8%
Adjusted Gross Profit	\$ 119,134.85	25.4%	\$ 197,872.68	25.4%	\$ 185,685.26	34.7%	\$ 126.42	0.0%

TABLE 6 – 2023 ADJUSTED GROSS PROFIT ALL FRANCHISED OUTLETS								
Financial Metric	Franchised Outlet 5		Franchised Outlet 6		Franchised Outlet 7		Franchised Outlet 8	
	Dollars	% of Gross Sales	Dollars	% of Gross Sales	Dollars	% of Gross Sales	Dollars	% of Gross Sales
Gross Sales	\$ 247,043.74	100.0%	\$ 584,900.42	100.0%	\$ 698,085.68	100.0%	\$ 427,457.92	100.0%
Credit Card Processing Fees	\$ 7,865.52	3.2%	\$ 19,835.88	3.4%	\$ 21,501.87	3.1%	\$ -	0.0%
Merchandise & Retail	\$ 13,790.43	5.6%	\$ -	0.0%	\$ 56,388.02	8.1%	\$ 20,714.62	4.8%
Total Cost of Goods Sold	\$ 21,655.95	8.8%	\$ 19,835.88	3.4%	\$ 77,889.89	11.2%	\$ 20,714.62	4.8%
Gross Profit	\$ 225,387.79	91.2%	\$ 565,064.54	96.6%	\$ 620,195.79	88.8%	\$ 406,743.30	95.2%
Administrative & General	\$ 2,135.93	0.9%	\$ 2,981.57	0.5%	\$ 7,952.87	1.1%	\$ 117.72	0.0%
Insurance	\$ 1,965.00	0.8%	\$ 3,006.00	0.5%	\$ 1,613.64	0.2%	\$ 5,674.00	1.3%
Marketing	\$ 16,367.92	6.6%	\$ 22,260.86	3.8%	\$ 37,544.37	5.4%	\$ 20,010.26	4.7%
Occupancy Costs	\$ 92,528.20	37.5%	\$ 143,179.20	24.5%	\$ 152,807.46	21.9%	\$ 119,609.43	28.0%
Operating & Technology	\$ 9,992.32	4.0%	\$ 59,850.53	10.2%	\$ 47,826.04	6.9%	\$ 10,527.86	2.5%
Payroll Expenses	\$ 98,352.54	39.8%	\$ 87,861.25	15.0%	\$ 195,804.75	28.0%	\$ 163,636.05	38.3%
Professional Services	\$ 2,100.00	0.9%	\$ 3,850.00	0.7%	\$ 7,660.06	1.1%	\$ 13,218.43	3.1%
Total Operating Expenses	\$ 223,441.91	90.4%	\$ 322,989.41	55.2%	\$ 451,209.19	64.6%	\$ 332,793.75	77.9%
Adjusted Gross Profit	\$ 1,945.88	0.8%	\$ 242,075.13	41.4%	\$ 168,986.60	24.2%	\$ 73,949.55	17.3%

TABLE 6 – 2023 ADJUSTED GROSS PROFIT ALL FRANCHISED OUTLETS								
Financial Metric	Franchised Outlet 9		Franchised Outlet 10		Franchised Outlet 11		Franchised Outlet 12	
	Dollars	% of Gross Sales	Dollars	% of Gross Sales	Dollars	% of Gross Sales	Dollars	% of Gross Sales
Gross Sales	\$ 275,799.04	100.0%	\$ 384,016.46	100.0%	\$ 189,310.71	100.0%	\$ 438,602.89	100.0%
Credit Card Processing Fees	\$ 11,860.04	4.3%	\$ 27,921.72	7.3%	\$ -	0.0%	\$ 15,993.60	3.6%
Merchandise & Retail	\$ 6,367.06	2.3%	\$ 10,351.57	2.7%	\$ 12,374.03	6.5%	\$ 14,201.61	3.2%
Total Cost of Goods Sold	\$ 18,227.10	6.6%	\$ 38,273.29	10.0%	\$ 12,374.03	6.5%	\$ 30,195.21	6.9%
Gross Profit	\$ 257,571.94	93.4%	\$ 345,743.17	90.0%	\$ 176,936.68	93.5%	\$ 408,407.68	93.1%
Administrative & General	\$ 108.31	0.0%	\$ 2,972.95	0.8%	\$ 15,808.22	8.4%	\$ 1,904.88	0.4%
Insurance	\$ 2,436.31	0.9%	\$ 2,955.00	0.8%	\$ 5,172.72	2.7%	\$ 3,131.66	0.7%
Marketing	\$ 11,982.42	4.3%	\$ 9,422.40	2.5%	\$ 34,034.50	18.0%	\$ 11,085.77	2.5%
Occupancy Costs	\$ 74,778.69	27.1%	\$ 146,587.43	38.2%	\$ 197,940.90	104.6%	\$ 135,014.64	30.8%
Operating & Technology	\$ 12,121.64	4.4%	\$ 3,188.01	0.8%	\$ 12,761.15	6.7%	\$ 36,334.84	8.3%
Payroll Expenses	\$ 56,928.29	20.6%	\$ 112,036.20	29.2%	\$ 122,019.97	64.5%	\$ 48,745.34	11.1%
Professional Services	\$ 2,903.00	1.1%	\$ 3,332.99	0.9%	\$ 8,825.68	4.7%	\$ 8,206.60	1.9%
Total Operating Expenses	\$ 161,258.66	58.5%	\$ 280,494.98	73.0%	\$ 396,563.14	209.5%	\$ 244,423.73	55.7%
Adjusted Gross Profit	\$ 96,313.28	34.9%	\$ 65,248.19	17.0%	\$ (219,626.46)	-116.0%	\$ 163,983.95	37.4%

TABLE 6 – 2023 ADJUSTED GROSS PROFIT ALL FRANCHISED OUTLETS								
Financial Metric	Franchised Outlet 13		Franchised Outlet 14		Franchised Outlet 16		Franchised Outlet 17	
	Dollars	% of Gross Sales	Dollars	% of Gross Sales	Dollars	% of Gross Sales	Dollars	% of Gross Sales
Gross Sales	\$ 587,505.54	100.0%	\$ 499,035.44	100.0%	\$ 254,921.77	100.0%	\$ 361,220.31	100.0%
Credit Card Processing Fees	\$ 20,771.70	3.5%	\$ 18,083.70	3.6%	\$ -	0.0%	\$ 12,825.79	3.6%
Merchandise & Retail	\$ 19,673.99	3.3%	\$ 42,305.60	8.5%	\$ 147.35	0.1%	\$ 6,042.07	1.7%
Total Cost of Goods Sold	\$ 40,445.69	6.9%	\$ 60,389.30	12.1%	\$ 147.35	0.1%	\$ 18,867.86	5.2%
Gross Profit	\$ 547,059.85	93.1%	\$ 438,646.14	87.9%	\$ 254,774.42	99.9%	\$ 342,352.45	94.8%
Administrative & General	\$ 4,206.49	0.7%	\$ 1,896.77	0.4%	\$ 3,360.90	1.3%	\$ 1,278.00	0.4%
Insurance	\$ 1,613.58	0.3%	\$ 1,613.58	0.3%	\$ 3,395.00	1.3%	\$ 1,841.31	0.5%
Marketing	\$ 29,451.38	5.0%	\$ 27,590.00	5.5%	\$ 11,785.55	4.6%	\$ 14,126.09	3.9%
Occupancy Costs	\$ 149,668.88	25.5%	\$ 475,136.29	95.2%	\$ 138,045.81	54.2%	\$ 158,555.67	43.9%
Operating & Technology	\$ 35,608.31	6.1%	\$ 36,689.65	7.4%	\$ 19,649.93	7.7%	\$ 5,317.68	1.5%
Payroll Expenses	\$ 204,649.83	34.8%	\$ 136,320.18	27.3%	\$ 42,514.00	16.7%	\$ 56,124.54	15.5%
Professional Services	\$ 17,897.23	3.0%	\$ 14,368.13	2.9%	\$ 13,160.54	5.2%	\$ 7,677.09	2.1%
Total Operating Expenses	\$ 443,095.70	75.4%	\$ 693,614.60	139.0%	\$ 231,911.73	91.0%	\$ 244,920.38	67.8%
Adjusted Gross Profit	\$ 103,964.15	17.7%	\$ (254,968.46)	-51.1%	\$ 22,862.69	9.0%	\$ 97,432.07	27.0%

Notes:

1. **Estimated Allocation of Gross Sales and Expenses:** Prior to August 2023, the 2 Company-Owned Outlets shared a single point-of-sale system that did not separately identify Gross Sales or expenses attributable to each outlet. Of the total reported Gross Sales and expenses, we estimated 2/3 was attributable to Outlet 1 and 1/3 was attributable to Outlet 2 based on information provided by the owner. Since August 2023, each

Company-Owned Outlet has utilized its own point-of-sale system. For purposes of this FPR: (a) we allocated 2/3 of total Gross Sales generated from January 1, 2023 until August 2023 to Outlet 1 and the remaining 1/3 to Outlet 2; and (b) we provided the actual Gross Sales figures generated by each Company-Owned Outlet from August 2023 through the end of the year.

2. Gross Sales Data: We obtained the 2023 annual Gross Sales data used in this FPR from Profit and Loss Statements submitted by the Franchised Outlets and Company-Owned Outlets. We did not receive complete Profit and Loss Statements from Franchised Outlet 15 or Franchised Outlet 18. For these outlets, we obtained the 2023 annual Gross Sales data from the point-of-sale system used by the outlets. We obtained the first quarter 2024 Gross Sales data from the point-of-sale system used by all of the outlets.
3. Adjusted Gross Profit Data: We obtained the 2023 annual Adjusted Gross Profit data used in this FPR from Profit and Loss Statements submitted by the Franchised Outlets and Company-Owned Outlets.
4. Expense Information: The Adjusted Gross Profit FPR does not account for any Excluded Expenses (as defined above).

You should consult with your advisors to develop your own estimates of revenue for your Madabolic Business.

Some Madabolic Businesses have earned this amount. Your individual results may differ. There is no assurance that you will earn 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 2021 TO 2023				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	9	14	+5
	2022	14	22	+8
	2023	22	27	+5
Company-Owned	2021	2	2	0
	2022	2	2	0
	2023	2	3	+1
Total Outlets	2021	11	16	+5
	2022	16	24	+8
	2023	24	30	+6