

<b>Provision</b>	<b>Section In Franchise Agreement</b>	<b>Summary</b>
w. Choice of Law	19	Arizona law governs (subject to applicable state law).

## **ITEM 18 PUBLIC FIGURES**

We have not paid any compensation or other benefit to a public figure for the use of their endorsement or recommendation of the franchise to prospective franchisees.

## **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.

### **FPR #1-Historic Financial Performance Representation-2023-2024**

#### **FPR #1-Table 1-Gross Sales for 2023 & 2024**

The following table shows the historical reported information for the Gross Sales (defined in the notes below FPR #2) for the 2 affiliate owned locations and for the 5 franchisee owned locations that opened in 2023 and 2024. None of our franchised locations operated for the full 2023 calendar year and only 3 operated for the full 2024 calendar year, as noted further in below.

<b>Location</b>	<b>Date Opened</b>	<b>2023 Revenue</b>	<b>2024 Revenue</b>
Oro Valley, AZ <sup>(1)*</sup>	2014	\$202,439.08	\$314,638
Midtown, AZ <sup>(1)*</sup>	2018	\$506,663.48	\$454,120
Las Vegas, NV	8/19/2023	\$103,869.94	\$346,757
San Diego, CA	8/19/2023	\$145,819.05	\$445,302
South Tucson, AZ	7/1/2023	\$78,467.27	\$157,597
San Antonio, TX	1/29/2024 <sup>(2)</sup>	\$11,859.00	\$319,412
Henderson, NV	7/20/2024	N/A	\$78,153

\* Affiliate owned locations

**Note 1** – Our affiliate owned studios operated as “Tucson Pole” branded locations through 2022. The Midtown location converted to “Vertica Fitness” in September of 2022, while the Oro Valley

studio converted to “Vertica Fitness” in February of 2023. These studios are operated by our affiliate, Centre Stage Dance Studio, LLC.

**Note 2** – The franchisee owned location in San Antonio officially opened its doors on January 29, 2024. Revenues represent pre-sale monies earned in December of 2023 as part of pre-opening activities.

### **FPR #2-Historic Financial Performance Representation-2021-2024**

We had two affiliate outlets, one in Tucson, AZ founded in 2018 and one in Oro Valley, AZ which has operated since 2014. The Tucson outlet operated as Tucson Pole from its inception until September 2022, at which time it was converted to the Vertica brand. The Oro Valley affiliate operated as Tucson Pole all of 2022. Both operated the entirety of 2021 through 2024 calendar years.

Here, we set forth an historic financial performance representation of the 2021-2024 income and expense data for our affiliate outlets.

<b>Midtown, AZ</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Gross Revenue</b>	<b>\$146,103</b>	<b>\$233,561</b>	<b>\$506,663</b>	<b>\$454,120</b>
Total Expenses	(\$65,042)	(\$120,680)	(\$195,276)	(\$201,805)
Additional Marketing over Franchise Required Expenses				(\$14,700)
<b>Net Profit</b>	<b>\$81,061</b>	<b>\$112,881</b>	<b>\$311,387</b>	<b>\$237,615</b>
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>				
<i>Royalties (8.25%)</i>	(\$12,053)	(\$19,269)	(\$41,800)	(\$37,465)
<i>Local Advertising (\$24,000)</i>	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)
Total Franchisee Expenses	(\$36,053)	(\$43,269)	(\$65,800)	(\$61,465)
<b>Adjusted Net Profit as if a Franchised Outlet*</b>	<b>\$45,008</b>	<b>\$69,612</b>	<b>\$245,587</b>	<b>\$176,150</b>
* Number & Percent (# / %) of Outlets that attained or surpassed the stated result (Adjusted Net Profit):	1 / 50%	1 / 50%	1 / 50%	1 / 50%

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<b>Midtown, AZ</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Gross Revenue</b>	<b>\$125,214</b>	<b>\$155,708</b>	<b>\$202,439</b>	<b>\$314,638</b>
Total Expenses	(\$77,994)	(\$101,392)	(\$120,489)	(\$142,960)
Additional Marketing over Franchise Required Expenses	\$0	\$0	\$0	(\$8,700)
<b>Net Profit</b>	<b>\$47,220</b>	<b>\$54,316</b>	<b>\$81,950</b>	<b>\$162,978</b>
<i>Less Expense Adjustments that would be incurred if this were a franchised outlet:</i>				
<i>Royalties (8.25%)</i>	(\$10,330)	(\$12,846)	(\$16,701)	(\$25,958)
<i>Local Advertising (\$24,000)</i>	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)
Total Franchisee Expenses	(\$34,330)	(\$36,846)	(\$40,701)	(\$49,958)
<b>Adjusted Net Profit as if a Franchised Outlet*</b>	<b>\$12,890</b>	<b>\$17,470</b>	<b>\$41,249</b>	<b>\$113,020</b>
* Number & Percent (# / %) of Outlets that attained or surpassed the stated result (Adjusted Net Profit):	2 / 100%	2 / 100%	2 / 100%	2 / 100%

#### **Notes:**

Material financial and operational differences between the affiliated company outlet and a franchised outlet: There are no material operational differences between the company outlets whose results are reported in the table above and an outlet that a franchisee would operate, except the age of outlet. The company outlets and a franchisee outlet would offer the same goods and services to the same client base. However, the company outlets have operated since 2014 (Oro Valley) and 2018 (Tucson).

In addition, there are financial differences. A franchised outlet would incur Royalties (8.25% of Gross Revenues) and Local Advertising (\$2,000 per month). If we elect to implement a National Advertising and Marketing Fund, a franchised outlet would also incur a National Advertising and Marketing Fund Fee up to 1% of Gross Revenues.

**Gross Revenue:** “Gross Revenue” means total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns. We did not include \$1,880 in revenue derived by our affiliate in 2023 or \$820.64 in revenue derived in 2024 because that revenue was derived from certain franchisee referrals, which is income not typical for a franchisee outlet.

**Total Expenses** means all expenses incurred in operating the business.

**Net Profit** represents Gross Revenue minus Total Expenses.

**Adjusted Net Profit as if a Franchised Outlet** means the Net Profit less expenses that would have been incurred if this were a franchised outlet, namely Royalties (8.25%) and Local Advertising (\$2,000 per month).

The source of the data used in the above FPR was the books and records of our affiliate outlets.

**Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.**

Written substantiation for the financial performance representation will be made available to prospective franchisees upon 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 Katrina Wyckoff, 11834 N. Silver Village Place, Oro Valley, AZ 85737; (520) 216-7651; the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**System Wide Outlet Summary  
For Years 2022 to 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>3</b>	<b>+3</b>
	<b>2024</b>	<b>3</b>	<b>5</b>	<b>+2</b>
<b>Company- Owned</b>	<b>2022</b>	<b>2</b>	<b>2</b>	<b>0</b>
	<b>2023</b>	<b>2</b>	<b>2</b>	<b>0</b>
	<b>2024</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>Total Outlets</b>	<b>2022</b>	<b>2</b>	<b>2</b>	<b>0</b>
	<b>2023</b>	<b>2</b>	<b>5</b>	<b>+3</b>
	<b>2024</b>	<b>5</b>	<b>7</b>	<b>+2</b>

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