

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.

The information presented below is a projection of financial performance of MaxStrength Fitness Studios on the small (approximately 1,800 sq. ft.) and large (3,000 sq. ft.) ends of the range of Studio sizes. These projections are based on the 2024 calendar year results from our two (2) Company-Owned outlets that have been in existence and operating for several years. The performance projections use the actual Total Income and Gross Profit of the two (2) Company-Owned outlets and then calculates Projected Earnings by estimating Operating Costs based on the anticipated differences in expenses to be incurred by prospective franchisee Studios vs. our Company-Owned outlets.

These figures are only estimates of what we think you may earn. Your individual results may differ. There is no assurance that you will earn as much.

We did not have any franchised Studios that operated for the entire 2024 calendar year. And, except as expressly provided, we have therefore excluded from our data presented below the franchised Studios that signed franchise agreements in 2024 and either opened in 2024 or have not yet opened, because these outlets do not have a full year of operational results. Our Westlake and Willoughby Studios are our only Company-Owned outlets that operate substantially similar to a franchised Studio. Our Strongsville Studio serves as our showroom and training studio and thus, has limited operating hours compared to our Westlake and Willoughby Studios. Also, unlike our other Company-Owned outlets, our marketing efforts for the Strongsville Studio are limited. As such, we do not present information regarding our Strongsville Studio because the operational model for this Studio is not substantially similar to the Studios being offered to prospective franchisees in this Disclosure Document.

We had one franchised Studio open in 2024, but this Studio was not open for the entire 2024 calendar year, so its performance is not included in the projections set forth in the table below. We have, however, included the franchised Studio's Total Income (defined below) for its first 12 months of operations (March 2024-February 2025) in Footnote 1 below to show the actual Total Income performance of a franchised MaxStrength Fitness Studio during its startup period.

The Westlake outlet is approximately 3,000 sq. ft. in size, so its past performance forms the basis of the large-sized Studio projection. The Willoughby outlet is approximately 1,800 sq. ft. in size, so its past performance forms the basis of the small-sized Studio projection. Both sets of projections are based on results from mature outlets that have been operating for several years.

Please carefully read all of the information presented in this Item 19, including the explanatory notes following the table below.

	Small Studio (1800 sq.ft.)		Large Studio (3000 sq.ft.)	
Income				
Client Revenue	\$833,773		\$913,918	
Total Income¹	<u>\$833,773</u>		<u>\$913,918</u>	
Cost of Goods Sold		% of Total <u>Income</u>		% of Total <u>Income</u>
Salaries & Wages - Direct	\$321,570	38.6%	\$403,708	44.2%
Merchant Account Fees	\$23,890	2.9%	\$25,936	2.8%
Total Cost of Goods Sold²	<u>\$345,461</u>	<u>41.4%</u>	<u>\$429,644</u>	<u>47.0%</u>
Gross Profit³	<u>\$488,312</u>		<u>\$484,274</u>	
Operating Expenses		% of Operating <u>Expenses</u>		% of Operating <u>Expenses</u>
Advertising/Marketing	\$24,000	16.3%	\$24,000	13.1%
Facility Insurance	\$1,716	1.2%	\$1,716	0.9%
Office Expense	\$1,800	1.2%	\$1,800	1.0%
Employee Bonuses	\$26,813	18.3%	\$23,131	12.6%
Payroll Taxes	\$34,656	23.6%	\$30,841	16.9%
Workers Compensation	\$1,390	0.9%	\$1,480	0.8%
Accounting	\$3,600	2.5%	\$3,600	2.0%
Rent Expense	\$39,454	26.9%	\$79,156	43.2%
Repairs and Maintenance	\$1,800	1.2%	\$1,800	1.0%
Software Services	\$4,764	3.2%	\$4,764	2.6%
Telephone & Internet	\$920	0.6%	\$4,742	2.6%
Utilities	\$6,000	4.1%	\$6,000	3.3%
Total Operating Expense⁴	<u>\$146,913</u>		<u>\$183,029</u>	
Franchisee Costs⁵				
Royalty	\$58,364		\$63,974	
Ad Fund	\$16,675		\$18,278	
Technology Fee	<u>\$2,388</u>		<u>\$2,388</u>	
Projected Earnings⁶	<u>\$263,971</u>		<u>\$216,604</u>	

Notes to Table:

(1) Total Income represents all funds actually received and collected for the services/products provided to clients of the Company-Owned outlets. The numbers presented reflect the actual Total Income for our Willoughby (Small Studio) and Westlake (Large Studio) Company-Owned outlets for the calendar year 2024. The above statistics were derived from the software used by our Company-Owned outlets and reflect the actual combined results of the two Company-Owned Outlets in 2024.

Below is the Total Income for our franchised Studio that opened in 2024, and has been in operation for 12 full months:

Time Period	Total Income
March, April, May (2024)	\$41,334
June, July, August (2024)	\$62,672
September, October, November (2024)	\$108,778
December, January, February (2024-2025)	\$154,085

The franchised Studio is approximately 2,500 sq. ft. in size, and the Total Income data was collected using our point-of-sale software.

This outlet has sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

The Strongsville Studio had \$224,498 in Total Income in 2024.

The key performance indicators (KPIs) that affect the Total Income earned by our two Company-Owned outlets are as follows:

KPI	Statistic	Explanatory comments
Average Rate Per Session	\$53.29	The average amount paid by a client per session.
Average Sessions per trainer per week	57	This is the average number of client sessions each trainer provided per calendar week.
Client average sessions per week	1.8	This is the average number of times a client visits per week, calculated as follows: total number of client sessions for each week during the year, divided by the total number of clients who visited during that week.

The key performance indicators (KPIs) that affect the Total Income earned by our franchised Studio that opened in 2024, and has been in operation for 12 full months:

KPI	Statistic	Explanatory comments
Average Rate Per Session	\$60.00	The average amount paid by a client per session.
Average Sessions per trainer per week	57	This is the average number of client sessions each trainer provided per calendar week.
Client average sessions per week	1.8	This is the average number of times a client visits per week, calculated as follows: total number of client sessions for each week during the year, divided by the total number of clients who visited during that week.

(2) Cost of Goods Sold consist of direct salaries and wages of employees (other than our owner), merchant account fees and costs of dietary supplement products sold.

(3) Gross Profit represents Total Income minus Cost of Goods Sold.

(4) Operating Expenses include ordinary and recurring operating expenses such as: advertising/marketing, facility insurance, office expense, employee bonuses, payroll taxes, workers compensation, accounting fees, rent expense, repairs and maintenance, software services, telephone, internet and utilities. For purposes of the projected Operating Expenses above, we started with the two Company-Owned outlets' actual operating costs and then eliminated or reduced certain expenses paid by these Company-owned outlets that would not be incurred by a franchisee, including marketing and advertising expenses above the \$2,000/month expected for franchisees, the salary and benefits of our owner, outside consultant and accounting fees, software costs, equipment maintenance and repair, health insurance costs for employees, travel and entertainment expenses, professional continuing education costs, and other costs for research and development of the franchise system. The reduced and eliminated costs are substantial (approximately \$153,300.00 for Westlake and \$168,500.00 for Willoughby) because the two Company-Owned outlets incur expenses that will be incurred by us as franchisor and/or expenses that are not directly related to the operation of a Studio under our franchise model.

(5) Franchisee Costs consist of the following additional operating expenses, which will be paid by franchised Studios, but were not paid by the Company-Owned outlets: (a) 7% of Total Income for monthly royalty payments per the Franchise Agreement; (b) 2% of Total Income for monthly Brand Fund Contributions per the Franchise Agreement, and (c) \$2,388 per year for the required Technology Fee. The percentages were applied to the Total Income figures described above to yield the projected cost in dollars.

(6) Projected Earnings represent Gross Profit minus projected Operating Expenses (see note 4 above). The Projected Earnings figure further subtracts the Franchisee Costs (see note 5 above) that will be incurred by franchisees and are not reflected in the projected Operating Expenses. Projected Earnings do not subtract any amounts for depreciation, interest or taxes.

Written substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable 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 us by contacting our Chief Executive Officer at 2211 Crocker Road #120, Westlake, Ohio 44145, Ph. 833-242-2050, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

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

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	1	+1
Company-Owned	2022	2	2	0
	2023	2	3	+1
	2024	3	3	0
Total Outlets	2022	2	2	0
	2023	2	3	+1
	2024	3	4	+1

Explanatory Notes:

- (1) We began offering Studio franchises in May 2021.

Our Studio Franchisees

See Exhibit D for the name, address, and telephone number of each of our current and former MaxStrength Studio franchisees. During the last three (3) fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their