FRANCHISE DISCLOSURE DOCUMENT

Arthur Murray International, Inc.
A Delaware corporation
1077 Ponce de Leon Boulevard
Coral Gables, Florida 33134
(305) 445-9645
info@arthurmurray.com
www.arthurmurray.com

The franchise offered is to operate an Arthur Murray Dance Studio, which provides dance instruction and similar services.

The total investment necessary to begin operation of an Arthur Murray Dance Studio franchised business is $122,500 to $407,625. This includes $25,120 that must be paid to the franchisor or its affiliate(s).

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 governmental 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 Arthur Murray International, Inc., Anthony Padulo, 1077 Ponce de Leon Boulevard, Coral Gables, Florida 33134, (954) 292-6016.

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 an 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. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 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 of this Franchise Disclosure Document: June 30, 2026

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 Exhibits F and G.
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 B 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 Arthur Murray Dance Studio 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 an Arthur Murray Dance Studio franchisee?	Item 20 or Exhibits F and G list 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 arbitration and/or litigation only in Florida. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Florida than in your own state.

2. **Mandatory Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the 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 FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY

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 documents 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:

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

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

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

4) 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 ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Corporate Oversight Division – Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 5th Floor
Lansing, Michigan 48913
Telephone Number: (517) 335-7567

Notwithstanding paragraph F of the Michigan cover pages attached to this Addendum, Arthur Murray International, Inc. intends to enforce fully the provisions of the arbitration section contained in its Franchise Agreement. Arthur Murray International, Inc. believes that paragraph F is unconstitutional and cannot preclude it from enforcing its arbitration section.

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

"We," "us" or "our" means Arthur Murray International, Inc., the franchisor. "You" means a person to whom we grant a franchise. If you are a corporation, partnership or other entity, your owners must sign a guaranty, which means that all of the provisions of our Franchise Agreement (Exhibit C) also will apply to your owners.

Our Corporate History

Arthur and Kathryn Murray originally owned the Arthur Murray System. They operated the business in New York City from 1913 to February 25, 1946 and offered franchises from 1939 to 1946. We originally incorporated in Delaware on February 26, 1946 under the name Arthur Murray, Inc. Our principal business address is 1077 Ponce de Leon Boulevard, Coral Gables, Florida 33134. We operated the business and offered franchises as Arthur Murray, Inc. from 1946 until July 15, 1964, when we merged with "James Banta-Harry Evons & Associates, Inc." but continued to operate under the "Arthur Murray, Inc." name. After the merger, Mr. and Mrs. Murray no longer were shareholders or directors or otherwise involved in management. Our affiliation with James Banta-Harry Evons & Associates, Inc. ended in 1967. We changed our name to Arthur Murray International, Inc. on December 31, 1979. In June 1999, Arthur Murray International, Inc. merged into a newly organized entity. The new entity was formed as a Delaware corporation by the controlling shareholders of Arthur Murray International, Inc. to enable the company to repurchase the shares of its minority shareholders. The transaction had no material impact on the company's consolidated assets and liabilities or its operations. Upon completion of the merger, the surviving entity continued to be known as Arthur Murray International, Inc.

On December 4, 2024, AMII Acquisition, LLC ("AMII Acquisition") acquired all of our outstanding shares and, as a result, became our direct parent company. AMII Acquisition is controlled indirectly by investment funds managed by Clarion Capital Partners, LLC ("Clarion"). Clarion and AMII Acquisition have a principal business address at 527 Madison Avenue, 11th Floor, New York, New York 10022. As of June 30, 2026, neither AMII Acquisition nor Clarion, nor any of Clarion's managed investment funds or portfolio companies, has ever (i) conducted a business of the type being offered by this disclosure document or (ii) offered or sold franchises in any line of business.

We have a subsidiary, Arthur Murray Enterprises, Inc. ("AME"), that sells certain items to our franchisees. AME is a New York corporation, and it shares our principal business address. AME has never offered any franchises, and it has not conducted a business of the type you will operate. Except as disclosed above, we have no parent companies.

If we have an agent in your state for service of process, we disclose that agent in Exhibit A. We operate under our corporate name and various trade and service marks, including "Arthur Murray" and "Arthur Murray Dance Studio" (the "Marks"), and no other name. Except as noted above, we have no predecessors. Except for AME, we have no affiliates that offer franchises in any line of business or provide products or services for franchisees.

Franchise Offered

The franchise we offer you is to operate an Arthur Murray Dance Studio (the "Studio"), which offers dance instruction and similar services, and you might be permitted (under additional agreements) to conduct dance competitions and similar events. We offer the franchise to persons who have owned, operated, or instructed at dance studios or have been involved in the dance studio business and/or persons with relevant business backgrounds and strong financial positions. You will operate the Studio according to our business formats, methods, standards and specifications.

In recent years, virtual instruction has become an important part of Studio operations and our business model. We expect that to continue for the foreseeable future.

The Market and Competition

Arthur Murray Studios offer dance instruction services to the general public. You will compete with other local dance studios, some of which might be franchisees or licensees of other national or regional chains. The market for dance instruction services is developed in some areas and developing in other areas.

Our Experience

We have offered franchises for Arthur Murray Studios since 1946. We do not now operate any Arthur Murray Studios, although we did for a short time in 1965, 1966, 1968 and 1980. We have no parent companies. Except as disclosed in this Item 1, we have no predecessors or affiliates. Neither we nor our predecessors or affiliates have offered franchises for any other type of business or, except as noted in this Item 1, engaged in other business activities.

Our policy is that franchise applicants must: (a) be at least 25 years old; (b) have at least 5 years' experience at an Arthur Murray Studio (or another dance studio) or have a relevant business background and strong financial position; and (c) have experience in a managerial or executive position. We consider whether the applicant is honest and has good moral character, sufficient capital to operate the Studio during the start-up period and the ability to train and instruct employees. We periodically may change these criteria.

Arthur Murray Studios are specifically regulated by the Federal Trade Commission Consent Decree and, in many states, by laws covering the operation of dance studios and the sale of dance instruction services, including bonding requirements for dance studio operations. You also must comply with laws that apply generally to all businesses. You should investigate all of these laws.

Item 2

BUSINESS EXPERIENCE

Chief Executive Officer and Director: Gary Edwards

Mr. Edwards has been our Chief Executive Officer and one of our Directors since December 2024. Mr. Edwards has also been a Director for St. George Homes located in Rayleigh, UK since August 2011 and a Director of GE & A Limited located in Rayleigh, UK since January 2020. Previously, Mr. Edwards was the President of World of Dance located in Los Angeles, California from January 2022 to October 2023 and a Consultant for Never What If located in in London, UK from October 2021 to August 2022.

Director: Eric Kogan

Mr. Kogan has been one of our Directors since December 2024. Mr. Kogan has also been a Partner at Clarion located in New York, New York since May 2002; a Director of Harris & Harris, Ltd. located in Chicago, Illinois since September 2019; a Director of Estyle Holdings, Inc. located in Jacksonville, Florida since September 2020; and a Director of CAS Holdco., Inc. located in Dallas, Texas since March 2022. Previously, Mr. Kogan was a Director of Ametros Financial located in Wilmington, Massachusetts from December 2010 to January 2024.

Director: Ariana Klener

Ms. Klener has been one of our Directors since December 2024. Ms. Klener has also been a Vice President at Clarion located in New York, New York since January 2022; a Director of Estyle Holdings, Inc. located in Jacksonville, Florida since September 2020; a Director of ORL Holdco, Inc. located in Fort Worth, Texas since September 2021; a Director of CAS Holdco., Inc. located in Dallas, Texas since March 2022; and a Manager of Narrative Strategies Holdings, LP located in Washington, D.C. since January 2024. Previously, Ms. Klener was a Senior Associate at Clarion located in New York, New York from July 2019 to December 2021.

Director: Steven Schiffman

Mr. Schiffman has been one of our Directors since May 2025. Mr. Schiffman has also been the CEO and Founder of High Growth Companies LLC in Washington, D.C. since June 2019.

Director: Eric Grilly

Mr. Grilly has been one of our Directors since May 2025. Mr. Grilly has also been Managing Partner of Velona Ventures LLC in Las Vegas, Nevada since July 2016. From November 2019 to February 2024, Mr. Grilly was President, Resident Shows of Cirque du Soleil Entertainment Group in Las Vegas, Nevada.

Director: Stacey Ryan

Ms. Ryan has been one of our Directors since May 2025. Ms. Ryan has also been President of Schol of Rock in Canton, Massachusetts since August 2024. Before that, she was Chief Operating Officer of School of Rock from March 2019 to August 2024.

Director: Edward Martin

Mr. Martin has been one of our Directors since July 2025. Mr. Martin has also been Managing Director of Clarion located in New York, New York since December 2022; Director and Secretary of Estyle Holdings, Inc. located in Jacksonville, Florida since September 2020; and Manager and Vice President of Perigon Learning Holdings, LP located in Coral Gables, Florida since October 2024. Previously, Mr. Martin was a Principal at Clarion located in New York, New York from December 2017 to December 2022 and Manager and Secretary of H&H Parent, LLC located in Chicago, Illinois from November 2019 to February 2025.

Chief Financial Officer: Rodney Rett

Mr. Rett has been our Chief Financial Officer since August 2025. From January 2024 to August 2025, Mr. Rett was our Chief Operating Officer. Mr. Rett was also our corporate Secretary from October 2017 to August 2025 and our Vice President of Finance from December 2014 to August 2025. He has been with us in various capacities since August 2005.

Chief Development Officer: Anthony Padulo

Mr. Padulo has been our Chief Development Officer since August 2025. Before that, he was Chief Development Officer of School of Rock in Canton, Massachusetts from June 2017 to August 2025.

Vice President of Operations: Kimberley Carroll

Ms. Carroll has been our Vice President of Operations since August 2025. Before that, she was an Arthur Murray® franchisee in Orlando, Florida from July 2006 to July 2025.

Vice President of Events and Promotions: Tom Murdock

Mr. Murdock has been our Vice President of Events and Promotions since May 2012. Mr. Murdock has been with us since 1989 in various capacities.

Vice President of Human Resources and Franchising Services: Minerva Mesa

Ms. Mesa has been our Vice President of Human Resources and Franchising Services since June 2020. Ms. Mesa has been with us since 1995 in various capacities.

Item 3

LITIGATION

FTC Consent Decree

We and our franchisees are subject to an Amended Consent Decree of March 10, 1980 with the Federal Trade Commission (F.T.C.) under F.T.C. Docket Number 7845. The original F.T.C. Order, dated July 27, 1960, charged that there were unfair and deceptive acts and practices and unfair methods of competition within the meaning of the Federal Trade Commission Act. No one admitted these allegations. These acts, also described in Item 16, allegedly injured dance studio customers. The Cease and Desist Order, by its terms, applies to all franchisees.

The Amended Order requires that all students who enroll at Arthur Murray Studios have the following rights:

> "A right to cancel any student enrollment agreement with full refund if cancellation occurs within three (3) business days of signing the agreement or a pro rata refund if cancellation occurs after three (3) business days. In the latter situation, the Studio may charge a reasonable and fair service fee: for agreements of one thousand dollars ($1,000) and under, the fee would be no greater than ten percent (10%) of the total contract price; for agreements over one thousand dollars ($1,000), the fee would be no greater than one hundred dollars ($100) plus an amount equal to five percent (5%) of the total contract price over one thousand dollars ($1,000) (not to exceed two hundred fifty dollars ($250) in total). The Studio is obliged to make all refunds within thirty (30) days after notice of cancellation."

Certain mandatory language disclosing the student's rights also must appear in all student enrollments:

> "This agreement is subject to cancellation at any time during the term of the agreement upon notification by the Student. If this agreement is cancelled within three business days, the Studio will refund all payments made under the agreement. After three business days, the Studio will only charge you for the dance instruction and dance instruction services actually furnished under the agreement plus a reasonable and fair service fee. If other than an original enrollment, this agreement, if for dance instruction, is subject to cancellation by the Student without charge within seven days after the completion of the previous course of dance instruction."

We must stop dealing with any franchisee who continues to violate the Order. We give franchisees a copy of the Amended 1980 Order either at the time they sign the Franchise Agreement or shortly afterwards. They must agree in writing to follow the Order.

Litigation Against Franchisees

Arthur Murray International, Inc. v. Martin Perez, Lilian Tovar-Perez and Myl, Macehualiztli LLC, Case No. 01-2-0003-2987 (American Arbitration Association; filed on July 11, 2025) (Arbitration to enforce a termination and collect royalties).

Other than these actions, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy proceedings are required to be disclosed in this Item.

Item 5

INITIAL FEES

The initial franchise fee is $25,000. You must pay the initial franchise fee in a lump sum when you sign the Franchise Agreement. The initial franchise fee is not refundable. We did not collect any initial franchise fees in 2025.

You must purchase promotional brochures, step charts and related items from us or our affiliates to start your business at a cost of approximately $120. These are proprietary materials, which are not available elsewhere. Once paid, these initial payments are non-refundable under any circumstances. No such payments were collected from a franchisee before the Studio opened for brochures, step charts or related items in 2025.

We have implemented a franchisee referral program (the "Referral Program") under which an existing franchisee (the "Referring Franchisee") can refer a current studio staff member to become a franchisee at a location outside of the Referring Franchisee's market area (the "Referred Studio"). The staff member must be a current full-time employee of the Referring Franchisee with at least 2 years of in-studio experience. We will pay the Referring Franchisee a referral incentive in the amount of $10,000 upon the successful opening of the Referred Studio and collection of the initial franchise fee for the Referred Studio, provided the Referring Franchisee is in compliance with its franchise agreement and all of the conditions of the Referral Program have been satisfied.

Item 6

OTHER FEES

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	5% - 10% of weekly gross receipts[2]	Due by Friday of each week on previous week's gross receipts	"Gross receipts" mean all monies you receive for instruction, lessons, services, parties, competitions, trips, clubs, memberships and similar services
National Advertising Contribution	Up to 2% of weekly gross receipts or other fair share[3]	Due by Friday of each week	You must pay this amount if we charge you for national advertising or promotion we conduct. You must also conduct local advertising. (See Note 3)
Check Handling	$30	As billed	Due if bank does not honor your checks[4]
Interest	Lesser of (i) 1½% per month or (ii) highest applicable rate permitted by law	As billed	Due on all amounts which are more than 10 days late
Teaching Time Obligations	Then current reimbursement rate for lessons	15 days after invoice	You must pay the franchisee who gives dance instruction to students enrolled in your Studio; teaching time obligations are part of your payroll costs. They occur when you ask another franchisee to teach the lessons you have enrolled and for which you have received payment. The reimbursement rate currently is $50 for each personal lesson. This rate may increase annually up to 10% per year and we may increase the fee by up to 10% year-over-year even if we do not increase the fee during 1 or more calendar years.
Contest Entry or Participation	$50 - $200 per person for one or two dinner/dance awards programs	Before entering	Paid to area programmer (not us) when you participate in marketing contests or promotions

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Audit	Reimbursement of costs and expenses	As billed	Due if we audit or inspect the Studio because you do not give us reports, records or other information or understate gross receipts
Lobbying	$1,000	As billed	You must pay your share of the reasonable fees and expenses incurred for legislative matters concerning your operations; we base your share on ratios of population statistics, media circulation, gross receipts and other factors. The amount you spend will depend on how aggressively your state government is trying to pass legislation adversely affecting your Studio. The last time a franchisee in our system paid fees for lobbying, the charge was $3,800.
Liquidated Damages (violation of rules)	$7,500	15 days after invoice	Due for each deliberate and/or major violation
Demand Note	$25,000	On demand	Due if you do not return our manuals and training aids
Liquidated Damages (trademark infringement)	25% of weekly gross receipts	Due by Friday of each week	Due if you use our Marks after your Franchise Agreement terminates or expires
Curing Defaults	Will vary under circumstances	As agreed	You must cure the defaults of other franchisees if you want to open or take over a Studio in their former market areas
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due if we win an arbitration proceeding or lawsuit or incur any costs or expenses to obtain your compliance with the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from the Studio's operation
Convention	$625	As incurred	

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Agenda Master Software License Fee[5]	Currently none, but we expect to begin charging an Agenda Master Software license fee in 2026. We expect the fee to be $150 per month.	N/A	We have developed software for use in connection with your operation of your studio (the "Agenda Master Software"). We expect to require franchisees to license the Agenda Master Software from us beginning in 2026. Once implemented, we reserve the right to increase the fee for the Agenda Master Software to cover increased costs of such Software.
Website Licensing Fee	Currently none, but we expect to begin charging a website licensing fee in 2026. We expect the fee to cover our administrative costs, which are currently estimated to be $350 per month	N/A	A "Website" is an interactive electronic document, contained in a network of computers linked by communications software that you operate or authorize others to operate that refers to the Studio, the Names and Marks, us and/or the System (including social media pages). This fee may increase annually up to 10% per year and we may increase the fee by up to 10% year-over-year even if we do not increase the fee during 1 or more calendar years.
Centralized Digital Advertising Platform Fee	Approximately 5% to 10% of your third-party media spend	As incurred	Payable if you elect to purchase advertising through our centralized digital advertising platform. You must pay us or our affiliate this fee to defray our costs of administering the centralized digital advertising platform. Participation in the centralized digital platform is currently optional but we intend to require you to participate in the future upon written notice to you.

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Technology Fee	Currently none, but we may charge a Technology Fee in the future.	N/A	We may require you to pay to us, or third parties that we designate, directly or indirectly, the then-current technology fee that we periodically specify (the "Technology Fee"). We will use the Technology Fee to defray our costs of developing, implementing, upgrading, operating, maintaining, supporting, or providing any technology-related products, services, programs, systems, or platforms that we deem appropriate. We may periodically add, delete, or otherwise modify the goods and services that are funded by the Technology Fee. The Technology Fee may include fixed fees, variable fees, and one-time fees. Once implemented, this fee may increase annually up to 10% per year and we may increase the fee by up to 10% year-over-year even if we do not increase the fee during 1 or more calendar years.
Administrative Fee	$100 per report past due	As incurred	We have the right to assess you an administrative charge in an amount we determine in the event of any failure to report properly, a discrepancy or understatement of gross receipts
Liquidated Damages (unauthorized participation)	Higher of (i) 25% of revenues or other consideration received in connection with the competition or event or (ii) $10,000	As incurred	Due if you organize, engage, or participate in any dance competition or similar even not sponsored by us without our prior written consent

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Liquidated Damages (required meetings)	$1,000 per meeting or event	As incurred	Due if you fail to attend or participate in any required meeting or event
Administrative Transfer Fee	$5,000	Prior to or concurrent with the effective date of the assignment	

1/ Except as noted in this Item, all fees are imposed and collected by and payable to us. All fees are non-refundable.

2/ Our standard royalty is 8%. Beginning with the second year of your Studio's operation, you must pay minimum annual royalty fees based on assumed annual gross receipts of $175,000. You must pay any additional royalty fee due by January 31 of each year.

We charge different royalty fees under our incentive expansion programs (see Exhibit E). We design these programs to encourage expansion in new or existing market areas. We offer a reduced royalty fee ranging from 5% to 7% for qualifying existing franchisees who open additional Studios. Existing franchisees who set up an additional Studio in new market areas, where no Arthur Murray Studios operate, receive a reduced royalty of 5% during the first year of operation, 6% during the following 6 months of operation, 7% during the following 6 months of operation and 8% during the remaining term of the Franchise Agreement.

We previously had a program whereby an existing franchisee received a payment from us for releasing part of the territory granted to the franchisee so that another franchisee could open a Studio within the released territory. Under this program, the new franchisee would pay a 10% royalty fee and we would, in turn, pay the existing franchisee a percentage of the gross receipts of the Studio operated by the new franchisee (up to 5% depending upon the type of Studio and the amount owed by the existing franchisee). We no longer offer this program. Although there are several existing franchisees who are still operating under this program, this program is currently being phased out for those franchisees. The expiration date of the program will vary and will depend on each franchisee's existing released territory addendum to the franchise agreement.

We have implemented a franchise development incentive program (the "Franchise Development Program") to encourage growth within the Arthur Murray system. Under the Franchise Development Program, an existing franchisee (the "Existing Franchisee") may have the opportunity to sponsor a new franchisee for a Studio within the Existing

Franchisee's market area. The sponsored franchisee (the "Operating Franchisee") would pay a royalty to us of 8% of gross receipts and the Existing Franchisee would, for a period of 5 years, share in the royalties paid to us by the Operating Franchisee in the amount of 3% of the 8% of gross receipts paid to us (the "Royalty Sharing"). Under the Franchise Development Program, the Existing Franchisee would have to agree to assist us in providing ongoing training to the Operating Franchisee and support the Operating Franchisee through participation in advertising campaigns and initiatives for the Operating Franchisee. The Franchise Development Program (and the Existing Franchisee's right to Royalty Sharing) would terminate for an Existing Franchisee in the event the Existing Franchisee defaults under its franchise agreement on 2 or more separate occasions within any 24-month period or upon the sale or transfer of the Existing Franchisee's interest in its franchise. We reserve the right at any time to terminate or modify the Franchise Development Program offered to franchisees. The Addenda to our Franchise Agreement that we will use for each Existing Franchisee and each Operating Franchisee under the Franchise Development Program are attached as Exhibit D.

If you do not submit weekly reports, we may estimate the Studio's gross receipts for that week and base your royalty fee on that amount.

Royalty fees must be paid online by ACH Credit, credit card, or by other means we specify in writing periodically.

3/ You must spend at least 12% of the Studio's annual gross receipts on advertising and public relations. Any amounts you pay to a National Advertising Fund we establish, or an advertising or public relations program in which other franchisees participate, count toward this percentage. We may designate the advertising agency that you must use.

4/ If your bank does not honor more than 3 of your checks during any calendar year, we may make you submit all payments for 6 months by cashier's check, bank draft, certified check or Electronic Fund Transfer ("EFT"), and you must provide written authorization and any documentation necessary to implement and facilitate EFT.

5/ We have developed the Agenda Master Software for use in Studios. Franchisees will be required to acquire and use the Agenda Master Software in their businesses. We expect that franchisees will be required to pay us a monthly license fee of $150 per month for use of the Agenda Master Software. We reserve the right to increase the fee for the Agenda Master Software to cover increased costs of such Software, but the fee will not exceed our costs.

6/ We have advertising cooperatives operating in the following metropolitan areas: Boston, MA; Chicago, IL; Orlando, FL; Pittsburgh, PA; Seattle, WA; San Diego, CA; and Washington, DC. However, because we do not operate any Arthur Murray Studios, we do not control the fees that franchisees pay to the cooperatives. The amount a franchisee pays for cooperative advertising is established by agreement of the franchisees participating in the cooperative. As a result, we do not specify any minimum or maximum payment amounts to the cooperatives. We do not control or direct the amount payable by a franchisee. No advertising cooperative payments are paid to us or our affiliates nor do we

collect any advertising cooperative payments on behalf of any third party. We currently have no voting power on any fees collected by any advertising cooperative. If we or our affiliates operate company-owned Arthur Murray Studios in the future, those Arthur Murray Studios will each have the same voting power as the franchised Arthur Murray Studios.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure[(1)]	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Colum 5 To Whom Payment is to be made
Initial Franchise Fee (2)	$25,000	Lump Sum	When you sign Franchise Agreement	Us
Leasehold Improvements (3)	$50,000 - $250,000	As incurred	Before opening	Landlord and Contractors
Security Deposit for Leasehold (4)	$8,500 - $25,500	As incurred	As incurred	Landlord and Contractors
Furniture, Fixtures & Equipment and Utilities (5)	$15,000 - $40,000	As incurred	Before opening	Our Affiliates and Third Parties
Design, Architecture, and Engineering (6)	$0 - $8,500	As incurred	As incurred	Third Parties
Business Licenses and Permits (7)	$500 - $3,000	As incurred	Before opening	Third Parties
Signage and Graphics (8)	$5,500 - $15,000	As Agreed	As Incurred	Third Parties
Professional Fees (Legal/Accounting) (9)	$500 - $3,000	As incurred	As incurred	Third Parties
Grand Opening Marketing (10)	$5,000	As incurred	Before or upon opening	Third Party Marketing Vendors
Miscellaneous Expenses (11)	$2,500 - $7,625	As incurred	As incurred	Third Parties

Column 1 Type of Expenditure[(1)]	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Colum 5 To Whom Payment is to be made
Additional Funds - 3 months (12)	$10,000 - $25,000	As Incurred	As Incurred	Us, Our Affiliates, and Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (13)	$122,500 - $407,625			

Explanatory Notes

1. Unless otherwise specified, all expenditures listed in Item 7 are nonrefundable.

2. We describe the initial franchise fee in Item 5.

3. This item includes the estimated cost of construction to prepare the Studio, including flooring suitable for dance instruction, mirrors, lighting, walls and related improvements. This range does not assume any tenant improvement allowances were available. You may be able to negotiate tenant improvement allowances from your landlord, which may range from approximately $10,000 to $150,000.

4. This item covers the estimated security deposit for the Studio premises. The low end of the range assumes that the security deposit will cover 2 months of rent at the lowest estimated monthly rent and the high end of the range assumes that the security deposit will cover 3 months of rent at the highest estimated monthly rent. You should have a total of at least 2,800 to 3,500 square feet of space in large cities. The main ballroom should have at least 1,600 square feet and a hardwood floor. The second ballroom should have at least 600 square feet and a hardwood floor (although many franchisees often split the main ballroom with a bi-fold door). There should be a manager's office, which may double as an enrollment office, that has a hardwood floor and is large enough for an interviewing dance lesson. You also should have a training classroom with at least 180 square feet and a hardwood floor for training staff members. The Studio also must have a coat closet, a staff office, restrooms, a janitor/storage room and a kitchen. We estimate that 3 months' rent will range from approximately $12,750 to $25,500 but rent amounts can vary depending upon the area in which the Studio is located, its size, the condition of the premises, the lease terms, the landlord's contribution to your leasehold improvements and other factors. You may choose to purchase, rather than rent, real estate on which a building suitable for the Studio already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables that affect the value of a particular parcel of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Studio.

5. This item includes desks, seating, sound systems, décor, and other equipment necessary to operate the Studio, including the step charts, inserts, and promotional brochures you must purchase from AME for use in operating the Studio, along with deposits on utilities required to open the Studio.

6. This item includes the professional services required to design and plan the Studio buildout, ensuring the space complies with local regulations and meets our brand standards. We have negotiated a national price with an approved supplier for architectural services of $8,500 plus travel, if needed, which applies in all states except Alaska, California, South Dakota and Hawaii (where the price for these services may be higher). You may, but are not required to, use this approved supplier for architectural services. Architectural services are required when permits are needed for the buildout. If permits are not required, or if no buildout work is necessary, then architectural services will likely not be required and you will likely not incur any pre-opening architectural services costs.

7. This item covers the business licenses, permits, and regulatory approvals required to operate the Studio.

8. This item covers the interior and exterior signs for your Studio. Signs vary from basic lettering on the door to large box or individual letter signs that the lease might require. Because the sign ordinances for different municipalities differ significantly, you may work with any sign company to produce the largest sign that state or other laws allow. The logo artwork must satisfy our standards for shape.

9. This item covers legal, accounting and consulting fees to form the business and review the lease and franchise documents.

10. This item includes marketing and promotional expenses associated with launching the Studio. Costs vary depending on market conditions and marketing strategy, but you must spend at least $5,000 on grand opening marketing.

11. This item estimates costs for pre-opening insurance premium deposits, music licenses, initial inventory, costs associated with software and website services, travel and lodging expenses associated with attending initial training, and other miscellaneous prepaid and opening expenses you may incur in developing the Studio.

12. This item estimates your initial start up expenses (other than the items identified separately in the table). These expenses include payroll costs but not any draw or salary for you.

13. We relied on our many years of experience in franchising Arthur Murray Studios, dating back to 1946, to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire a franchise.

We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan. The range of the total estimated initial investment does

not assume any tenant improvement allowances were available. As noted above in footnote 3, you may be able to negotiate tenant improvement allowances from your landlord, which may range from approximately $10,000 to $150,000.

If you plan to operate a Studio in a Market Area in which you or another franchisee previously owned another Studio, you must pay us any outstanding debts of that Studio (and satisfy any other obligations necessary for the new Studio's operation) and teach all paid-for but untaught lessons of the former Studio's students.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must follow our methods and execution of dance instruction and all dance steps, standards, programs, testing, charting, recording and similar activities that are part of our System. Except as noted below, there currently are no goods, services, supplies, fixtures, equipment, inventory or real estate for the Studio that you must purchase or lease from us or a designated or approved supplier or under our standards and specifications. Therefore, we do not issue and modify specifications or grant and revoke approval to suppliers.

We will license a software program (Agenda Master Software, a point-of-sale system) for use in the operation of your Studio. We expect to begin requiring you to license this software program from us in 2026. You will also be required to obtain and use the computer hardware necessary to operate the Agenda Master Software. You must use all videos, promotional brochures and step charts for student lessons that we periodically require. Videos are available for free on the Arthur Murray training website. Promotional brochures, step charts and related items must be purchased from our affiliate, AME. These are proprietary materials, which are not available elsewhere. AME sells these items at its production cost. AME received $31,960 from our franchisees from the sale of videos and other training materials, promotional brochures, and step charts for student lessons during the fiscal year ending December 31, 2025. We received payments totaling $54,346 during the fiscal year ending December 31, 2025 from suppliers of promotional materials to our franchisees, representing 0.3% of our total net revenue for the fiscal year ending December 31, 2025 of $18,415,888. Except as described above, neither we nor AME supplies any other items to franchisees. None of our officers has an interest in any approved suppliers.

You must obtain and maintain, at your own expense, the insurance coverage that we periodically require from carriers meeting our minimum standards. You currently must have a commercial general liability insurance policy with limits of not less than $2,000,000 combined single limit for bodily injury and property damage (or such greater limits as may be required by the landlord of the Studio premises), including motor vehicle liability coverage on any vehicle used to any degree in conjunction with Studio operations, full risk property insurance in an amount equal to full replacement value of all business personal property and leasehold improvements. Premiums depend on the insurance carrier's charges, the terms of payment and your history. All insurance policies must name us as an additional insured party.

Before you use them, you must submit to us for approval samples of all advertising and promotional materials that we have not prepared or previously approved. We will approve or

disapprove these materials within a reasonable time (not exceeding 60 days). You may not use any materials that we have not approved or which do not include all copyright or trademark notices we require.

The Studio's dance floors, which must be oak or maple wood or other approved surface, and furniture, furnishings and decorations must be in good taste and of high quality and character. The Studio also must have a high quality music system.

We may require you to establish a Website. You must comply with our standards and specifications for Websites as described in our operating and technical manuals or otherwise in writing. We may require you to establish your Website as part of our Website(s) and/or establish electronic links to our Website(s). We do not currently charge a fee for your participation in our Website(s) but we expect to begin charging a licensing fee in 2026 to cover our administrative costs, which are currently estimated to be $350 per month. This fee may increase annually up to 10% per year and we may increase the fee by up to 10% year-over-year even if we do not increase the fee during 1 or more calendar years.

We offer an optional digital experience platform (the "DXP") that centralizes technology and marketing-related tools for your use in the operation of the Studio, such as integrations that connect Studio websites, lead generation and marketing infrastructure, CRM and lead management, marketing and content tools, reporting tools, data management, and the Agenda Master Software. Participation in the DXP is currently optional but we intend to require participation in the future upon written notice to you. When we begin requiring you to use the Agenda Master Software, access to that software will only be available through the DXP. The website licensing fee described above includes access to the DXP.

We also offer an optional centralized digital advertising platform through the DXP that enables participating franchisees to create, manage, optimize, and purchase local and national advertising campaigns across various digital channels, including search engines and social media. Participation in this program is currently optional, but we intend to require participation in the future upon written notice to you. If you participate, we will charge an administrative fee (currently ranging from approximately 5% to 10% of your total advertising spend), which will be applied in addition to the underlying media costs you must pay third-party advertising providers. This fee is intended to defray our costs of administering the centralized digital advertising platform. Your locally created advertisements and campaigns remain subject to our brand standards and approval policies.

Collectively, the purchases and leases described above represent 98% of your total purchases and leases in establishing the Studio, and less than 1% of your total purchases and leases in operating the Studio.

Except as described above, we do not derive revenue or other material consideration from required purchases or leases. There currently are no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees but not on behalf of individual franchisees. We do not provide material benefits to a franchisee for using designated or approved sources.

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 in other items of this disclosure document.

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 2(i) of Franchise Agreement	Items 7, 11 and 12
b. Pre-opening purchases/leases	Sections 10(j) and (r), 13(a) and 16 of Franchise Agreement	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 2(i), 10(j), 13(a) and 16 of Franchise Agreement	Items 7, 8 and 11
d. Initial and ongoing training	Sections 10(b), (l), (m)(1) and (p) of Franchise Agreement	Item 11
e. Opening	Section 2(b) of Franchise Agreement	Item 11
f. Fees	Sections 5, 6, 8, 9, 10(f), (i) and (q), 11(f), 19(h), 21(a) and (b), 23(a), 24(b) and 25(n) of Franchise Agreement Section 4 of Agenda Master - Terms of Use	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 8, 10, 11 and 12 of Franchise Agreement Section 1 of Agenda Master - Terms of Use	Items 8 and 11
h. Trademarks and proprietary information	Sections 3(a), 14 and 15 of Franchise Agreement Sections 5 and 6 of Agenda Master - Terms of Use	Items 13 and 14
i. Restrictions on products/services offered	Sections 10(a), (c), and (o) and 11 of Franchise Agreement Sections 1 and 2 of the Agenda Master - Terms of Use	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 8 and 11 of Franchise Agreement Section 7 of Agenda Master - Terms of Use	Items 8 and 16

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
k. Territorial development and sales quotas	Sections 2(c), (d), (e), and (f) and 6(c) of Franchise Agreement	Items 6, 12 and 17
l. Ongoing product/service purchases	Sections 10(a), (i) and (r) of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 4(d) and 10(j) of Franchise Agreement	Item 8
n. Insurance	Section 16 of Franchise Agreement	Items 7 and 8
o. Advertising	Section 9 of Franchise Agreement	Items 6, 7, 8 and 11
p. Indemnification	Section 23(a) of Franchise Agreement Sections 8 and 11 of Agenda Master - Terms of Use	Item 6
q. Owner's participation/management /staffing	Sections 2(h), 10(k) and (m)(1) and 12 of Franchise Agreement	Items 11 and 15
r. Records and reports	Sections 7, 10(e), 11 and 12 of Franchise Agreement	Items 8 and 15
s. Inspections and audits	Sections 2(i) and 10(f) of Franchise Agreement	Item 6
t. Transfer	Section 17 of Franchise Agreement Section 1 and 11 of Agenda Master - Terms of Use	Item 17
u. Renewal	Section 4 of Franchise Agreement	Item 17
v. Post-termination obligations	Section 19 of Franchise Agreement Section 10 of Agenda Master - Terms of Use	Item 17
w. Non-competition covenants	Section 20 of Franchise Agreement	Item 17
x. Dispute resolution	Sections 21 and 25(g) of Franchise Agreement	Item 17
y. Security interest	Section 6(j) of Franchise Agreement	Item 6
z. Teaching time obligations	Section 8 of Franchise Agreement	Item 8

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
aa. Student enrollments	Section 11 of Franchise Agreement	Items 8 and 16

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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 the Studio, we will:

1. Approve the Studio's address and physical description. (Franchise Agreement - Section 2(i).) We also will designate your Market Area. (Franchise Agreement - Section 2(c).) You will select, and we will approve, the Studio's location within your Market Area before you open the Studio. We will consider the Studio's general location and neighborhood, size and physical condition. We will approve or disapprove the location within a reasonable time. If we disapprove, you must find another acceptable location. At our request, you must execute a collateral assignment of lease in the form we require to secure your obligations to us under the Franchise Agreement in accordance with Section 2 of the Franchise Agreement.

2. Loan you one copy of our operating and technical manuals and training aids. (Franchise Agreement - Section 10(d)) You may view these manuals and aids before acquiring the franchise. They will show you how to operate the Studio under our System. We have no obligation to assist you in establishing prices such as setting minimum and/or maximum prices at which you must sell products or services.

3. At our option, train you or the Studio's manager. (Franchise Agreement - Section 10(b)) We describe this training later in this Item.

During the Studio's operation, we will:

1. Allow you to use our Marks. (Franchise Agreement - Sections 3(a) and 14)

2. Allow you to use our latest available data on syllabuses of dance steps and methods of teaching dancing. (Franchise Agreement - Sections 3(b) and 10(a))

3. Give you suggested, reasonable individual business advice by mail and telephone and suggested operational procedures on a continuing basis. (Franchise Agreement - Sections 3(c) and 10(d))

4. Tell you the records you must keep, the reports you must submit and the forms you must use. (Franchise Agreement - Sections 7, 10(e), 11 and 12)

5. Loan or make available to you one copy of all operating and technical manuals and training aids, including syllabuses, videos and films, and give you mandatory and suggested specifications, standards and operating procedures for operating the Studio. We may modify the manuals and training aids periodically to reflect changes in our System. (Franchise Agreement - Section 10(d))

6. Periodically sponsor international, national, regional or local marketing contests, promotions or meetings. (Franchise Agreement - Sections 10(e) and (p)). We currently charge a registration fee of $625 to attend our franchisee convention which is held once every 2 years. We currently charge a $30 entry fee per participant per dance for dance competitions we sponsor. These are the only international, national, regional or local marketing contests, promotions, or meetings we currently sponsor. You and your students/participants must also pay all of your or their travel and living expenses attending these events.

Advertising

We may periodically collect from franchisees funds for national advertising, public relations and promotional programs in the form and media that we think are most effective. We have not established an advertising fund that operates on an on-going basis. Currently, we may decide to collect funds from franchisees when we decide to run or conduct advertising, public relations or promotional programs. You must pay us such amounts as we periodically require, but not more than 2% of your Studio's gross receipts. Generally, we pay for advertising and then collect these amounts from our franchisees. Therefore, you generally will not pay us a monthly advertising or promotion contribution. During the fiscal year ending December 31, 2025, we spent approximately $116,241 of our own funds on national advertising. Of this amount, we spent 45% on production, 17% on media placement, and 38% on development and production of brochures and tapes. No amounts were collected from franchisees. We need not contribute to any advertising or promotional fund we may establish or administer. (Franchise Agreement - Section 9(f) and (g))

We may determine the composition of all geographic territories and market areas for developing and implementing the advertising, public relations and promotional programs. We may have franchisees pay for the costs of formulating, developing and producing these programs (including compensating our employees or agents who spend time doing so). We need not audit any of these funds nor prepare financial statements for the amounts collected. We need not spend any particular amount on advertising in the area where your Studio is located. We will not use monies you may have to pay for advertising that is principally a solicitation for the sale of

franchises. Financial statements relating to advertising collections or expenditures are not available for review by a franchisee. Franchisees will not receive a periodic accounting of how monies they may have to contribute are spent unless they specifically request the accounting in writing.

We advertise Arthur Murray Studios and the services they offer nationally, regionally and locally on television and radio and in print media. An outside national advertising agency develops our advertising. You can obtain samples of the items we have prepared.

Before you use them, you must submit to us all advertising and promotional materials, including Websites, that we have not prepared or previously approved, including directory listings, brochures and classified advertisements and listings. If you do not receive our approval of these materials within 15 days, they are deemed disapproved. You may not use any materials that we have not approved or that do not include our copyright and trademark notices. (Franchise Agreement – Section 9(a))

We may require you to establish a Website. You must comply with our standards and specifications for Websites as described in our operating and technical manuals or otherwise in writing. We may require you to establish your Website as part of our Website(s) and/or establish electronic links to our Website(s). We do not currently charge a fee for your participation in our Website(s) but we expect to begin charging a licensing fee in 2026 to cover our administrative costs, which are currently estimated to be $350 per month. This fee may increase annually up to 10% per year and we may increase the fee by up to 10% year-over-year even if we do not increase the fee during 1 or more calendar years. (Franchise Agreement – Section 9(b))

You must spend at least $5,000 on grand opening marketing and advertising designed to promote your Studio beginning 60 to 90 days before, and ending upon, the opening of your Studio. Upon our request, you must provide us with evidence of your grand opening marketing expenditures. (Franchise Agreement – Section 9(c))

You must spend at least 12% of the Studio's annual gross receipts (whatever we specify) on advertising and public relations in approved media. This includes your allocated percentage of the cost of national, regional and local advertising and/or public relations we conduct or permit franchisees to conduct. "National advertising" includes public relations, advertising and promotion placed in media having national circulation or distribution; "regional advertising" includes public relations, advertising and promotion placed in regional publications or regional broadcasting; and "local advertising" includes advertising or promotions in local publications or local broadcasting. "Allocated percentage costs" mean the proportionate share of the total cost of advertising, public relations or promotions that we or a majority of the Arthur Murray Studios participating in the advertising allocates to you. Any allocation we select or approve is binding on you. We may designate an advertising agency that you must use. (Franchise Agreement – Section 9(d))

You must participate in all international, national, regional or local marketing contests or promotions we sponsor. (Franchise Agreement – Section 9(h))

There currently are no advertising councils of franchisees that advise us on advertising policies.

We also have regional and local advertising cooperatives in which you must participate (depending on your Studio's location). The cooperative's area or membership is defined by your Studio's location. The franchisees administer the cooperatives, which must operate from written governing documents (which you may review). The cooperatives need not prepare annual or periodic financial statements. We may require cooperatives to form, change, dissolve or merge. You are not required to contribute any amount to these cooperatives. The amount is established by agreement of the franchisees participating in the cooperative. As a result, we do not specify any minimum or maximum payment amounts to the cooperatives. If we or our affiliates operate company-owned Arthur Murray Studios in the future, those Arthur Murray Studios will each have the same voting power as the franchised Arthur Murray Studios.

We offer an optional centralized digital advertising platform through the DXP that enables participating franchisees to create, manage, optimize, and purchase local and national advertising campaigns across various digital channels, including search engines and social media. Participation in this program is currently optional, but we intend to make it mandatory in the future upon written notice to you. If you participate, we will charge an administrative fee (currently ranging from approximately 5% to 10% of your total advertising spend), which will be applied in addition to the underlying media costs you must pay third-party advertising providers. This fee is intended to defray our costs of administering the centralized digital advertising platform. Your locally created advertisements and campaigns remain subject to our brand standards and approval policies. (Franchise Agreement – Section 9(e))

Computer System

We expect to begin requiring you to use the Agenda Master Software, a point-of-sale system, in the operation of your Studio (or such other software as we may periodically require) in 2026. You must sign an Agenda Master - Terms of Use in the form attached as Exhibit I in order to use the Agenda Master Software. Currently, we expect that you will be required to pay approximately $1,800 per year to license and use the Agenda Master Software. You must obtain and use the computer hardware necessary to operate the Agenda Master Software. We reserve the right to have independent access to the information and data that is electronically collected. There are no contractual limitations on our right to access such information and data. We may modify specifications for and components of the required computer system and these modifications may require additional expenditures. In order to use the Agenda Master Software, you will have to use IBM-compatible or comparable computer hardware (Pentium II or higher). It will cost approximately $500 to $1,500 to acquire the necessary computer hardware.

We also offer the DXP, which centralizes technology and marketing-related tools, such as integrations that connect Studio websites, lead generation and marketing infrastructure, CRM and lead management, marketing and content tools, reporting tools, data management, and the Agenda Master Software. Participation in the DXP is currently optional but we intend to require participation in the future upon written notice to you. When we begin requiring you to use the Agenda Master Software, access to that software will only be available through the DXP. The website licensing fee described above includes access to the DXP.

Your Obligations Regarding Proprietary Information

As discussed above, we will loan you one copy of our operating and technical aids. You are under an obligation to return these materials when your Agreement terminates or expires. When you sign a Franchise Agreement, you must sign a $25,000 Demand Note (Exhibit H). This Note is only for security purposes to make sure that you return our proprietary operating and technical manuals and other training aids when the Agreement terminates or expires. If you do not return these materials within 10 days, you must pay us $25,000 on demand. If you do not pay this amount, you must pay our collection costs, including attorneys' fees. Overdue amounts will bear interest at 10% per year or the maximum rate the law allows, whichever is less.

You waive presentment for payment, demand, protest, notice of dishonor and protest, bringing of suit, diligence in collection and all other notices or demands concerning the Note's delivery, acceptance, performance or enforcement (except for the demand for payment). The Note is not subject to offset, counterclaim, recoupment or defense due to our or the holder's debt, liability, indebtedness or obligation to you.

Studio Opening

We estimate that it will be 0 to 270 days between the time you sign the Franchise Agreement and open the Studio, depending on whether you secure an approved location on or before the date you sign the Franchise Agreement. The interval depends on your finding a suitable location, the Studio's physical condition and your compliance with local laws and regulations. You must open the Studio within 180 days after signing the Franchise Agreement if you secure an approved location on or before the date you sign the Franchise Agreement and within 270 days after signing the Franchise Agreement if you have not yet secured an approved location upon signing the Franchise Agreement.

Training

Because many of our franchisees already have experience in operating a dance studio, we do not routinely conduct a training program. However, at our option, you or the Studio's approved manager must enroll in and complete to our satisfaction a 2 to 3 day training program before the Studio opens. You also may voluntarily attend this training program. Training currently occurs once or twice a year at our Training Facility in Coral Gables, Florida. We will use our manuals and training aids in conducting training. We do not charge for training, but you must pay all of your or your manager's travel and living expenses. We do not have any mandatory refresher training programs during the year. You may attend any training programs that we periodically offer at various locations for free, although you must pay your own travel and living expenses. As of December 31, 2025, we provided the following training:

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Introduction/ Company History/ Market and Location/ Business Structures/ Staffing	7	N/A	Coral Gables, Florida
Marketing	N/A	20-40	Coral Gables, Florida or Other Agreed Upon Location
Dancing	N/A	20-80	Coral Gables, Florida or Other Agreed Upon Location
Marketing and Selling/ Financial Matters/FTC Consent Agreement/ Overview	8	N/A	Coral Gables, Florida
Total	15	40-120	

Kimberley Carroll oversees our training program. Ms. Carroll has been our Vice President of Operations since August 2025 and has over 40 years of experience in the dance industry as an Arthur Murray® franchisee. There were 2 new franchisees in 2025, both of whom have enrolled in our training program.

Item 12

TERRITORY

You must give us the address and a physical description of your Studio before signing the lease or opening the Studio. We first must approve the Studio location. You will not receive an exclusive area. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control.

If your market is large enough to justify more than one Studio, we might designate a "Market Area" in which you may operate as many Arthur Murray Studios as you want. We must approve each Studio location before you open it. You must sign our then current form of franchise agreement for each Studio you choose to open. You need not pay any fee for a new Studio. If

your market is large enough, we will insert the Market Area's precise boundaries, and the number of Studios you want to open, in the Franchise Agreement before you and we sign it. The Market Area's typical boundaries will be city or county lines, streets and highways or other appropriate political subdivisions. The Market Area generally will be an area based on population density. Each area is a city with at least 50,000 people (or a Census Bureau urbanized area of at least 50,000 people) and a total drawing area population of at least 100,000. That area also might include outlying counties with close economic and social relationships with the central county. These counties must have specified levels of commuting to the central county and meet certain standards concerning metropolitan character (like population density). Each area has at least one central city.

If we grant you a Market Area, we may not change it without your written consent. We will not operate, or allow others to operate, an Arthur Murray Studio within the Market Area during the term of your Franchise Agreement unless we terminate your territorial protection or "release" a portion of the Market Area to another franchisee. We will terminate your territorial protection (at our election) if you: (a) do not have open and operating within the Market Area the number of Arthur Murray Studios stated in the Franchise Agreement by the specified dates; or (b) breach any of your obligations under the Franchise Agreement, and fail to cure that breach within 30 days following written notice from us. We may terminate the Franchise Agreement if you do not open a specific number of Arthur Murray Studios by a specific date.

You must conduct your business exclusively within your Market Area. If we do not grant you a Market Area, we may designate an area around your Studio and you must conduct your business exclusively within that area. You may not engage in any activities outside this area (or, if applicable, your Market Area), including dance competitions, without our written consent. We do not operate any Arthur Murray Studios and therefore cannot solicit or accept orders in your Market Area (if you have one). You may move your Studio to another address in the Market Area if we approve the location. Whether or not we would allow you to move your Studio to another location depends on the circumstances at the time and what is in the Studio's best interest and the Arthur Murray System's best interest. The new location must meet our then-current standards for site location and selection including, but not limited to, location, facilities, premises and floor plan. There are no fees or other charges paid to us if you move or relocate. Except as discussed above, you have no options, rights of first refusal or similar rights to acquire additional franchises anywhere.

Although we have not done so, we and our affiliates may sell products under the Marks within and outside your Market Area through any method of distribution other than an Arthur Murray Dance Studio including, sales through such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing sales (together, "alternative distribution channels") and we need not compensate you for these sales made in your Market Area. You may not solicit or accept orders from consumers inside or outside your Market Area using alternative distribution channels such as the Internet, catalog sales, telemarketing, or other direct marking to make sales outside or inside your Market Area without our consent.

We and our affiliates can use alternative channels of distribution to make sales within your Market Area of products or services under trademarks different from the Trademarks you will use under the Franchise Agreement, but we and our affiliates have not yet made any sales of this type.

Except as described above, continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration or other contingency.

Item 13

TRADEMARKS

You may use certain Marks in operating your Studio. Our primary Marks, all of which are registered on the Principal Register of the United States Patent and Trademark Office (PTO), cover dance instruction and similar services and methods. We have filed all required affidavits. These primary Marks are:

Mark	Registration Number	Registration/Renewal Date
Service Mark- ARTHUR MURRAY	554,061	January 22, 1952 Renewed January 22, 2022
Trademark- ARTHUR MURRAY ARTHUR MURRAY	623,511	March 20, 1956 Renewed March 20, 2016
Service Mark- Drawing of Dancers (No. 1) (Ballroom Gown) 	990,453	August 6, 1974 Renewed August 6, 2024
ARTHUR MURRAY & Design # I 	1,348,651	July 9, 1985 Renewed July 9, 2025

Mark	Registration Number	Registration/Renewal Date
Trademark-Drawing of Dancers (No. 5)	1,379,676	January 21, 1986 Renewed January 21, 2026

You must follow our rules when you use the Marks. You may not use any Mark as part of your corporate name or with modifying words, designs or symbols. You may not use any Mark in selling any unauthorized services or products or in any other manner we have not expressly authorized in writing.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and no pending infringement, opposition or cancellation proceedings or material litigation, involving the principal Marks. No agreement limits our right to use or license the Marks in a manner material to the franchise.

You must notify us immediately of any infringement or challenge to your use of any Mark or of any person's claim of any rights in any Mark. We may take the action we think best (including no action) and control any administrative proceeding or litigation. We will reimburse you for all damages for which you are held liable, and all expenses you reasonably incur, in any proceeding contesting your authorized use of the Marks.

If it becomes advisable in our sole discretion for you to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you must do so promptly. We will reimburse you for your reasonable tangible costs of doing so if you notify us before incurring the costs.

We do not actually know of either superior prior rights or infringing uses that could materially affect a franchisee's use of our principal Marks in any state.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patent is material to the franchise.

We have registered copyrights for operating and technical manuals, syllabuses, films and books on dancing and operating an Arthur Murray Studio. We also have copyrights on cast metal

figures used as trophies. You may use these items only as we specify while operating your franchise. Our registered copyrights are:

REGISTRATION NO.	TITLE	PUBLICATION DATE
A 24,730	Arthur Murray Studios Teachers' Manual Vol. I	10/14/68
A 24,731	Arthur Murray Studios Teachers' Manual Vol. II	10/14/68
A 24,732	Arthur Murray Studios Teachers' Manual Vol. III	10/14/68
A 89,216	Executive Manual	8/13/69
A 878,540	The Arthur Murray Way	3/21/76
RE 786,363	Syllabus in Gold and Gold Bar Social Smooth Dances	6/10/70
RE 831,816	Simple Guide to the Medalist System	11/20/72
A 513,577	Why Good Dancers Are Popular	7/17/61
AA 580,503	Silver Intermediate and Silver Medal Standard (Booklet)	8/18/62
AA 580,504	Silver Intermediate Silver Standard	8/18/62
AA 580,861	Evaluation of Dance Ability	7/31/62
AA 580,862	Bronze Intermediate Bronze Standard	7/31/62
AA 580,863	Course Planned For . . . (Booklet)	7/31/62
AA 702,537	Gold Medal Standard and Bar Medal Standard Chart	6/1/64
A 740,935	Arthur Murray Studios Office Manual with Receptionist Procedures	3/21/75
A 755,282	Bronze Medal and Silver Medal Systems	5/20/76
RE 670,391	A Training Guide to the Easy Interview	3/31/66
RE 670,392	Extension by Demonstration	3/31/66
RE 670,393	Syllabus in Gold, Gold Bar, and Gold Star Dancing	3/31/66
A 876,810	Associate Gold and Gold Medal Syllabus Social Standards of Ballroom Dancing	5/5/77
A 878,447	Associate Bronze Medal Social Standards I and II Planning and Progress Chart	3/21/76
A 878,448	Associate Silver Medal Social Standards I and II Planning and Progress Report	3/21/76
A 878,449	Silver Medal Social Standards III and IV Planning and Progress Chart	3/21/76

REGISTRATION NO.	TITLE	PUBLICATION DATE
A 878,451	Bronze Medal Social Standards III and IV Planning and Progress Chart	3/21/76
RE 819,823	Murray-Go-Round	3/21/72
RE 699,862	Murray-Go-Round	11/1/67
TX 120-002	Associate Gold Medal and Gold Medal Syllabus Social Standards of Ballroom Dancing	5/25/78
TX 205-038	Associate Gold Bar Medal and Gold Bar Medal Syllabus Social Standards of Ballroom Dancing	5/25/78
TX 219-609	The Foxxy	3/8/79
RE 680-518	Arthur Murray Dance Studios Extension By Demonstration	3/1/66
TX 1-212-667	Guest Showcase Guide	7/7/83
TX 1-212-668	Business Administration School	7/28/83
TX 1,604,119	Silver Social Standard Planning and Progress Chart	6/20/85
TX 1,604,120	Bronze Social Standard Planning and Progress Chart	4/20/84
TX 2-380-136	Interviewing Training Manual	3/22/88
TX 24-863	Silver Medalist Social Standards Planning and Progress Chart	3/13/78
TX 24-864	Bronze Medalist Social Standards and Progress Chart	3/13/78
TX 29-475	Gold Bar Medalist Social Standards Planning and Progress Chart	3/13/78
TX 29-476	Gold Medalist Social Standards Planning and Progress Chart	3/13/78
TX 356-922	Training Manual	7/13/79
TX 841-719	Touch Disco	9/15/78
TX 841-720	Cadillac Treatment	1/02/82 – published 1/02/81
TX 3356-505	Gold Social Standard Planning and Progress Chart	11/10/88
TX 3349-794	Gold Bar Social Standard Planning and Progress Chart	7/13/89
PA 306-783	Arthur Murray Bronze Theatrical Ballroom Program (Videotape)	5/23/86
PA 512,657	Dance Magic	11/12/90
TX 3480503	Arthur Murray International Latin American Planning and Progress Chart	7/27/92

REGISTRATION NO.	TITLE	PUBLICATION DATE
TX 3480502	Country Western Planning and Progress Chart	8/18/92
RE 354554	How to Become a Good Dancer	3/9/59
TX 5-655-983	Curve of Learning	8/3/02
PA 1047003	Latin American Style Dance Syllabus	8/1/91
PA 1041338	International Style Dance Syllabus	8/1/98
PA 1076310	Bronze Social Standard Planning and Progress Chart	8/1/99
TX 5-091-855	What a Feeling Brochure	3/12/98

We will renew these copyrights when they expire if this is in our System's best interests.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses which could materially affect your use of the copyrighted materials in any state. We need not protect or defend copyrights, although we intend to do so if in our System's best interests.

Our operating and technical manuals, training aids and other materials contain our confidential information. This information includes methods of operation, interviewing and teaching, advertising, publicity, promotion ideas, marketing methods, student names and other aspects of operating an Arthur Murray Studio. You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to unauthorized personnel.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must devote your full time, attention and best efforts to operating the Studio. The Studio always must be under your direct, on-premises control and full-time supervision. If you operate more than one Studio, each Studio must be under the direct on-premises supervision of an acceptable manager who has demonstrated the ability to operate a Studio. The manager need not have an equity interest in the business. However, the manager must sign an agreement containing confidentiality and noncompetitive provisions with the Studio.

At our option, you or the Studio's manager must successfully complete our training program before the Studio opens. You must control and supervise your employees and agents so that they comply with our standards. You may not employ anyone involved in dance instruction unless he or she has successfully completed a teacher's training class at an Arthur Murray Studio for at least 100 hours of training or has shown sufficient dance knowledge and teaching ability to meet the necessary instructor standards and our proficiency tests.

You must conduct ongoing staff training programs so that all of your instructors, specialists, counselors, supervisors and other personnel know all of our operating and technical manuals and aids and policy releases that are relevant to their respective jobs. All dance instructors must be qualified. Our authorized certified examiners may evaluate their dancing proficiency. All of your trainees, instructors, supervisors, managers and sales personnel must have written employment agreements with you containing specific provisions for our protection. They must protect the confidentiality of our proprietary information.

If you elect to assign your Franchise Agreement to a corporation or limited liability company for convenience of ownership and we authorize you to do so under the terms of our authorization to operate out of a corporation or limited liability company, you must agree to continue to be bound personally by the terms of the Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and services that we periodically require for Arthur Murray Studios. You may not offer any products or services that we have not authorized. You must conduct your business exclusively within your Market Area (or, if we do not grant you a Market Area, an area we specify) and you may not engage in any activities outside this area, including dance competitions, without our consent. You may not engage or participate in any dance competition or similar events not sponsored or authorized by us without our prior written consent. Your Studio must follow the dance instruction methods, dance steps, standards, programs, testing, charting, recording and similar activities that are part of our System. We may change these periodically. There are no limits on our right to do so. You must attend and participate in all technical, training, promotional or other meetings we sponsor, whether locally, regionally, nationally or internationally. All student examinations for full standard medal categories must be judged by an examiner we certify. You may not conduct any competitions, showcases, meetings, projects or promotions which conflict with, or are to occur within 14 days of, any regional, area or national event we sponsor of which you have reasonable notice and which you must attend.

You must give dance instruction to students enrolled in any Arthur Murray Studio (to the extent they have not used all of their paid-for courses). The franchisee who enrolled those students will reimburse you for the lessons you teach at the current rates (which will equal the median lesson rates that most franchisees pay employees).

We and our franchisees are subject to a Federal Trade Commission Consent Decree which prohibits us from engaging in certain allegedly unfair and deceptive acts and practices and unfair methods of competition. You may not do the following (which include some, though not all, of the prohibited practices): represent directly or implicitly that any service or thing of value is available at reduced prices if it is not so available; refuse to honor the terms of any offer; use promotional means to obtain customers if that purpose is not disclosed; induce the purchase of dance instruction in certain ways; request pupils to sign incomplete contracts; or falsely represent that a given course of instruction will allow one to achieve a certain standard of dancing proficiency.

Our Franchise Agreement provides that every student enrollment and other agreement you use must comply strictly with applicable law. We must approve all student enrollment agreements and contracts for lessons or services before you use them. You must comply with our standards for the maximum total number of lessons and dollar amount for which any one student may reasonably be enrolled (including parties, trips, club memberships and other Studio services). The current limitations are in Section 11(c)(1) of the Franchise Agreement.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section 4(a) of Franchise Agreement Section 10 of Agenda Master - Terms of Use	Expires on 10 years after the date of the Franchise Agreement. Agenda Master - Terms of Use is co-terminous with Franchise Agreement.
b. Renewal or extension of the term	Sections 4(b) to (d) of Franchise Agreement	Franchise automatically renewed for successive 5-year terms on our then current terms unless we or you give the other 3 months' notice of an election not to renew.
c. Requirements for franchisee to renew or extend	Sections 4(c) and (d) of Franchise Agreement	Sign new agreement which may include materially different terms and conditions than the original agreement and remodel.
d. Termination by franchisee	Not Applicable	You have no express right to terminate the Franchise Agreement or Agenda Master - Terms of Use.
e. Termination by franchisor without cause	Not Applicable to Franchise Agreement Section 10 of Agenda Master - Terms of Use	We may not terminate your Franchise Agreement without cause. We may terminate the Agenda Master - Terms of Use for our convenience.
f. Termination by franchisor with cause	Section 18 of Franchise Agreement and Section 10 of Agenda Master - Terms of Use	We may terminate your Franchise Agreement only if you or the Studio commits one of several violations. We may terminate the Agenda Master - Terms of Use if you commit one of several violations.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
g. "Cause" defined – curable defaults	Section 18 of Franchise Agreement and Section 10 of Agenda Master - Terms of Use	Under the Franchise Agreement, you have 15 days to cure monetary defaults, a failure to submit reports and records and operational defaults not listed in (h) below. You have 10 days after written notice under the Agenda Master - Terms of Use to cure monetary defaults, and 30 days after written notice to cure any other violation.
h. "Cause" defined – non-curable defaults	Section 18 of Franchise Agreement and Section 10 of Agenda Master - Terms of Use	Non-curable defaults under your Franchise Agreement include: your material misrepresentation; your conviction of a crime; failure to operate the Studio actively; an assignment for the benefit of creditors, admission of inability to pay debts, bankruptcy, dissolution or similar proceeding and an appointment of a trustee or receiver; unapproved transfers; unauthorized use of the Marks; failure to follow rules on maximum dollar value and number of lessons or services a student can have remaining at one time; operation of Studio would jeopardize the Marks or our reputation; failure to notify us of any summons or complaint against you; conviction of selling alcohol to a minor; you or an employee sells or dispenses any illegal substances; you or an employee fraternizes with a student; failure to provide a manager; failure to provide proof of insurance; and intentional understatement of gross receipts. Non-curable defaults under the Agenda Master - Terms of Use include insolvency, bankruptcy, an assignment for benefit of creditors, appointment of a trustee or receiver.
i. Franchisee's obligations on termination/ non-renewal	Section 19 of Franchise Agreement and Section 10 of Agenda Master - Terms of Use	Under the Franchise Agreement, obligations include payment of amounts due, including but not limited to liquidated damages, satisfying unused and paid for dance lessons and services, no further use of confidential information, complete de-identification, return of manuals and training aids, cooperation with successor and (at our request) assign to us your right to the Studio's premises and your assets and Student Enrollment Contracts (also see (o) and (r) below). Under the Agenda Master - Terms of Use, obligations include ceasing use of and delivery to us all documentation for software and all data generated by use of the software and all other relevant materials and information, and certification that such material has been deleted or destroyed.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
j. Assignment of contract by franchisor	Section 17(a) of Franchise Agreement Section 11(i) of Agenda Master - Terms of Use	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 17(b) of Franchise Agreement and Section 11(i) of Agenda Master - Terms of Use	Includes transfer of Franchise Agreement and Studio and ownership change.
l. Franchisor approval of transfer by franchisee	Section 17(b) of Franchise Agreement	We must consent to all transfers; no transfer without our written consent.
m. Conditions for franchisor approval of transfer	Section 17 of Franchise Agreement	Transferee meets our standards, you pay amounts due, including but not limited to an administrative transfer fee, transferee agrees to comply with our then current form of franchise agreement, we receive the assignment documents at least 15 days before the planned effective date and approve them and we receive a current student inventory showing total liability for lessons and services, and a list of your other financial obligations with the Studio, at least 15 days before the planned effective date (also see (n) below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 17(h) of Franchise Agreement	We may match any offer for your Studio or an ownership interest in you.
o. Franchisor's option to purchase franchisee's business	Section 19(f) of Franchise Agreement	We may acquire the Studio's premises and your assets and Student Enrollment Contracts after the Franchise Agreement terminates or expires.
p. Death or disability of franchisee	Section 17(c) of Franchise Agreement	We will allow transfer if transferee meets our standards, is not likely to disclose our confidential information and signs our then current form of franchise agreement; we will not deny transfer to an immediate family member if there is a proven qualified manager to operate the Studio.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Section 20(a) of Franchise Agreement	No interest anywhere as owner, employee or otherwise in dance school or other business selling dance instruction or similar services.
r. Non-competition covenants after the franchise is terminated or expires	Sections 20(b) and (c) of Franchise Agreement	No interest as owner, employee or otherwise in competing business for 2 years within your Market Area or 25 miles of your Market Area; no solicitation of former students.
s. Modification of the agreement	Section 25(i) of Franchise Agreement and Section 11(f) of Agenda Master - Terms of Use	No modifications of Franchise Agreement generally but our manuals and standards, specifications and procedures may change. No modification of Agenda Master - Terms of Use except in writing signed by both parties.
t. Integration/ merger clause	Section 25(i) of Franchise Agreement Section 25(m) of Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside disclosure document and Franchise Agreement may not be enforceable. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any other document executed in connection with the franchise.
	Section 11(c) of the Agenda Master - Terms of Use	Agenda Master - Terms of Use and exhibits constitute sole agreement of the parties and supersedes any other written and oral agreements with respect to the subject matter of the Agenda Master - Terms of Use.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	Section 21(b) of Franchise Agreement	Unless we go to court to terminate the Franchise Agreement or recover monies you owe us, we and you must arbitrate all disputes in the city in which our principal office is located (which is currently Coral Gables, Florida) before a single arbitrator (subject to state law)
	Section 11(h) of the Agenda Master - Terms of Use	The dispute resolution provisions of the Franchise Agreement apply to the Agenda Master - Terms of Use
v. Choice of forum	Section 25(g) of Franchise Agreement	If dispute is not arbitrable, litigation must be in Florida (subject to state law)
	Section 11(h) of the Agenda Master - Terms of Use	The dispute resolution provisions of the Franchise Agreement apply to the Agenda Master - Terms of Use
w. Choice of law	Section 25(g) of Franchise Agreement	Except for Federal Arbitration Act and other federal law, Florida law applies (subject to state law)
	Section 11(h) of the Agenda Master - Terms of Use	The choice of law provisions of the Franchise Agreement apply to the Agenda Master - Terms of Use

Applicable state law might require additional disclosures relating to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit K.

Item 18

PUBLIC FIGURES

We do not use any public figure 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.

PART I

This Part I presents information about the historical financial performance during the fiscal year ended December 31, 2025 (the "Fiscal Year 2025") of certain Studios that were eligible franchises in Fiscal Year 2025. An "eligible franchise" is a franchised Studio that was open for at least 12 full calendar months as of the end of Fiscal Year 2025 and which reported financial results to us for at least 50 weeks of Fiscal Year 2025.

This Part I does not include data related to Studios that were not eligible franchises in Fiscal Year 2025. The financial performance and operations of those excluded Studios may vary from the performance and operations of the Studios represented in this Part I.

TABLE 1: GROSS RECEIPTS BY QUARTILES FOR FISCAL YEAR 2025

Quartiles	Average Gross Receipts	Number and Percentage of Studios Attaining or Exceeding Average Gross Receipts	Median Gross Receipts	Lowest Gross Receipts	Highest Gross Receipts
Top Quartile	$1,296,862	21 out of 58 (36%)	$1,208,678	$939,543	$2,807,079
2nd Quartile	$798,208	28 out of 58 (48%)	$789,563	$648,684	$936,644
3rd Quartile	$528,675	28 out of 58 (48%)	$521,113	$434,987	$644,459
Bottom Quartile	$291,900	31 out of 58 (53%)	$296,995	$47,884	$430,372
Overall	**$728,934**	**99 out of 232 (43%)**	**$646,572**	**$47,884**	**$2,807,079**

TABLE 2: NUMBER OF DANCE PACKAGES SOLD BY QUARTILES FOR FISCAL YEAR 2025

Quartiles	Average Number of Dance Packages	Number and Percentage of Studios Attaining or Exceeding Average Number of Dance Packages	Median Number of Dance Packages	Lowest Number of Dance Packages	Highest Number of Dance Packages
Top Quartile	269	21 out of 58 (36%)	239	184	628
2nd Quartile	150	27 out of 58 (47%)	148	127	183
3rd Quartile	110	31 out of 58 (53%)	111	87	126
Bottom Quartile	60	34 out of 58 (59%)	67	11	85
Overall	**147**	**90 out of 232 (39%)**	**127**	**11**	**628**

NOTES TO PART I:

1. As of December 31, 2025, there were 240 franchised Studios and no company-owned Studios open and in operation. Of those 240 Studios, 232 (97%) Studios are represented in the tables in Part I above. These tables do not include (i) 3 Studios that were open for at least 12 months as of the end of Fiscal Year 2025 but which did not report Gross Receipts for at least 50 weeks of Fiscal Year 2025, (ii) 5 Studios that opened during Fiscal Year 2025 and were therefore not open for at least 12 months as of the end of Fiscal Year 2025, and (iii) 1 Studio that closed during Fiscal Year 2025, which had been open for at least 12 months before closing.

2. The Studios represented in the tables in Part I above operated for an average of 19 years as of December 31, 2025.

PART II

This Part II reflects the following historical ramp-up data for 40 Studios that opened between January 1, 2020 and December 31, 2025, have operated for at least 1 full fiscal year as of May 31, 2026, and remained open as of December 31, 2025 (collectively, the "Ramp Studios"): (a) average Gross Receipts; (b) median Gross Receipts; (c) average number of Dance Packages sold; and (d) median number of Dance Packages sold.

This Part II excludes data related to Studios that opened before January 1, 2020 or after December 31, 2025. In addition, this Part II excludes data related to 2 Studios that opened between January 1, 2020 and December 31, 2025 but subsequently closed during that period. Further, as noted below, certain fiscal years in Tables 1 and 2 exclude Ramp Studios that: (a) have not yet been open for the applicable number of fiscal years; and/or (b) did not report at least 50 weeks of financial results to us for the applicable fiscal year. The financial performance and operations of excluded Studios may vary from the performance and operations of the Ramp Studios represented in this Part II.

TABLE 1: GROSS RECEIPTS OF RAMP STUDIOS FOR FIRST SIX FISCAL YEARS

Quartiles	First Fiscal Year	Second Fiscal Year	Third Fiscal Year	Fourth Fiscal Year	Fifth Fiscal Year	Sixth Fiscal Year
Average Gross Receipts	$257,380	$387,199	$473,988	$555,141	$631,867	$750,889
Median Gross Receipts	$248,707	$394,456	$444,540	$451,810	$548,841	$750,889
Lowest Gross Receipts	$49,977	$119,473	$129,849	$232,348	$278,479	$579,195
Highest Gross Receipts	$601,024	$737,945	$1,301,031	$1,713,084	$1,131,454	$922,582

Quartiles	First Fiscal Year	Second Fiscal Year	Third Fiscal Year	Fourth Fiscal Year	Fifth Fiscal Year	Sixth Fiscal Year
Number and Percentage of Ramp Studios Attaining or Exceeding Average Gross Receipts	16 out of 32 (50%)	15 out of 28 (54%)	9 out of 20 (45%)	4 out of 13 (31%)	2 out of 5 (40%)	1 out of 2 (50%)
Total Number of Ramp Studios	32	28	20	13	5	2

TABLE 2: NUMBER OF DANCE PACKAGES SOLD BY RAMP STUDIOS FOR FIRST SIX FISCAL YEARS

Quartiles	First Fiscal Year	Second Fiscal Year	Third Fiscal Year	Fourth Fiscal Year	Fifth Fiscal Year	Sixth Fiscal Year
Average Number of Dance Packages	113	125	144	132	148	160
Median Number of Dance Packages	110	109	123	131	154	160
Lowest Number of Dance Packages	4	25	24	46	81	136
Highest Number of Dance Packages	286	383	303	235	217	184
Number and Percentage of Ramp Studios Attaining or Exceeding Average Number of Dance Packages	16 out of 32 (50%)	11 out of 28 (39%)	8 out of 20 (40%)	6 out of 13 (46%)	3 out of 5 (60%)	1 out of 2 (50%)
Total Number of Ramp Studios	32	28	20	13	5	2

NOTES TO PART II:

1. The beginning and ending dates of the "First Fiscal Year," the "Second Fiscal Year," the "Third Fiscal Year," the "Fourth Fiscal Year," the "Fifth Fiscal Year," and the "Sixth Fiscal Year" differ for each Ramp Studio because each Ramp Studio opened for business on a different date.

2. The "First Fiscal Year" column includes: (a) 2 Ramp Studios that opened in the 2020 calendar year; (b) 6 Ramp Studios that opened in the 2021 calendar year; (c) 8 Ramp Studios that opened in the 2022 calendar year; (d) 3 Ramp Studios that opened in the 2023 calendar year; (e) 12 Ramp Studios that opened in the 2024 calendar year; and (f) 1 Ramp Studio that opened in the 2025 calendar year. The following Ramp Studios were excluded from the "First Fiscal Year" column: (a) 1 Ramp Studio that opened in the 2020 calendar

year because it did not report at least 50 weeks of financial results to us during its first fiscal year of operations; (b) 3 Ramp Studios that opened in the 2021 calendar year because they did not report at least 50 weeks of financial results to us during their first fiscal year of operations; (c) 1 Ramp Studio that opened in the 2022 calendar year because it did not report at least 50 weeks of financial results to us during its first fiscal year of operations; (d) 1 Ramp Studio that opened in the 2024 calendar year because it did not report at least 50 weeks of financial results to us during its first fiscal year of operations; and (e) 2 Ramp Studios that opened in the 2025 calendar year because they did not report at least 50 weeks of financial results to us during their first fiscal year of operations.

3. The "Second Fiscal Year" column includes: (a) 3 Ramp Studios that opened in the 2020 calendar year; (b) 9 Ramp Studios that opened in the 2021 calendar year; (c) 9 Ramp Studios that opened in the 2022 calendar year; (d) 3 Ramp Studios that opened in the 2023 calendar year; (e) 4 Ramp Studios that opened in the 2024 calendar year; and (f) 0 Ramp Studios that opened in the 2025 calendar year. The following Ramp Studios were excluded from the "Second Fiscal Year" column: (a) 9 Ramp Studios that opened in the 2024 calendar year because they have not yet been open and operating for 2 full fiscal years; and (b) 3 Ramp Studios that opened in the 2025 calendar year because they have not yet been open and operating for 2 full fiscal years.

4. The "Third Fiscal Year" column includes: (a) 3 Ramp Studios that opened in the 2020 calendar year; (b) 9 Ramp Studios that opened in the 2021 calendar year; (c) 8 Ramp Studios that opened in the 2022 calendar year; (d) 0 Ramp Studios that opened in the 2023 calendar year; (e) 0 Ramp Studios that opened in the 2024 calendar year; and (f) 0 Ramp Studios that opened in the 2025 calendar year. The following Ramp Studios were excluded from the "Third Fiscal Year" column: (a) 1 Ramp Studio that opened in the 2022 calendar year because it did not report at least 50 weeks of financial results to us during its third fiscal year of operations; (b) 3 Ramp Studios that opened in the 2023 calendar year because they have not yet been open and operating for 3 full fiscal years; (c) 13 Ramp Studios that opened in the 2024 calendar year because they have not yet been open and operating for 3 full fiscal years; and (d) 3 Ramp Studios that opened in the 2025 calendar year because they have not yet been open and operating for 3 full fiscal years.

5. The "Fourth Fiscal Year" column includes: (a) 3 Ramp Studios that opened in the 2020 calendar year; (b) 8 Ramp Studios that opened in the 2021 calendar year; (c) 2 Ramp Studios that opened in the 2022 calendar year; (d) 0 Ramp Studios that opened in the 2023 calendar year; (e) 0 Ramp Studios that opened in the 2024 calendar year; and (f) 0 Ramp Studios that opened in the 2025 calendar year. The following Ramp Studios were excluded from the "Fourth Fiscal Year" column: (a) 1 Ramp Studio that opened in the 2021 calendar year because it did not report at least 50 weeks of financial results to us during its fourth fiscal year of operations; (b) 7 Ramp Studios that opened in the 2022 calendar year because they have not yet been open and operating for 4 full fiscal years; (c) 3 Ramp Studios that opened in the 2023 calendar year because they have not yet been open and operating for 4 full fiscal years; (d) 13 Ramp Studios that opened in the 2024 calendar year because they have not yet been open and operating for 4 full fiscal years; and (e) 3 Ramp Studios that

opened in the 2025 calendar year because they have not yet been open and operating for 4 full fiscal years.

6. The "Fifth Fiscal Year" column includes: (a) 3 Ramp Studios that opened in the 2020 calendar year; (b) 2 Ramp Studios that opened in the 2021 calendar year; (c) 0 Ramp Studios that opened in the 2022 calendar year; (d) 0 Ramp Studios that opened in the 2023 calendar year; (e) 0 Ramp Studios that opened in the 2024 calendar year; and (f) 0 Ramp Studios that opened in the 2025 calendar year. The following Ramp Studios were excluded from the "Fifth Fiscal Year" column: (a) 7 Ramp Studios that opened in the 2021 calendar year because they have not yet been open and operating for at least 5 full fiscal years; (b) 9 Ramp Studios that opened in the 2022 calendar year because they have not yet been open and operating for 5 full fiscal years; (c) 3 Ramp Studios that opened in the 2023 calendar year because they have not yet been open and operating for 5 full fiscal years; (d) 13 Ramp Studios that opened in the 2024 calendar year because they have not yet been open and operating for 5 full fiscal years; and (e) 3 Ramp Studios that opened in the 2025 calendar year because they have not yet been open and operating for 5 full fiscal years.

7. The "Sixth Fiscal Year" column includes: (a) 2 Ramp Studios that opened in the 2020 calendar year; (b) 0 Ramp Studios that opened in the 2021 calendar year; (c) 0 Ramp Studios that opened in the 2022 calendar year; (d) 0 Ramp Studios that opened in the 2023 calendar year; (e) 0 Ramp Studios that opened in the 2024 calendar year; and (f) 0 Ramp Studios that opened in the 2025 calendar year. The following Ramp Studios were excluded from the "Sixth Fiscal Year" column: (a) 1 Ramp Studio that opened in the 2020 calendar year because it has not yet been open and operating for at least 6 full fiscal years; (b) 9 Ramp Studios that opened in the 2021 calendar year because they have not yet been open and operating for at least 6 full fiscal years; (c) 9 Ramp Studios that opened in the 2022 calendar year because they have not yet been open and operating for 6 full fiscal years; (d) 3 Ramp Studios that opened in the 2023 calendar year because they have not yet been open and operating for 6 full fiscal years; (e) 13 Ramp Studios that opened in the 2024 calendar year because they have not yet been open and operating for 6 full fiscal years; and (f) 3 Ramp Studios that opened in the 2025 calendar year because they have not yet been open and operating for 6 full fiscal years.

NOTES TO PARTS I AND II:

1. **Some Studios have sold or earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.**

2. "Gross Receipts" means all monies received by the franchisee or the franchisee's agents during a calendar week for instruction, lessons, services, parties, competitions, trips, club memberships and all related services and/or activities arising out of or related to the Studio or its operations.

3. "Dance Packages" means the number of packages of dance instruction lessons sold by a Studio to students. Each Dance Package is counted as one "package" sold, regardless

of the number of lessons included in the package. Some Dance Packages are prepaid in full, while others are partially prepaid with the remaining balance paid off periodically over time.

4. The Studios in this Item 19 operate in a mix of urban and suburban locations. These Studios operate throughout the United States, typically within large metropolitan areas, and are generally not concentrated in specific regions or markets. Prior to September 2025, we generally only granted franchises for Arthur Murray Studios to individuals who had experience at an Arthur Murray Studio or another dance studio (and the Studios represented in the tables above are generally only operated by individuals with prior dance experience). Currently, we offer franchises for Arthur Murray Studios to individuals who have experience at an Arthur Murray Studio or another dance studio and/or individuals with relevant business backgrounds and strong financial positions.

5. The Gross Receipts figures in this Item 19 do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the Gross Receipts 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 Arthur Murray Studio. Franchisees or former franchisees, as listed in this disclosure document, may be one source of this information.

6. We calculated the figures in the tables in these financial performance representations using financial reports submitted by franchisees. We have not audited or independently verified these financial reports nor have we asked questions of the submitting franchisees to determine whether they are in fact accurate and complete, although we have no information or other reason to believe that they are unreliable. No certified public accountant has audited these figures or expressed his or her opinion concerning their content or form.

7. Written substantiation for the financial performance representations will be made available to you on reasonable request.

Other than in this Item 19, we do not make any additional representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any additional representations either orally or in writing. If you receive any additional financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. Anthony Padulo at our principal office at 1077 Ponce de Leon Boulevard, Coral Gables, Florida 33134, (954) 292-6016, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	225	230	+5
	2024	230	237	+7
	2025	237	240	+3
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	**2023**	**225**	**230**	**+5**
	2024	**230**	**237**	**+7**
	2025	**237**	**240**	**+3**

These numbers are for the calendar years ending December 31, 2023, December 31, 2024 and December 31, 2025.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2023	4
	2024	0
	2025	2
Connecticut	2023	0
	2024	0
	2025	1
Florida	2023	4
	2024	3*
	2025	4

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Illinois	2023	0
	2024	1
	2025	1
Maryland	2023	2
	2024	0
	2025	0
Massachusetts	2023	0
	2024	0
	2025	1
Minnesota	2023	1
	2024	0
	2025	0
New Jersey	2023	2
	2024	0
	2025	0
Pennsylvania	2023	1
	2024	1
	2025	1
Tennessee	2023	1
	2024	0
	2025	1
Texas	2023	0
	2024	0
	2025	1
Virginia	2023	1*
	2024	0
	2025	0
Totals	**2023**	**16**
	2024	**5**
	2025	**12**

* Reorganization of franchise entity, wherein principal transferred ownership interest to another principal.

These numbers are for the calendar years ending December 31, 2023, December 31, 2024 and December 31, 2025.

Table No. 3
Status of Franchised Outlets
For years 2023 to 2025

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at End of the Year
Arizona	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
Arkansas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
California	2023	43	0	0	0	0	0	43
	2024	43	4	0	0	0	0	47
	2025	47	0	0	0	0	0	47
Colorado	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Connecticut	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
	2025	9	0	0	0	0	0	9
Florida	2023	21	2	0	0	0	0	23
	2024	23	4	0	0	0	0	27
	2025	27	2	0	0	0	0	29
Georgia	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	1	0	0	0	1
Hawaii	2023	1	0	0	0	0	0	1
	2024	1	1	1	0	0	0	1
	2025	1	0	0	0	0	0	1
Idaho	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Illinois	2023	9	1	0	0	0	0	10
	2024	10	0	0	0	0	0	10
	2025	10	0	0	0	0	0	10
Indiana	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at End of the Year
Iowa	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Kansas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Kentucky	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Maryland	2023	8	1	0	0	0	0	9
	2024	9	0	0	0	0	0	9
	2025	9	0	0	0	0	0	9
Massachusetts	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
	2025	9	0	0	0	0	0	9
Michigan	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	1	0	0	0	0	7
Minnesota	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Missouri	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Nevada	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
New Hampshire	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
New Jersey	2023	15	0	0	0	0	0	15
	2024	15	0	0	0	0	0	15
	2025	15	0	0	0	0	0	15
New Mexico	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at End of the Year
New York	2023	13	0	0	0	0	0	13
	2024	13	0	0	0	0	1	12
	2025	12	0	0	0	0	0	12
North Carolina	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	0	6
Ohio	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Oregon	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
Pennsylvania	2023	10	1	0	0	0	0	11
	2024	11	1	0	0	0	2	10
	2025	10	0	0	0	0	0	10
South Carolina	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	1	0	0	0	0	3
Tennessee	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Texas	2023	13	0	0	0	0	0	13
	2024	13	0	0	0	0	0	13
	2025	13	0	0	0	0	0	13
Utah	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Virginia	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
	2025	7	0	0	0	0	0	7
Washington	2023	7	1	0	0	0	0	8
	2024	8	1	0	0	0	0	9
	2025	9	0	0	0	0	0	9
Wisconsin	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at End of the Year
Puerto Rico	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Totals	**2023**	**225**	**7**	**0**	**0**	**0**	**2**	**230**
	2024	**230**	**11**	**1**	**0**	**0**	**3**	**237**
	2025	**237**	**4**	**1**	**0**	**0**	**0**	**240**

These numbers are for the calendar years ending December 31, 2023, December 31, 2024 and December 31, 2025.

Table No. 4
Status of Company-Owned Outlets
For years 2023 to 2025

Col. 1 **State**	**Col. 2** **Year**	**Col. 3** **Outlets at Start of the Year**	**Col. 4** **Outlets Opened**	**Col. 5** **Outlets Reacquired From Franchisee**	**Col. 6** **Outlets Closed**	**Col. 7** **Outlets Sold to Franchisee**	**Col. 8** **Outlets at End of the Year**
All States	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Totals	**2023**	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**
	2025	**0**	**0**	**0**	**0**	**0**	**0**

These numbers are for the calendar years ending December 31, 2023, December 31, 2024 and December 31, 2025.

Table No. 5
Projected Openings As Of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
California	5	5	0
Connecticut	1	1	0
Florida	2	2	0
Georgia	1	1	0
Indiana	1	1	0
Kentucky	1	1	0
Ohio	1	1	0
Oregon	1	1	0
Texas	1	1	0
Virginia	2	2	0
Washington	3	3	0
Wisconsin	1	1	0
Total	**20**	**20**	**0**

While we do not currently estimate granting a specific number of franchises in a specific location during the next one-year period, we may do so, depending upon the qualifications of the prospective franchisee and the desirability of particular locations. We have not owned or operated any Studios during the last 3 fiscal years nor do we currently own or operate any Studio.

Exhibit F is a list of the names of all Arthur Murray Studio franchisees and the addresses and telephone numbers of all of their Studios as of December 31, 2025. Exhibit G has the names and city and state of the last known home addresses and home telephone numbers of the franchisees

who had Studios transferred, terminated, cancelled or not renewed or who otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period beginning January 1, 2025 and ending December 31, 2025 or who have not communicated with us within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We do not have any independent franchise organizations that have been asked to be included in this disclosure document. We do not currently have any active franchise advisory councils. We did not enter into confidentiality agreements during the last 3 years restricting franchisees ability to speak openly about their experience with us.

Item 21

FINANCIAL STATEMENTS

Our fiscal year end changed from June 30th to December 31st following the AMII Acquisition. Exhibit B contains our audited balance sheets as of December 31, 2025, December 31, 2024, June 30, 2024, and June 30, 2023, and our audited statements of operations, changes in shareholders equity, and cash flows for the fiscal year December 31, 2025, the period from December 4, 2024 through December 31, 2024, the period from July 1, 2024 through December 3, 2024, and the fiscal years June 30, 2024 and June 30, 2023. Exhibit B also contains our unaudited financial statements for the period ended April 30, 2026.

Item 22

CONTRACTS

Attached are our Franchise Agreement (Exhibit C), Addenda for Franchise Development Program (Exhibit D), Demand Note (Exhibit H), Agenda Master - Terms of Use (Exhibit I) and Collateral Assignment of Lease (Exhibit J).

Item 23

RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Website: www.dfpi.ca.gov
Email: ask.DFPI@dfpi.ca.gov

(for service of process)
Commissioner of Department of Financial Protection & Innovation

(state franchise administrator)
Department of Financial Protection & Innovation

Toll Free: 1 (866) 275-2677

Los Angeles
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento
651 Bannon Street, Suite 300
Sacramento, California 95811
(916) 327-7585

San Diego
1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco
One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

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

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Department of Attorney General
Corporate Oversight Division
525 W. Ottawa Street
G. Mennen Williams Building, 5th Floor
Lansing, Michigan 48913
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

(for service of process)

Insurance Commissioner
North Dakota Insurance & Securities
Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910

(state agency)

North Dakota Insurance & Securities
Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

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

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

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

(for other matters)

Securities Division
Department of Financial Institutions
P. O. Box 41200
Olympia, Washington 98504-1200
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EXHIBIT B

FINANCIAL STATEMENTS

Arthur Murray International, Inc. and Subsidiary
(A Wholly-Owned Subsidiary of AMII Acquisition, LLC)

Consolidated Financial Statements
Year Ended December 31, 2025

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Arthur Murray International, Inc. and Subsidiary

(A Wholly-Owned Subsidiary of AMII Acquisition, LLC)

Consolidated Financial Statements

Year Ended December 31, 2025

Arthur Murray International, Inc. and Subsidiary
(A Wholly-Owned Subsidiary of AMII Acquisition, LLC)

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Independent Auditor's Report

Shareholder and Board of Directors
Arthur Murray International, Inc. and Subsidiary
(A Wholly-Owned Subsidiary of AMII Acquisition, LLC)
Coral Gables, Florida

Opinion

We have audited the consolidated financial statements of Arthur Murray International, Inc. and Subsidiary (a wholly-owned subsidiary of AMII Acquisition, LLC) (the Company), which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statement of income, changes in shareholder equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

BDO USA, P.C.

June 10, 2026

Consolidated Financial Statements

Arthur Murray International, Inc. and Subsidiary
(A Wholly-Owned Subsidiary of AMII Acquisition, LLC)

Consolidated Balance Sheet

December 31,		2025
Assets		
Current Assets		
Cash and cash equivalents	$	3,258,366
Accounts receivable, net of allowance for credit losses of approximately $1,252,000		2,293,097
Federal income tax receivable		266,185
Inventories		29,373
Prepaid expenses and other current assets		196,169
Total Current Assets		6,043,190
Property and equipment, Net		7,759,941
Goodwill, Net		17,213,063
Intangible assets, Net		25,712,266
Other Assets		49,646
Total Assets	$	56,778,106
Liabilities and Shareholder Equity		
Current Liabilities		
Accounts payable	$	304,035
Accrued expenses and other liabilities		1,255,774
Current portion of long-term debt		297,090
Deferred revenue		128,384
Total Current Liabilities		1,985,283
Long-term debt, less current portion		28,620,231
Deferred tax liability, net		7,690,653
Total Liabilities		38,296,167
Commitments and Contingencies (Note 9)		
Shareholder Equity		
Class A Units, $10 Unit Value, 1,894,438 issued and outstanding		18,944,383
Class B Units, $10 Unit Value, 50,000 issued and outstanding		500,000
Accumulated deficit		(962,444)
Total Shareholder Equity		18,481,939
Total Liabilities and Shareholder Equity	$	56,778,106

See accompanying notes to consolidated financial statements.

Arthur Murray International, Inc. and Subsidiary
(A Wholly-Owned Subsidiary of AMII Acquisition, LLC)

Consolidated Statement of Income

Year ended December 31,		2025
Revenue		
Licensee fees	$	13,341,137
Event revenue		4,937,825
Other		194,513
Total Revenue		18,473,475
Operating Expenses		
Event costs		2,838,220
Compensation and benefits		3,174,863
Advertising and marketing		97,661
General and administrative		2,642,950
Depreciation and amortization		237,156
Intangible assets amortization		1,467,233
Goodwill amortization		1,932,014
Professional and consulting fees		1,502,747
Total Operating Expenses		13,892,844
Income From Operations		4,580,631
Other Expense		
Interest expense		(2,844,170)
Other		(418,326)
Total Other Expense		(3,262,496)
Income, before income taxes		1,318,135
Income Tax Provision		361,149
Net Income	$	956,986

See accompanying notes to consolidated financial statements.

Arthur Murray International, Inc. and Subsidiary
(A Wholly-Owned Subsidiary of AMII Acquisition, LLC)

Consolidated Statement of Changes in Shareholder Equity

	Class A		Class B			
	Units	Amount	Units	Amount	Accumulated Deficit	Total
Balances, January 1, 2025	1,894,438	$ 18,944,383	50,000	$ 500,000	$ (1,919,430)	$ 17,524,953
Net income	-	-	-	-	956,986	956,986
Balances, December 31, 2025	1,894,438	$ 18,944,383	50,000	$ 500,000	$ (962,444)	$ 18,481,939

See accompanying notes to consolidated financial statements.

Arthur Murray International, Inc. and Subsidiary
(A Wholly-Owned Subsidiary of AMII Acquisition, LLC)

Consolidated Statement of Cash Flows

Year ended December 31,		2025
Cash Flows from Operating Activities:		
Net income	$	956,986
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		237,156
Intangible assets amortization		1,467,233
Goodwill amortization		1,932,014
Amortization of deferred financing costs		125,977
Deferred income taxes		(390,312)
Change in operating assets and liabilities:		
Accounts receivable		(225,382)
Federal income tax receivable		(474,133)
Inventories		6,519
Prepaid expenses and other current assets		(1,773)
Other assets		34,175
Accounts payable		55,974
Accrued expenses and other liabilities		538,151
Payment of accrued compensation		(783,836)
Deferred revenue		(522,051)
Net Cash Provided By Operating Activities		2,956,698
Cash Flows from Investing Activities:		
Purchases of property and equipment		(137,068)
Additions to software development costs		(204,784)
Escrow refund related to business combination		197,137
Net Cash Used In Investing Activities		(144,715)
Cash Flows from Financing Activities:		
Repayments on debt		(297,090)
Net Cash Used In Financing Activities		(297,090)
Net Increase in Cash and Cash Equivalents		2,514,893
Cash, Cash Equivalents - beginning of year		743,473
Cash, Cash Equivalents - end of year	$	3,258,366
Supplemental Disclosure Of Cash Flow Information:		
Cash paid for interest	$	2,814,170
Cash paid for income taxes		779,000

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

Arthur Murray International, Inc. was organized under the laws of the State of Delaware in 1964. The consolidated financial statements include the accounts of Arthur Murray International, Inc. and its subsidiary, Arthur Murray Enterprises, Inc. (collectively, the Company) (a wholly-owned subsidiary of AMII Acquisition, LLC). The Company grants licenses and franchises to operate dance schools under the name of Arthur Murray and provides various support, marketing and event services. The Company has granted licenses and franchises throughout the United States and in nineteen foreign countries.

Effective December 4, 2024, all of the equity interests of Arthur Murray International, Inc. were sold to AMII Acquisition, LLC (a Delaware limited liability company), which is a wholly owned subsidiary of AMII Holdings, LP. As a result of the acquisition, the Company elected to apply pushdown accounting in accordance with Accounting Standards Codification (ASC) 805, *Business Combinations*. Accordingly, the Company's assets and liabilities were adjusted to reflect the fair values established by AMII Acquisition, LLC, as of the acquisition date. The excess of the purchase price over the fair value of net identifiable assets acquired was recognized as goodwill in the Company's standalone consolidated financial statements. The accompanying consolidated financial statements reflect the Company's new basis of accounting as of the acquisition date.

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accompanying consolidated financial statements include the accounts of Arthur Murray International, Inc. and its subsidiary. All significant intercompany transactions and balances have been eliminated in consolidation.

Management Estimates

The preparation of financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at December 31, 2025 and revenues and expenses during the year then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the consolidated financial statements.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash deposits in excess of the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000. The Company generally limits its exposure by placing its deposits with quality financial institutions located in the United States. However, at times such cash balances may be in excess of insured amounts. As of December 31, 2025, the Company's cash deposits exceeded the insured limit by approximately $2,835,000. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Risks and Uncertainties

The Company's business activities are with customers in different geographies. The Company is subject to the risks of the local economy for each of its licensee locations. Furthermore, the dance instruction and event business can be significantly affected by many factors, including fluctuations in the disposable income of its existing and potential customer base, demographic trends, changes in customer tastes, and changes in the operation, number and locations of operating dance schools.

The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Company considers cash and cash equivalents with maturities of three months or less from their purchase dates to be cash and cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consists of licensee receivables. Accounts receivable are recorded net of an allowance based on management's estimate of uncollectible accounts. The estimate is based on several factors, which include, but are not limited to, analytical review of loss experience, judgment with respect to economic conditions and expected credit losses over the estimated life of the receivable. Accounts receivable are written off when deemed to be uncollectible. Management believes the allowance for credit losses is adequate. Bad debt expense recognized for expected credit losses is classified in the accompanying consolidated statement of income under general and administrative expenses.

Property and Equipment, net

Property and equipment are recorded at cost less accumulated depreciation and amortization, and are depreciated using the straight-line method over the estimated useful lives of the respective assets as follows:

Property and Equipment	Estimated Useful Lives (Years)
Building and improvements	15–40
Furniture and fixtures and equipment	5-10
Company vehicles	5

Gains or losses on disposal of assets are credited or charged to operations when realized. The Company capitalizes all direct costs incurred to construct and substantially improve its facility. The costs of repair and maintenance are expensed when incurred. Expenditures that increase the value or productive capacity of assets are capitalized.

Impairment of Long-lived Assets

The Company's long-lived assets, such as property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows

expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

There was no impairment recognized for the year ended December 31, 2025.

Software Development Costs

The Company capitalizes costs related to the development of software applications it sells to its customers after technological feasibility is established but before software is available for general release to customers. Such costs primarily include coding and testing activities. Once the product is ready for general release, capitalized costs are amortized over the useful life of the software. Costs related to enhancements that create a new revenue stream or are separately marketed are capitalized once technological feasibility has been reached. Costs related to planning and other preliminary project activities and post-implementation activities are expensed as incurred.

Acquisitions

Business combinations are accounted for using the acquisition method of accounting. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Acquisition accounting allows for up to one year to obtain the information necessary to finalize the fair value of all assets acquired and liabilities assumed. The application of the acquisition method may result in the acquirer recognizing some assets and liabilities not previously recognized by the acquiree. The acquiring entity should then recognize and measure either goodwill or a gain on bargain purchase. There were no acquisitions during the year ended December 31, 2025. On December 4, 2024, AMII Holdings, LP, acquired all the ownership interests of Arthur Murray International, Inc. and its Subsidiary, which resulted in the recording of goodwill and intangible assets of $19,342,214 and $27,082,711, respectively. During 2025, the Company received an escrow refund in the amount of $197,137 related to the acquisition, which represented a measurement-period adjustment and was recorded as a reduction of goodwill, with no impact on earnings. The related cash inflow was presented as an investing activity in the consolidated statement of cash flows.

Tangible assets are valued at their respective carrying amounts, which approximates their estimated fair values. The valuation of identifiable intangible assets reflects management’s estimates based on, among other factors, use of established valuation methods. Franchise agreements are valued using the multi-period excess earnings method, which estimates fair value based on the earnings and cash flow capacity of the subject asset. The trademark is valued using the relief-from-royalty method, which estimates fair value based on the value the owner of the asset receives from not having to pay a royalty to use the asset.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in the purchase business combination. Effective January 1, 2025, the Company elected the private company alternative for goodwill under U.S. GAAP, whereby goodwill is amortized on a straight-line basis over ten years and evaluated for impairment at the entity (enterprise) level. For the year ended December 31, 2025, goodwill amortization amounted to $1,932,014. Under the accounting alternative, goodwill is tested for impairment upon a triggering event that indicates that the fair value of a reporting unit may be below its carrying amount. Upon the occurrence of a triggering event, the Company has the option to first assess qualitative factors to determine whether the quantitative impairment test is necessary. If the qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company is required to perform the quantitative test to compare the Company's fair value of the reporting unit with its carrying amount, including goodwill. However, if the qualitative assessment indicates it is not more likely than not that goodwill is impaired, further impairment testing is unnecessary.

Identifiable intangible assets include customer relationships, product technology and trademarks. The fair value of these intangible assets at the acquisition date is estimated using established valuation methods. Trademark intangible assets are considered to have an indefinite life and are not amortized into operations but instead reviewed for impairment at least annually, or when there is an indicator of impairment.

Definite-lived intangible assets consist of identifiable intangible assets obtained in connection with the Company's business combination. Definite-lived intangible assets are amortized using the straight-line method, management's best estimate of the pattern of economic benefit, over their estimated useful lives.

For the year ended December 31, 2025, the Company did not record any goodwill or other intangible asset impairment.

Income Taxes

Arthur Murray International, Inc. and Subsidiary accounted for income taxes in accordance with Financial Accounting Standards Board (FASB) ASC 740, *Accounting for Income Taxes* prior to the business combination, which occurred on December 4, 2024, requiring the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax bases of its assets and liabilities by applying the enacted tax rates in effect for the year in which the differences are expected to reverse. In connection with the business combination, deferred tax liabilities were recorded primarily related to these temporary differences of certain acquired assets and liabilities. These deferred tax liabilities remain reflected on the balance sheet and will reverse over time. The provision for income taxes includes taxes currently payable and those deferred because of the differences between the financial statement and the tax basis of assets and liabilities.

The Company recognizes and measures tax positions taken or expected to be taken in its tax return based on technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively. Management believes there are no uncertain tax positions to be recognized as of December 31, 2025.

Deferred Revenue

The Company recognizes revenue as the related performance obligations are satisfied. Deferred revenue is recorded when the Company receives a payment in advance of the satisfaction of its performance obligations. At December 31, 2025, deferred revenue totaled $128,384, which is included in the accompanying consolidated balance sheet and is comprised of deferred revenue from event fees collected in advance and amounts collected for franchise fees in advance of satisfying the revenue recognition criteria.

Related Parties

For the purpose of these consolidated financial statements, parties are considered to be related if one party has the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Deferred Financing Costs

Deferred financing costs represent fees and other costs associated with obtaining financing. These costs are capitalized and presented as a direct deduction from the carrying amount of the related debt liability on the accompanying consolidated balance sheet. Deferred financing costs are amortized over the term of the related debt agreement into interest expense using the effective interest method. For the year ended December 31, 2025, deferred financing costs totaled $125,977.

Stock-Based Compensation

Stock-based compensation is measured at the grant date based on the calculated fair value of the award. The Company recognizes expense on a straight-line basis over the employee's requisite service period, generally the vesting period of the award, or in the case of performance-based awards, over the shorter of the derived service period or when the performance hurdles are achieved. The Company recognizes forfeiture of equity-based awards as they occur.

For equity-based compensation of profits interest equity awards, the potential upside appreciation of such interest must be considered similar to an at-the-money option. Thus, in accordance with FASB ASC 718, *Compensation – Stock Compensation*, it would generally not be appropriate to value profits interests based on a hypothetical liquidation of the Company and application of the distribution "waterfall" as of the grant date.

Revenue Recognition

Revenues are recorded in accordance with the FASB ASC 606, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single comprehensive model for entities to use in accounting for revenues arising from contacts with licensees. The Company's revenues are comprised of event revenues, royalty fees, marketing fees and other revenues which include franchise fees. Topic 606 applies a five-step model that includes: (1) identifying the contract with a licensee, (2) identifying the separate performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations in the contract, and (5) recognizing the appropriate amount of revenue when (or as) the performance

obligations are satisfied. The Company usually identifies the separate performance obligations for its revenue sources and allocates revenue to each separate performance obligation.

Event Revenue - Event revenues relate to the Company's Dance-O-Ramas, which are closed dance competitions for licensees. Revenue is earned at a point-in-time when a particular function has occurred and has been completed, as this is when the Company has satisfied its performance obligation and control of the promised service is transferred.

Licensee Fees - Licensee fees (royalty fees) are earned at a point-in-time. Sales are collected by the franchisees based on a percentage of franchisees' gross sales. The royalty fee is typically 8.0% of the franchisees' gross sales for such period and payment is remitted to the Company on a weekly basis and recognized in the period the franchisees' sales occur. As the Company's performance obligation is satisfied at contract inception when license is made available for use, licensee fees are recognized in the period in which the underlying sales occur.

Advertising and Marketing Costs

All advertising and marketing costs are expensed as incurred. Advertising and marketing expense was $97,661 for the year ended December 31, 2025.

Adopted Accounting Pronouncement

Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses

In July 2025, the Company early adopted Accounting Standards Update (ASU) 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which simplify the estimation of expected credit losses for current accounts receivable arising from transactions accounted for under Topic 606. The guidance is effective for annual disclosures for fiscal years beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, with early adoption permitted. Under the guidance, the Company elected the practical expedient to assume that current economic conditions as of the balance sheet date will remain unchanged for the remaining life of its current accounts receivable. The Company elected the accounting policy to consider collection activity occurring after the balance sheet date when estimating expected credit losses for these assets. The adoption was applied prospectively and did not have a material impact on the Company's financial position, results of operations or cash flows.

Recent Accounting Pronouncements Not Yet Adopted

Improvements to Income Tax Disclosures

In December 2023, the FASB issued guidance that expands income tax disclosures, including requiring enhanced disclosures related to the rate reconciliation and income taxes paid information. For public business entities, the guidance is effective for annual disclosures for fiscal years beginning after December 15, 2024, and for entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025, with early adoption permitted. The guidance should be applied on a prospective basis, with retrospective application to all prior period presented in the financial statements permitted. The Company is currently evaluating the impact of the guidance on the financial statement disclosures.

Compensation – Stock Compensation (Topic 718)

In March 2024, the FASB issued ASU 2024-01, *Compensation – Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*, which provides illustrative guidance to assist entities in determining whether profits interest and similar awards should be accounted for as share-based payment arrangements within the scope of FASB 718, *Compensation – Stock Compensation*. The amendments in ASU 2024-01 are effective for private entities for annual periods beginning after December 15, 2025, with early application permitted. The amendments should be applied retrospectively for all periods presented in the financial statements or prospectively to profits interest and similar awards granted or modified on or after the date which the entity first applies the amendments. The Company is currently evaluating the impact of the guidance on the financial statements.

Intangibles – Goodwill and Other – Internal Use Software (Subtopic 350-40)

In September 2025, the FASB issued ASU 2025-06, *Intangibles – Goodwill and Other – Internal Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use-Software*. The ASU modernizes the accounting for internal-use software by eliminating project stage distinctions and requiring entities to begin capitalizing software development costs when management has authorized and committed to fund the software project and it is probable that the project will be completed and the software will be used to perform its intended function, provided there is no significant development uncertainty. The guidance is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal periods, with early adoption permitted. The Company is currently evaluating the impact of the guidance on the financial statements.

2. Related Party Transactions

The Company entered into a management services agreement with an affiliate of the majority Class A partner to provide the Company with certain ongoing advisory and management services. As part of the management services agreement, the Company will pay an annual fee, equal to 2% of the invested capital, as defined. Management fee expense of approximately $396,000 was recorded for advisory and management services for the year ended December 31, 2025 and is included in other expenses in the accompanying consolidated statement of income. The Company shall also pay the affiliate an additional service fee as consideration for strategic and acquisition or divestiture advisory, sourcing, structuring and the evaluation services that the affiliate provides in connection with such strategic transactions. The service fee shall be an amount equal to 1.5% of the Aggregate Consideration, as defined in the management services agreement. There was no additional service fee for the year ended December 31, 2025.

During the year ended December 31, 2025, the Company made a cash payment of $783,836 related to an accrued compensation obligation associated with a prior agreement with the former Chairman of the Board of Directors. The liability for this obligation was recognized in the prior year upon the occurrence of the triggering event.

3. Accounts Receivable, Net

December 31,	2025
Licensees	$ 3,406,204
Other	139,190
	3,545,394
Less: allowance for credit losses	(1,252,297)
Accounts Receivable, Net	$ 2,293,097

4. Property and Equipment, Net

Property and equipment, net, was as follows:

December 31,	2025
Land	$ 102,763
Building and improvements	7,772,805
Furniture and fixtures and equipment	55,090
Company vehicles	83,560
	8,014,218
Less: accumulated depreciation and amortization	(254,277)
Property and Equipment, Net	$ 7,759,941

Depreciation and amortization expense for the year ended December 31, 2025 was $237,156.

5. Intangible Assets and Goodwill, Net

Intangible assets, net, were as follows:

December 31, 2025

	Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreement	15 years	$ 19,000,000	$ (1,372,228)	$ 17,627,772
Trademarks	Indefinite Life	7,200,000	-	7,200,000
Software	5 years	1,099,975	(215,481)	884,494
		$ 27,299,975	$ (1,587,709)	$ 25,712,266

Amortization expense for intangible assets was $1,467,233 for the year ended December 31, 2025.

The following is a schedule of estimated future amortization expense as of December 31, 2025:

Year ending December 31,	
2026	$ 1,486,667
2027	1,486,667
2028	1,486,667
2029	1,471,747
2030	1,286,106
Thereafter	11,294,412
	$ 18,512,266

The following table provides a reconciliation of changes in goodwill:

Year ended December 31,	
Balance, January 1	$ 19,342,214
Escrow refund related to business combination	(197,137)
Goodwill amortization	(1,932,014)
Balance, December 31	$ 17,213,063

6. Accrued Expenses

Accrued expenses consist of the following:

December 31,	
Accrued bonus and payroll	$ 93,783
Accrued taxes	367,765
Accrued interest	30,000
Accrued professional fees	175,000
Accrued management fees	101,491
Accrued other	487,735
	$ 1,255,774

7. Long-Term Debt

December 31,	
Term loan	$ 29,411,910
Less: unamortized debt issuance costs	494,589
Less: current maturities	297,090
	$ 28,620,231

On December 4, 2024, the Company entered into a Credit Agreement with a lender, which provided for a $29,709,000 term loan. The term loan accrues interest either at the Base Rate plus an Applicable Margin or the Secured Financing Overnight Rate (SOFR) Adjusted Rate plus an Applicable Margin, which is based on certain financial covenants. The term SOFR rate is the per annum rate

equal to Term SOFR plus an Applicable Margin ranging from 4.50% to 5.00% (8.50% as of December 31, 2025) until the term loan matures on December 4, 2029, when the total principal outstanding balance is due. Borrowings are collateralized by a Guaranty and Collateral Agreement in which all the Company's business assets and assignable rights serve as collateral.

The Credit Agreement provides for additional borrowings of up to $25,000,000 in incremental term loans to make permitted acquisitions and are available upon the Company meeting certain defined operating and financial ratios. The Company's Credit Agreement requires the Company to meet certain financial covenants. The Company was in compliance with these covenants at December 31, 2025.

The following is a schedule of the future principal payments as of December 31, 2025:

Year ending December 31,	
2026	$ 297,090
2027	297,090
2028	297,090
2029	28,520,640
	$ 29,411,910

Total interest expense amounted to approximately $2,844,000, including approximately $126,000 in amortization of debt financing costs.

8. Income Taxes

The income tax provision consists of the following:

Year ended December 31,	2025
Federal:	
Current federal income tax expense	$ 583,090
Deferred federal income tax benefit	(176,766)
State:	
Current state income tax expense	168,371
Deferred state income tax benefit	(213,546)
	$ 361,149

Significant components of the Company's deferred tax liability, net, are as follows:

December 31,	
Intangible assets	$ (6,192,631)
Property and equipment	(1,834,359)
Allowance for credit losses	310,318
Accrued expense	26,019
Net Deferred Tax Liability	$ (7,690,653)

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Company files income tax returns. The Company is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2022.

9. Commitments and Contingencies

Litigation

The Company is exposed to various asserted and unasserted potential claims encountered in the normal course of business. Management believes that the resolution of these matters will not have a material effect on the Company's consolidated financial position, results of its operations or cash flows.

10. Retirement Plan

The Company has a contributory 401(k) retirement savings plan which covers all employees 21 years of age or older, who have been employed for at least three months. The Company contributes a discretionary uniform percentage of 25% of each employee's contribution with no maximum limitation. The Company's contribution expense to this plan totaled $34,355 for the year ended December 31, 2025 and is included in compensation and benefits on the accompanying consolidated statement of income.

11. Shareholder Equity

Class A voting units and Class B non-voting units accrue a yield of 8% per annum based on capital value and is payable from time to time and in such amounts as determined by the Board in its sole discretion. Class P units are subject to vesting based on the individual award timing, performance or a liquidation event.

The issued and/or awarded units at December 31, 2025, as listed by class, are the following:

	Unit Value	Number of Units Issued	Number of Units Outstanding or Awarded	Total
Class A	$ 10	1,894,438	1,894,438	$ 18,944,383
Class B	10	50,000	50,000	500,000
Class P	N/A	388,888	296,528	-
		2,333,326	2,240,966	$ 19,444,383

12. Incentive Plan

On December 3, 2024, the Shareholders' Board of Managers approved and adopted the Equity Incentive Plan (the Plan). The purpose of the Plan is to advance the best interests of the Company by providing directors, managers, officers, executives, and other key employees, as well as consultants and other service providers, with a significant additional incentive to promote the financial success of the Company. The Plan aims to attract and retain individuals of exceptional talent to contribute to the sustained progress, growth, and profitability of the Company by providing such individuals with an opportunity to participate in the Company's future appreciation. The Plan provides that the maximum aggregate number of Incentive Units which may be issued thereunder is 388,888.

The incentive awards provide for cash settlement only upon the occurrence of a change-of-control event; however, in accordance with ASC 718, as such an event is not considered probable as of December 31, 2025, and the awards do not otherwise represent a substantive obligation of the Company prior to such event, no compensation expense or liability has been recognized in the accompanying consolidated financial statements.

Incentive units may vest immediately, in one or more installments, upon the occurrence of certain events, upon the passage of a specified period of time, upon the fulfillment of certain conditions, or upon the achievement of certain performance goals.

The awards under the Plan consist of units with the following key terms:

- Vesting –Time-Vest Class P Units and Performance-Vest and Enhanced-Performance-Vest Class P Units.
- Time-Vest Class P Units vest on individually determined vesting schedules.
- Performance-Vest Class P and Enhanced-Performance-Vest Class P Units vest upon achievement of specified liquidity event and performance metrics.

13. Subsequent Events

Subsequent events are defined as events or transactions that occur after the balance sheet date, but before the consolidated financial statements are available to be issued. The Company has evaluated subsequent events through June 10, 2026, which is the date the consolidated financial statements were available to be issued.

ARTHUR MURRAY INTERNATIONAL, INC. AND SUBSIDIARIES
(A WHOLLY OWNED SUBSIDIARY OF AMII ACQUISITION, LLC)

REPORT ON AUDITS OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD DECEMBER 4, 2024 (INCEPTION)THROUGH DECEMBER 31, 2024 (SUCCESSOR) AND THE PERIOD JULY 1, 2024 THROUGH DECEMBER 3, 2024 (PREDECESSOR) AND THE YEAR ENDED JUNE 30, 2024 (PREDECESSOR)

ARTHUR MURRAY INTERNATIONAL, INC. AND SUBSIDIARIES
(A WHOLLY OWNED SUBSIDIARY OF AMII ACQUISITION, LLC)

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Templeton
ACCOUNTANTS & ADVISORS

Independent Auditor's Report

To the Shareholder and Board of Directors
Arthur Murray International, Inc. and subsidiaries
(a wholly owned subsidiary of AMII Acquisition, LLC)
Coral Gables, Florida

Opinion

We have audited the accompanying consolidated financial statements of Arthur Murray International, Inc. and subsidiaries (a wholly owned subsidiary of AMII Acquisition, LLC) (the Company), which comprise the consolidated balance sheets as of December 31, 2024 (Successor) and June 30, 2024 (Predecessor), and the related consolidated statements of operations, changes in shareholder's equity, and cash flows for the periods December 4, 2024 (Inception) through December 31, 2024 (Successor), July 1, 2024 through December 3, 2024 (Predecessor) and for the year ended June 30, 2024 (Predecessor), and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 (Successor) and June 30, 2024 (Predecessor), and the results of their operations and their cash flows for the periods December 4, 2024 (Inception) through December 31, 2024 (Successor), July 1, 2024 through December 3, 2024 (Predecessor), and the year ended June 30, 2024 (Predecessor), 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 Arthur Murray International, Inc. and subsidiaries 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 the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, on December 4, 2024, the shareholders of Arthur Murray International, Inc. approved the sale of and sold all of the outstanding shares to AMII Acquisition, LLC. We rendered our prior year opinion on the consolidated financial statements of Arthur Murray International, Inc. Our opinion is not modified with respect to this matter.

Templeton & Company, LLP

Fort Lauderdale, Florida
August 20, 2025

ARTHUR MURRAY INTERNATIONAL, INC. AND SUBSIDIARIES
(A WHOLLY OWNED SUBSIDIARY OF AMII ACQUISITION, LLC)

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2024 (SUCCESSOR) AND JUNE 30, 2024 (PREDECESSOR)

	As of December 31, 2024 (Successor)	As of June 30, 2024 (Predecessor)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 726,948	$ 4,289,700
Licensee receivables, net of allowance of $1,394,681 and $1,403,600, respectively	2,067,715	1,992,200
Redundable federal and state income taxes	-	346,500
Other current assets	230,288	178,300
Total current assets	3,024,951	6,806,700
Property and equipment, net	7,934,500	1,295,700
Intangible assets, net	26,974,715	781,100
Goodwill	19,342,214	-
Deferred tax asset, net	-	100,100
Other assets	9,350	9,400
Total assets	$ 57,285,730	$ 8,993,000
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 248,129	$ 185,600
Accrued expenses	446,767	775,400
Deferred revenue	650,435	108,300
Deferred compensation	783,836	-
Income taxes payable	387,760	-
Current portion of finance lease liabilities	23,007	30,100
Current portion of debt	1,188,360	-
Total current liabilities	3,728,294	1,099,400
Lease liabilities, net of current portion	51,512	62,500
Debt, net	27,900,074	-
Deferred tax liability, net	8,080,965	-
Total liabilities	39,760,845	1,161,900
Shareholder's equity:		
Preferred stock, no par value, 20,000 shares authorized, no shares issued	-	-
Common stock, $1 par value; 100,000 shares authorized; issued and outstanding 34,532 shares	34,532	34,532
Additional paid-in capital	16,989,009	-
Retained earnings	501,344	7,796,568
Total shareholder's equity	17,524,885	7,831,100
Total liabilities and shareholder's equity	$ 57,285,730	$ 8,993,000

See accompanying notes to consolidated financial statements.

ARTHUR MURRAY INTERNATIONAL, INC. AND SUBSIDIARIES
(A WHOLLY OWNED SUBSIDIARY OF AMII ACQUISITION, LLC)

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE PERIOD DECEMBER 4, 2024 (INCEPTION) THROUGH DECEMBER 31, 2024 (SUCCESSOR), THE PERIOD JULY 1, 2024 THROUGH DECEMBER 3, 2024 (PREDECESSOR) AND THE YEAR ENDED JUNE 30, 2024 (PREDECESSOR)

		Predecessor	
	Successor Period From December 4, 2024 Through December 31, 2024	July 1, 2024 Through December 3, 2024	For the Year Ended June 30, 2024
Revenue:			
Licensee fees	$ 1,165,501	$ 5,159,899	$ 11,992,100
Event revenue	176,310	2,395,963	4,798,900
Other income	19,917	29,466	88,800
Total revenue	1,361,728	7,585,328	16,879,800
Operating expenses:			
Event costs	54,703	1,621,723	2,841,700
Compensation and benefits	178,651	3,255,860	6,601,700
Advertising and marketing	33,335	153,930	458,400
General and administrative	141,996	709,981	1,996,000
Licensee support services	10,238	240,190	635,700
Depreciation	20,151	52,911	80,800
Amortization of intangibles	120,476	-	-
Total operating expenses	559,550	6,034,595	12,614,300
Income from operations	802,178	1,550,733	4,265,500
Other income (expense):			
Interest expense	(215,764)	-	-
Gain on sale of property, net	-	373,406	-
Change in value of cash surrender life insurance policies	-	-	(87,500)
Other income (expense), net	(34,605)	(538,892)	(55,600)
Foreign exchange loss	(2,210)	(8,510)	(20,700)
Total other income (expense), net	(252,579)	(173,996)	(163,800)
Income before provision for income taxes	549,599	1,376,737	4,101,700
Provision for income taxes	48,255	648,913	988,000
Net income	$ 501,344	$ 727,824	$ 3,113,700

See accompanying notes to consolidated financial statements.

ARTHUR MURRAY INTERNATIONAL, INC. AND SUBSIDIARIES
(A WHOLLY OWNED SUBSIDIARY OF AMII ACQUISITION, LLC)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE YEAR ENDED JUNE 30, 2024 AND THE PERIOD JULY 1, 2024 THROUGH DECEMBER 3, 2024 (PREDECESSOR), AND THE PERIOD DECEMBER 4, 2024 (INCEPTION) THROUGH DECEMBER 31, 2024 (SUCCESSOR)

Predecessor:	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Retained Earnings	Total
Balance, July 1, 2023	34,532	$ 34,532	$ -	$ 8,792,368	$ 8,826,900
Cumulative effect of adoption of accounting principle	-	-	-	206,800	206,800
Net income	-	-	-	3,113,700	3,113,700
Dividends declared, $125 per share	-	-	-	(4,316,300)	(4,316,300)
Balance, June 30, 2024	34,532	34,532	-	7,796,568	7,831,100
Net income	-	-	-	727,824	727,824
Dividends declared, $60 per share	-	-	-	(6,504,000)	(6,504,000)
Balance, December 3, 2024	34,532	$ 34,532	$ -	$ 2,020,392	$ 2,054,924

Successor:	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Retained Earnings	Total
Balance, December 4, 2024 (Inception)	34,532	$ -	$ -	$ -	$ -
Additional paid-in capital from Parent	-	34,532	16,989,009	-	17,023,541
Net income	-	-	-	501,344	501,344
Balance, December 31, 2024	34,532	$ 34,532	$ 16,989,009	$ 501,344	$17,524,885

See accompanying notes to consolidated financial statements.

ARTHUR MURRAY INTERNATIONAL, INC. AND SUBSIDIARIES
(A WHOLLY OWNED SUBSIDIARY OF AMII ACQUISITION, LLC)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIOD DECEMBER 4, 2024 (INCEPTION) THROUGH DECEMBER 31, 2024 (SUCCESSOR), THE PERIOD JULY 1, 2024 THROUGH DECEMBER 3, 2024 (PREDECESSOR) AND THE YEAR ENDED JUNE 30, 2024 (PREDECESSOR)

		Predecessor	
	Successor Period from December 4, 2024 through December 31, 2024	From July 1, 2024 through December 3, 2024	For the Year Ended June 30, 2024
Cash flows from operating activities:			
Net income	$ 501,344	$ 727,824	$ 3,113,700
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	20,151	52,911	80,800
Amortization of intangible assets	120,476	-	-
Provision for credit losses	107,295	38,020	590,400
Amortization of debt issuance costs	9,319	-	-
Deferred compensation arrangement	-	783,840	(668,600)
Deferred income taxes	(77,190)	(188,069)	127,000
Gain on sale of property	-	(373,406)	-
Realized loss on cash surrender value life insurance	-	-	87,600
Changes in operating assets and liabilities:			
Decrease (increase) in licensee receivables	71,814	(289,790)	(687,100)
Decrease (increase) in refundable income taxes	-	346,500	(282,700)
(Increase) decrease in other current assets	(144,867)	92,440	24,800
Increase in accounts payable	521	59,160	96,500
Increase (decrease) in accrued expenses	208,340	(560,370)	149,800
(Decrease) increase in income taxes payable	(45,532)	267,560	-
(Decrease) increase in deferred revenue	(108,353)	649,070	(26,600)
Net cash provided by operating activities	663,318	1,605,690	2,605,600
Cash flows from investing activities:			
Proceeds from sale of property	-	780,000	-
Software development costs paid	(12,436)	(101,184)	(173,900)
Proceeds from cash surrender life insurance	-	-	1,240,000
Net assets acquired in business combination, net of acquired cash	(46,023,631)	-	-
Net cash (used in) provided by investing activities	(46,036,067)	678,816	1,066,100
Cash flows from financing activities:			
Additional paid-in capital	17,023,541	-	-
Proceeds from long-term debt	29,709,000	-	-
Debt issuance costs paid	(629,885)	-	-
Payments on finance lease liabilities	(2,959)	(15,028)	(29,700)
Dividends paid	-	(6,509,268)	(4,316,300)
Net cash provided by (used in) financing activities	46,099,697	(6,524,296)	(4,346,000)
Net increase (decrease) in cash and cash equivalents	726,948	(4,239,790)	(674,300)
Cash and cash equivalents, beginning of period	-	4,289,700	4,964,000
Cash and cash equivalents, end of period	$ 726,948	$ 49,910	$ 4,289,700
Supplemental cash flow disclosure:			
Income taxes paid	$ -	$ 126,250	$ 708,900
Interest paid	$ 206,445	$ -	$ -

See accompanying notes to consolidated financial statements.

ARTHUR MURRAY INTERNATIONAL, INC. AND SUBSIDIARIES
(A WHOLLY OWNED SUBSIDIARY OF AMII ACQUISITION, LLC)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Nature of Business

Arthur Murray International, Inc. (AMI) was organized under the laws of the State of Delaware in 1964. The Company grants licenses and franchises to operate dancing schools under the name of "Arthur Murray" and provides various support, marketing and event services. The Company has granted licenses and franchises in the United States and in approximately nineteen (19) foreign countries.

The consolidated financial statements include the accounts of AMI, AMI's wholly owned subsidiaries, Arthur Murray Enterprises, Inc. (AME) and foreign subsidiary, Arthur Murray (S.A.) (Proprietary) Limited (AMSA), a company incorporated under the laws of the country of South Africa. The activities, operations and financial position of AMI, AME and AMSA are collectively referred to throughout the accompanying notes as "the Company."

AMSA is in the process of being liquidated. The liquidation of the foreign subsidiary will have no material impact on the consolidated financial position, future results of consolidated operations and consolidated cash flows of the Company. The liquidation is expected to be completed during the 2025 fiscal year. The delay in the final liquidation is being caused by compliance requirements of the foreign country. For the period July 1, 2024 through December 31, 2024 and the year ended June 30, 2024, the foreign subsidiary had no impact on the Company's consolidated financial statements.

Effective December 4, 2024, all of the issued and outstanding common stock of AMI was sold to AMII Acquisition, LLC (AMII LLC) (a Delaware limited liability company) which is a wholly owned subsidiary of AMII Holdings, LP (Holdings). Holdings and AMII LLC were formed for the purpose of acquiring the stock of Arthur Murray International, Inc. and subsidiaries, effective December 4, 2024.

The consolidated financial statements herein include (i) the consolidated results of Arthur Murray International, Inc. and subsidiaries for the year ended June 30, 2024 and for the period July 1, 2024 through December 3, 2024 (referred to as the Predecessor periods); and (ii) the consolidated financial statements of Arthur Murray International, Inc. and subsidiaries as of December 31, 2024 and for the period December 4, 2024 (Inception) through December 31, 2024 (referred to as Successor period). As of December 4, 2024, Arthur Murray International, Inc. is a wholly owned subsidiary of AMII LLC and its parent AMII Holdings, LP (Holdings or Parent).

The Company's Parent elected pushdown accounting for the Company's standalone consolidated financial statements as of December 4, 2024. The conforming of significant accounting policies, results of operations, cash flows, and other financial information include a blackline division which indicates that the Successor and Predecessor reporting entities shown are presented on a different basis and, therefore, are not comparable.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of consolidation

The consolidated financial statements include the accounts of Arthur Murray International, Inc. (AMI) and AMI's subsidiaries, Arthur Murray Enterprises, Inc. (AME) and its foreign subsidiary, Arthur Murray S.A. Proprietary, Ltd. (AMISA), a company incorporated under the laws of the country of South Africa. The consolidated financial statements include only the accounts of AMI, AME and AMISA, collectively, "the Company." All intercompany balances and transactions between AMI, AME and AMISA have been eliminated in consolidation.

Note 2 – Summary of Significant Accounting Policies, Continued

Principles of consolidation, continued

The accompanying consolidated financial statements do not include the accounts of Holdings and its wholly owned subsidiaries, AMII Intermediate (Intermediate) or AMII Acquisition, LLC (AMI LLC). AMI LLC owns all the issued and outstanding equity interests in the Company.

Management estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and these differences could be material.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, receivables, accounts payable, accrued expenses, and deferred revenue approximate their fair values due to the short-term nature of their maturities. The carrying values of the Company's debt and lease obligations approximates their fair values based on market rates of interest applied to these obligations.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less at the time of purchase to be cash equivalents. The Company places its cash and cash equivalents with high credit-quality financial institutions. From time to time, such balances may exceed the FDIC insurance limit.

Revenue recognition

Revenue is recorded in accordance with the FASB ASC 606, *Revenue from Contracts with Customers (Topic 606),* which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with licensees. The Company's revenue is comprised of royalty fees, event revenues, marketing fees, and other revenue which include franchise fees. Topic 606 applies a five-step model that includes: (1) identifying the contract with a licensee, (2) identifying the separate performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations in the contract, and (5) recognizing the appropriate amount of revenue when (or as) the performance obligations are satisfied. The Company usually identifies the separate performance obligations for its revenue sources and allocates revenue to each separate performance obligation.

Royalty fees (licensee fee) are earned at a point-in-time sales are collected by the franchises and are based on a percentage of franchisees' gross sales. The royalty fee is typically 8.0% of the franchisees' gross sales for such period and payment is remitted to the Company on a monthly basis and recognized in the period the franchisees' sales occur as licensees submit weekly revenue reports.

Event revenues relate to the Company's Dance-O-Ramas, which are closed dance competitions for licensees. Revenue is earned at a point-in-time when a particular function has been completed and all related costs of the function have been paid or accrued.

Note 2 – Summary of Significant Accounting Policies, Continued

Revenue recognition, continued

Franchise fees consist of initial franchise fees due at contract inception. The Company's primary performance obligations under the franchise license are granting the use of the Arthur Murray trademarks, system, training, preopening assistance, and studio operating assistance in exchange for franchise fees.

The rights to use the Company's intellectual property, and all other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for under Topic 606 as a single performance obligation, which is satisfied by granting certain rights to use its intellectual property over the term of each franchise agreement.

Initial franchise fees are payable by the franchisee upon signing a new franchise agreement and are recognized as revenue on a straight-line basis commencing at contract inception through the end of the initial franchise license term. Franchise agreements generally have terms of 10 years beginning on the date the dance studio is opened, and the initial franchise fees are amortized over a period approximating the term of the agreement. These agreements also convey one extension term for up to 10 years, depending on contract terms if certain conditions are met.

Deferred revenue

Amounts collected for franchise fees in advance of satisfying the revenue recognition criteria or event fees collected in advance of the event taking place are recorded as deferred revenue.

Licensee receivables

Licensee receivables are recorded at net realizable value, consisting of the carrying amount less allowance for credit losses, as needed. The Company evaluates the collectability of its licensee receivables on an ongoing basis and may establish an allowance for credit losses based on a combination of historical experience, aging analysis, current economic conditions and reasonable forecasts, along with information related to specific accounts. Account balances are written off against the allowance after all means of collection have been exhausted and it is determined that further collection efforts will be unsuccessful. Recoveries of accounts previously written off are recorded as income when received.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the related assets, which range as follows:

Buildings and improvements	33 – 40 years
Vehicles	5 years
Furniture and equipment	5 – 10 years

Repairs and routine maintenance are charged to operations as incurred, and expenditures for significant betterments and renewals are capitalized.

Impairment of long-lived assets

Management assesses the recoverability of long-lived assets, which primarily consists of property and equipment with finite useful lives, whenever events or changes in circumstances indicate the change in value may not be recoverable. Management determined that there was no impairment of its long-lived assets for the Successor or Predecessor periods.

Note 2 – Summary of Significant Accounting Policies, Continued

Software development costs

The Company capitalizes costs related to the development of software applications it sells to its customers after technological feasibility is established but before software is available for general release to customers. Such costs primarily include coding and testing activities. Once the product is ready for general release, capitalized costs are amortized over the estimated useful life of the software. Costs related to enhancements that create a new revenue stream or are separately marketed are capitalized once technological feasibility has been reached. Costs related to planning and other preliminary project activities and post-implementation activities are expensed as incurred. These assets are tested for impairment whenever events or changes in circumstances occur that could impact their recoverability.

Income taxes

AMI is taxed as a Corporation and accounts for income taxes in accordance with FASB ASC 740, *Accounting for Income Taxes* (ASC 740), which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax bases of its assets and liabilities by applying the enacted tax rates in effect for the year in which the differences are expected to reverse. Such net tax effects on temporary differences are reflected in the Company's consolidated balance sheet as net deferred tax assets or liabilities.

Deferred tax assets are reduced by a valuation allowance when the Company believes that it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The provision for income taxes includes taxes currently payable and those deferred because of the differences between the financial statement and the tax basis of assets and liabilities. Those differences are principally the allowance for credit losses, accelerated depreciation over straight-line depreciation, periods of tax amortization for intangible assets and goodwill and periods used for U.S. GAAP amortization and deferred non-qualified compensation agreements versus the accrual basis of accounting.

ASC 740 prescribes a two-step approach for the recognition of tax benefits associated with the positions taken or expected to be taken in a tax return that affect the amounts reported in the consolidated financial statements. The Company includes income tax-related interest and penalties relating to uncertain tax positions, if applicable, as a component of its provision for income taxes. Management believes there are no uncertain tax positions to be recognized under ASC 740 as of December 31, 2024.

Leases

The Company classifies a lease as an operating or finance lease using the classification criteria set forth in ASC 842, *Leases*. The Company recognizes a right-of-use (ROU) asset and a corresponding lease liability on its consolidated balance sheet as of the lease commencement date based on the present value of the lease payments over the lease term. The discount rate used to calculate the present value of the Company's leases is based on a risk-free rate based on the information available at the commencement date since the Company's leases do not provide a readily determinable implicit rate.

The term of a lease is inclusive of any option to renew, extend, or terminate the lease when it is reasonably certain that the Company will exercise such option. For operating leases, lease expense is recognized on a straight-line basis over the lease term. For finance leases, ROU assets are amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the leased asset. The Company does not recognize a lease asset or lease liability for leases with a term of 12 months or less.

Note 2 – Summary of Significant Accounting Policies, Continued

Advertising

The Company records advertising and promotion costs, as well as promotional event costs, in advertising and marketing in the consolidated statements of operations in the period when the advertising costs are incurred. Advertising expenses include print, digital and social media advertising costs. Such costs totaled $33,335 for the Successor period ended December 31, 2024, and $153,930 and $458,400 for Predecessor periods ended December 3, 2024 and June 30, 2024, respectively.

Business combinations

The Company applies the provisions of FASB ASC 805, *Business Combinations,* in accounting for its acquisitions which requires the acquisition purchase price to be allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition dates. The excess of the purchase price over these estimated fair values is recorded as goodwill.

Significant estimates and assumptions, including fair value estimates, are used to determine the fair value of assets acquired, liabilities assumed, and contingent consideration transferred as well as the useful lives of long-lived assets acquired. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill based on changes to the Company's initial estimates and assumptions. Upon conclusion of the measurement period or final determination of the values of assets acquired, whichever comes first, any subsequent adjustments are recorded to acquisition related expenses in the consolidated statement of operations.

Tangible assets are valued at their respective carrying amounts, which approximate their estimated fair values. The valuation of identifiable intangible assets reflects management's estimates based on, among other factors, use of established valuation methods. Franchise agreements are valued using the multi-period excess earnings method, which estimates fair value based on the earnings and cash flow capacity of the subject asset. The trademark is valued using the relief-from-royalty method, which estimates fair value based on the value the owner of the asset receives from not having to pay a royalty to use the asset.

The purchase price transferred in acquisitions often contains holdback provisions. Holdbacks are subject to reduction for indemnification claims and are typically payable within 3 to 24 months.

Goodwill and other intangible assets

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the identifiable net assets acquired. Identifiable intangible assets include customer relationships, product technology and trademarks. The fair value of these intangible assets at the acquisition date is estimated using established valuation methods.

Goodwill and the trademark intangible asset are considered to have an indefinite life and are not amortized into operations but instead reviewed for impairment at least annually, or when there is an indicator of impairment.

Definite-lived intangible assets consist of identifiable intangible assets obtained in connection with the Company's business combination (see Note 7). Definite-lived intangible assets are amortized using the straight-line method, management's best estimate of the pattern of economic benefit, over their estimated useful lives. In accordance with ASC Topic 350 *Intangibles-Goodwill and Other*, goodwill and indefinite-lived intangibles are tested at least annually for impairment.

Note 2 – Summary of Significant Accounting Policies, Continued

Goodwill and other intangible assets, continued

Amortizable intangible assets are tested for impairment only when an indicator of impairment exists. There was no adjustment made to goodwill or other intangible assets during the Successor period ended December 31, 2024 as a result of management's impairment assessments.

Amortization of debt issuance costs

Amortization of debt issuance costs is provided using the interest method over the term of the related indebtedness. At December 31, 2024, the unamortized balance of debt issuance costs, shown as a reduction of long-term debt, was $620,566.

Stock-based compensation

Stock-based compensation is measured at the grant date based on the calculated fair value of the award. The Company recognizes expense on a straight-line basis over the employee's requisite service period, generally the vesting period of the award, or in the case of performance-based awards, over the shorter of the derived service period or when the performance hurdles are achieved. The Company recognizes forfeiture of equity-based awards as they occur.

For equity-based compensation of profits interest equity awards, the potential upside appreciation of such interest must be considered similar to an at-the-money option. Thus, in accordance with U.S. GAAP it would generally not be appropriate to value profits interests based on a hypothetical liquidation of the Company and application of the distribution "waterfall" as of the grant date.

Recently issued accounting pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes* (Topic 740): *Improvements in Income Tax Disclosures*, which enhances transparency and decision usefulness of income tax disclosures. ASU 2023-09 requires greater standardization and disaggregation of categories within an entity's tax rate reconciliation disclosure, as well as disclosure of income taxes paid by jurisdiction, amount other requirements. ASU 2023-09 is effective for annual periods ending after December 15, 2025, with early adoption permitted. The amendments in ASU 2023-09 may be applied on a prospective basis, with retrospective application permitted. Management expects adoption of ASU 2023-09 to impact its income tax disclosures with no material impact on the Company's consolidated financial statements.

In March 2024, the FASB issued ASU 2024-01, *Compensation – Stock Compensation* (Topic 718): *Scope Application of Profits Interest and Similar Awards*, which provides illustrative guidance to assist entities in determining whether profits interest and similar awards should be accounted for as share-based payment arrangements within the scope of FASB ASC 718, *Compensation – Stock Compensation*. The amendments in ASU 2024-01 are effective for private entities for annual periods beginning after December 15, 2025. Early adoption is permitted. The amendments of ASU 2024-01 should be adopted as of the beginning of the annual period.

The amendments under ASU 2024-01 should be applied either 1) retrospectively for all prior periods presented in the financial statements, or 2) prospectively to profits interest and similar awards granted or modified on or after the date which the entity first applies the amendments. Certain disclosures are required based on the application of adoption, retrospective or prospective, in the year the amendments are adopted. Management is evaluating the impact ASU 2024-01 will have on its consolidated financial statements.

Note 3 – Transaction

On December 4, 2024, Holdings entered into a transaction whereby it acquired from the sellers, indirectly or directly, all the ownership interests of Arthur Murray International, Inc. and its subsidiaries under the Equity Securities Purchase Agreement (the Transaction). The Company has accounted for the Transaction as a purchase under FASB ASC 805, *Business Combinations*. Accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on their respective fair values at the date of acquisition. The excess of the purchase price over the fair value of net assets acquired was recorded as goodwill.

Recognized amounts of identifiable assets acquired and liabilities assumed on December 4, 2024 follows:

Cash	$ 49,910
Licensee receivables, net	2,246,824
Other current assets	85,421
Property and equipment	7,877,149
Capitalized software development costs	882,711
Trademark	7,200,000
Franchise agreements	19,000,000
Other assets	86,899
Current liabilities	(2,539,432)
Deferred income taxes	(8,158,155)
Net identifiable assets	26,731,327
Goodwill	19,342,214
Net assets acquired	$ 46,073,541

Intangible assets acquired include trademarks for the Arthur Murray brand which is determined to have an indefinite life and franchise agreements which represent the intangible value of the Company's right to charge franchisees royalties, advertising contributions, and other fees. Franchise agreement intangible assets have an estimated useful life of fifteen (15) years.

The allocation of preliminary purchase price is subject to change within the measurement period, generally one year from the acquisition, and accordingly, adjustments will be made to the value of the assets acquired if additional information is obtained about facts and circumstances which existed at the date of acquisition. Goodwill is not expected to be deductible for income tax purposes. The fair value of deferred income taxes is a provisional amount pending the completion of a transaction cost analysis. Adjustments, if any, to the carrying amount of deferred income taxes and goodwill will be recorded as a measurement period adjustment.

As further discussed in Note 10, in conjunction with the Transaction, the Company and Holdings entered into a Credit and Guaranty Agreement (the Credit Facility) with a lending syndicate which provides for a $29,709,000 initial term loan (initial term loan), and a $3,000,000 revolving loan commitment (revolving loan) along with other lending commitments.

For the Predecessor period ended December 3, 2024, Transaction related costs incurred by the Company totaled $592,156, and are included in other (expense) in the accompanying consolidated statement of operations. Costs incurred by Holdings related to the acquisition of AMI are not recorded in the Company's separate consolidated financial statements.

Prior to the Transaction, the Company sold certain real property for a sales price of $780,000 and recognized a gain on sale of approximately $373,000 which is included in the accompanying consolidated statement of operations in the Predecessor period ended December 3, 2024.

Note 4 – Licensee Receivables, Net of Allowance

The Company accrues a royalty fee (generally 8.0%) based on the gross receipts of its licensees. In those instances where the licensee has become delinquent in remitting such fees, the Company may allow them to pay the current amounts plus an additional percentage (generally 2% to 3% of gross receipts) against their prior balances. That portion, which is reflected as a licensee receivable, net is management's estimate of the amount that will be collected during the subsequent fiscal year.

Management believes that the allowance for credit losses is sufficient to absorb any uncollected amounts. As of July 1, 2023, licensee receivables, net amounted to $1,330,700.

Licensee receivables, net are comprised of the following at December 31, 2024 (Successor) and June 30, 2024 (Predecessor):

	December 31, 2024 (Successor)	June 30, 2024 (Predecessor)
Licensee receivables	$ 3,413,387	$ 3,375,400
Other receivables	49,009	20,400
Subtotal	3,462,396	3,395,800
Less: Allowance for credit losses	(1,394,681)	(1,403,600)
Licensee receivables, net	$ 2,067,715	$ 1,992,200

The activity in the Company's allowance for credit losses related to licensee and other receivables consists of the following for the period ended December 31, 2024 (Successor), the period ended July 1, 2024 through December 3, 2024 (Predecessor) and the year ended June 30, 2024 (Predecessor):

	Successor Period Ended December 31, 2024	Predecessor Period Ended December 3, 2024	Predecessor Year Ended June 30, 2024
Beginning of period	$ -	$ 1,403,600	$ 1,378,000
Cumulative effect of adoption of credit loss standard	-	-	(277,600)
Acquisition date reserve for credit losses	1,327,876	-	-
Provision for credit losses	107,295	469,300	595,400
Write-offs	(40,490)	(545,024)	(287,100)
Recoveries	-	-	(5,100)
End of period	$ 1,394,681	$ 1,327,876	$ 1,403,600

Note 5 – Property and Equipment

Property and equipment at December 31, 2024 (Successor) and June 30, 2024 (Predecessor) is summarized as follows:

	December 31, 2024 (Successor)	June 30, 2024 (Predecessor)
Land	$ 102,763	$ 136,500
Buildings and improvements	7,672,237	1,967,900
Vehicles	83,560	198,100
Furniture and equipment	96,091	424,500
Subtotal	7,954,651	2,727,000
Less: accumulated depreciation	(20,151)	(1,431,300)
Property and equipment, net	$ 7,934,500	$ 1,295,700

Depreciation expense was $20,151 for the Successor period ended December 31, 2024 and $52,911 for the Predecessor period ended December 3, 2024 and $80,800 for the Predecessor year ended June 30, 2024.

Note 6 – Goodwill

Changes in the carrying amount of goodwill for the period ended December 31, 2024 are as follows:

Balance as of December 4, 2024 (date of Transaction)	$ -
Goodwill acquired	19,342,214
Balance as of December 31, 2024	$ 19,342,214

Note 7 – Intangible Assets, Net

The Company's intangible assets at December 31, 2024 include the following:

	Estimated Useful Life	Gross Carrying Value	Accumulated Amortization	Net
Franchise agreement	15 years	$ 19,000,000	$ (105,556)	$ 18,894,444
Trademarks	Indefinite life	7,200,000	-	7,200,000
Software	5 years	895,191	(14,920)	880,271
		$ 27,095,191	$ (120,476)	$ 26,974,715

Amortization of intangible assets was $120,476 for the Successor period ended December 31, 2024.

Estimated amortization of intangible assets for each of the next five years and thereafter, follows:

Year Ending December 31,	Amount
2025	$ 1,445,705
2026	1,445,705
2027	1,445,705
2028	1,445,705
2029	1,430,785
Thereafter	12,561,110
Total	$ 19,774,715

Note 7 – Intangible Assets, Net, Continued

As of December 3, 2024 (Predecessor) and June 30, 2024 (Predecessor), the Company had unamortized software development costs of $882,711 and $781,000, respectively. Software development costs were related to capitalized costs for technology products that were not yet completed for their intended use and thus not subject to amortization for the Predecessor periods.

Note 8 – Accrued Expenses

Accrued expenses consist of the following at December 31, 2024 (Successor) and June 30, 2024 (Predecessor):

	December 31, 2024 (Successor)	June 30, 2024 (Predecessor)
Accrued real estate taxes	$ 36,000	$ 361,100
Accrued retirement plan contribution	110,000	73,800
Accrued expenses, other	17,602	150,000
Accrued insurance	22,157	92,800
Accrued legal and other fees	261,008	97,700
Total	$ 446,767	$ 775,400

Note 9 – Deferred Revenue

Deferred revenue represents consideration received from franchisees for which the Company has not yet met its performance obligations or for which the earnings process is not yet complete. Deferred revenue amounted to $650,435 as of December 31, 2024 (Successor) and $108,300 as of June 30, 2024 (Predecessor).

Note 10 – Credit Facility

On December 4, 2024, Holdings, AMI LLC and AMI entered into a Credit Agreement with a lending syndicate (the lenders) which provided for a $29,709,000 initial term loan (initial term loan), a $3,000,000 revolving loan commitment (revolving loan), and incremental term loan commitments of up to $25,000,000 (the Credit Facility).

The loans accrue interest at either the Base Rate plus an Applicable Margin or the Term SOFR Adjusted Rate (as defined) plus an Applicable Margin (based on the Company's Total Debt to EBITDA Ratio) and is payable in accordance with the calculated interest rate period as such capitalized terms are defined in the Credit Agreement. The Term SOFR Rate is the per annum rate equal to Term SOFR plus an Applicable Margin ranging from 4.50% to 5.00%.

As of December 31, 2024, borrowings outstanding under the Credit Agreement bear interest at the Term SOFR (as defined) with an Applicable Margin of 4.75% (9.21% at December 31, 2024, and not significantly different than the effective interest rate). The Company is required to pay a quarterly revolving loan commitment fee of 0.5% per annum, based on the average daily unused portion of the revolving loan commitment. This fee is recorded as interest expense in the accompanying consolidated statement of operations.

The initial term loan, revolving loan, and any outstanding incremental term loans are scheduled to mature in December 2029 with prepayment of principal subject to certain prepayment premium through December 2026. Any outstanding borrowings on the revolving loan mature on December 4, 2029. Borrowings under the Credit Facility are collateralized by a Guaranty and Collateral Agreement in which all of the Company's business assets and assignable rights serve as the Credit Facility's collateral and are guaranteed by Holdings, AMI LLC and AMI.

Note 10 – Credit Facility, Continued

Under the Credit Agreement, the Company is required to calculate its Excess Cash Flow, as defined, and to prepay principal within 125 days after the end of each fiscal year. Management determined that no Mandatory Excess Cash Flow prepayments were due as of December 31, 2024.

The Credit Agreement provides for additional borrowings of up to $25,000,000 in incremental term loans (ITLs) to make permitted acquisitions and are available upon the Company meeting certain defined operating and financial ratios, subject to the approval of the lenders.

In addition, as part of the Transaction, the lenders purchased 50,000 Class B units in Holdings in the amount of $500,000. The Credit Agreement requires the Company to meet certain quarterly and annual financial covenants. There were no outstanding borrowings on the revolving loan as of December 31, 2024. Debt at December 31, 2024 includes the following:

Incremental term loan	$ 29,709,000
Less: unamortized debt issuance costs	(620,566)
Subtotal	29,088,434
Less: current portion	(1,188,360)
Debt, net	$ 27,900,074

Debt maturities

Principal due on the debt in years subsequent to December 31, 2024 follows:

Year Ending December 31,	Amount
2025	$ 1,188,360
2026	1,188,360
2027	1,188,360
2028	1,188,360
2029	24,955,560
Total	$ 29,709,000

Interest

For the Successor period ended December 31, 2024, interest costs totaled $215,764, including $9,319 in amortization of debt issuance costs. Unamortized debt issuance costs, totaling $620,566 at December 31, 2024, related to the Credit Agreement, are being amortized over the term of the Credit Agreement.

Note 11 – Income Taxes

Differences between financial statement carrying amounts and tax bases of assets and liabilities that give rise to significant portions of the deferred income tax assets and liabilities as of December 31, 2024 (Successor), December 3, 2024 (Predecessor), and June 30, 2024 (Predecessor) are as follows:

	As of December 31, 2024 (Successor)	As of December 3, 2024 (Predecessor)	As of June 30, 2024 (Predecessor)
Deferred tax assets (liabilities):			
Allowance for credit losses	$ 385,924	$ 336,600	$ 355,800
Deferred compensation	198,703	198,700	-
Lease liability	18,878	23,500	20,100
Deferred tax assets	603,505	558,800	375,900
Intangible assets	(6,614,942)	-	-
Property and equipment	(1,949,824)	(149,200)	(178,500)
Software development costs	(119,704)	(121,400)	(97,300)
Deferred tax liabilities	(8,684,470)	(270,600)	(275,800)
Net deferred tax asset (liability)	$ (8,080,965)	$ 288,200	$ 100,100

Deferred income taxes reflect the Company's net effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and used for income tax purposes.

Income tax provision (benefit) for the Successor and Predecessor periods is comprised as follows:

	Successor Period Ended December 31, 2024			
	Federal	State	Foreign	Total
Current	$ 92,289	$ 23,605	$ 9,551	$ 125,445
Deferred	(60,427)	(16,763)	-	(77,190)
Total	$ 31,862	$ 6,842	$ 9,551	$ 48,255

	Predecessor Period Ended December 3, 2024			
	Federal	State	Foreign	Total
Current	$ 612,206	$ 166,103	$ 58,704	$ 837,013
Deferred	(147,200)	(40,900)	-	(188,100)
Total	$ 465,006	$ 125,203	$ 58,704	$ 648,913

	Predecessor Year Ended June 30, 2024			
	Federal	State	Foreign	Total
Current	$ 510,900	$ 155,000	$ 124,300	$ 790,200
Deferred	154,800	43,000	-	197,800
Total	$ 665,700	$ 198,000	$ 124,300	$ 988,000

When applicable, the Company accrues interest and penalties on the underpayment of federal and state income taxes.

Note 12 – Employee Retirement Plan

The Company sponsors a qualified IRC Section 401(k) plan (the Plan) under which all employees may annually contribute up to the maximum dollar limitations established by the IRS. The Company has reserved the right to make matching and discretionary contributions to the Plan. Contributions made by the Company amounted to $31,022 for the Successor period ended December 31, 2024, $44,600 for the Predecessor period ended December 3, 2024 and $198,600 for the Predecessor year ended June 30, 2024.

Note 13 – Leases

The Company's lease arrangements primarily consist of office equipment. Variable lease payments that do not depend on an index or rate or resulting from changes in an index rate subsequent to the lease commencement date, are recorded as lease expense in the period in which the obligation for the payment is incurred. The Company's leases do not contain any material residual value guarantees or restrictive covenants.

The Company's lease ROU assets represent its right to use an underlying asset during the lease term and its lease liabilities represent the Company's obligation to make lease payments arising from the lease. Finance lease ROU assets are included in property and equipment, and finance lease liabilities are included as lease liabilities, net of current portion and current portion of lease liabilities in the accompanying consolidated balance sheets as of December 31, 2024 (Successor) and June 30, 2024 (Predecessor).

The following table presents the Company's finance lease ROU assets and lease liabilities at December 31, 2024 (Successor) and June 30, 2024 (Predecessor):

	December 31, 2024 (Successor)	June 30, 2024 (Predecessor)
Right-of-use assets	$ 74,471	$ 92,600
Current lease liabilities	$ 23,007	$ 30,100
Lease liabilities, net of current	51,512	62,500
Total lease liabilities	$ 74,519	$ 92,600

The Company's finance lease expense consists of amortization of ROU assets and interest on lease liabilities which are included in general and administrative expenses in the accompanying consolidated statements of operations. Interest expense incurred under the Company's finance leases amounted to $239 for the Successor period ended December 31, 2024, $1,304 for the Predecessor period ended December 3, 2024, and $2,300 for the Predecessor year ended June 30, 2024.

The following table presents a maturity analysis of the Company's finance lease liabilities as of December 31, 2024 for the next five years:

Year Ending December 31,	Minimum Lease Payments
2025	$ 25,380
2026	24,124
2027	18,072
2028	9,598
2029	2,400
Total minimum lease payments	79,574
Less: imputed interest	(5,055)
Present value of minimum lease payments	$ 74,519

Note 13 – Leases, Continued

The following table presents the weighted average remaining lease term and discount rate of the Company's finance leases at December 31, 2024 (Successor) and June 30, 2024 (Predecessor):

	December 31, 2024 (Successor)	June 30, 2024 (Predecessor)
Weighted average remaining lease term (years)	3.45	3.67
Weighted average discount rate	3.81%	3.71%

The following table presents supplemental disclosure of cash flow information associated with the Company's leases for each of the period presented:

	Successor period ended December 31, 2024	Predecessor period ended December 3, 2024	Predecessor year ended June 30, 2024
Cash paid for amounts included in the measurement of lease liabilities:			
Operating activities	$ 239	$ 1,304	$ 2,300
Financing activities	$ 3,027	$ 15,028	$ 29,700
Right-of-use assets obtained in exchange for new lease liability	$ -	$ -	$ 43,000

Note 14 – Concentrations

Concentrations of credit risk

Financial instruments that potentially subject the Company to concentration credit risk consist principally of cash and cash equivalents and licensee receivables. During the year, the Company's account balances with financial institutions may exceed federally insured limits of the Federal Deposit Insurance Corporation and other agencies. Management regularly monitors their balances and attempts to keep this potential risk to a minimum by maintaining their accounts with financial institutions that they believe are of good quality.

The Company may have a concentration of credit risk with respect to licensee receivables, as substantially all customers are affiliated with the dance entertainment industry. The Company has a large number of licensees on which it performs ongoing credit evaluations. The Company generally does not require collateral from its licensees. The Company maintains an allowance for credit losses based upon expected collectability of all licensee receivables. Therefore, no additional credit losses beyond amounts provided for collection losses are believed inherent in the Company's licensee receivables.

Geographic concentration

While the Company has world-wide operations, there is a concentration of revenues in the United States. Concentration of revenues in the United States was approximately 92% for both the Predecessor and Successor periods. Foreign revenues approximate 8% of total revenues in both the Successor and Predecessor periods. The following table reflects the geographic regions where the concentration of revenues is generated:

	Successor period ended December 31, 2024	Predecessor period ended December 3, 2024	Predecessor year ended June 30, 2024
United States	$ 1,276,421	$ 6,976,840	$ 15,607,200
Foreign	85,307	608,488	1,272,600
Total	$ 1,361,728	$ 7,585,328	$ 16,879,800

Note 14 – Concentrations, Continued

Geographic concentration, continued

The Company enters into franchise agreements with unrelated third parties to operate dance studios using the "Arthur Murray" brand within defined geographical areas. The Company believes that franchising is an effective and efficient means to expand the Arthur Murray brand. The franchisee is required to operate its centers in compliance with its franchise agreement that includes adherence to operating and quality control procedures established by the Company.

Note 15 – Contingencies

From time to time, the Company is subject to legal proceedings which arise in the ordinary course of its business. Management believes that the final resolution of these matters will not have a material adverse effect on the Company's consolidated financial position, cash flows, or results of operations.

Note 16 – Related Party Transactions

On the date of the Transaction, the Company entered into a management services agreement (the agreement) with Clarion Capital Partners, LLC (Clarion), an affiliate of the majority Class A partner of Holdings, to provide the Company with certain ongoing advisory and management services. Management fee expense of $29,469 was recorded for the period ended December 31, 2024 for advisory and management services. As part of the agreement, the Company will pay an annual fee, equal to 2% of the invested capital, as defined.

The Company shall also pay Clarion an additional service fee as consideration for strategic and acquisition or divestiture advisory, sourcing, structuring, and the evaluation services that Clarion provides in connection with such strategic transactions. The service fee shall be an amount equal to 1.5% of the Aggregate Consideration, as defined in the agreement.

In connection with the December 3, 2024 change in control, the Company entered into a deferred compensation arrangement with the estate of AMI's former Chairman of the Board of Directors in the amount of $783,836 which will be settled in cash during the year ending December 31, 2025. Compensation expense for the deferred compensation arrangement has not been included in the Predecessor or Successor periods in the consolidated statements of operations, as the agreement was entered into as a result of the change in control transaction, and is therefore deemed an "on-the-line" expense.

Note 17 – Incentive Plan

Effective on December 4, 2024, Holdings' Board of Managers approved and adopted the AMII Holdings, LP 2024 Equity Incentive Plan (the Plan).

The purpose of the Plan is to advance the best interests of the Company by providing directors, managers, officers, executives, and other key employees, as well as consultants and other service providers, with a significant additional incentive to promote the financial success of the Company. The Plan aims to attract and retain individuals of exceptional talent to contribute to the sustained progress, growth, and profitability of the Company by providing such individuals with an opportunity to participate in the Company's future appreciation. The Plan provides that the maximum aggregate number of Incentive Units which may be issued thereunder is 388,888.

The awards meet the criteria to be treated in accordance with ASC 718, given the awards will settle in cash in the event of a change of control event; however, as a change of control event is not considered probable until it occurs, accordingly, no compensation expense and no liability has been recognized for these awards as of December 31, 2024.

Note 17 – Incentive Plan, Continued

Incentive units may vest immediately, in one or more installments, upon the occurrence of certain events, upon the passage of a specified period of time, upon the fulfillment of certain conditions, or upon the achievement by Holdings of certain performance goals.

The awards under the Plan consist of units with the following key terms:

- Vesting – approximately 25% of a participant's award are Time-Vest Class P Units and 75% are Performance-Vest and Enhanced-Performance-Vest Class P Units.

- Time-Vest Class P Units vest on individually determined vesting schedules.

- Performance-Vest Class P and Enhanced-Performance-Vest Class P Units vest upon achievement of specified liquidity event and performance metrics.

As of December 31, 2024, 291,666 incentive units were granted. No granted Time-Vest units were vested as of December 31, 2024.

Note 18 – Subsequent Events

Management evaluated activity of the Company subsequent to December 31, 2024 through August 20, 2025, the date on which the consolidated financial statements were available to be issued, for events that require recognition in the consolidated financial statements or disclosure in the notes thereto.

On March 6, 2025, AMI, LLC entered into a mortgage agreement in the amount of $7,350,000 to ensure the payment and performance of all obligations under the Credit Agreement and related loan documents. The mortgage is collateralized by the office building, located in Coral Gables, Florida.

ARTHUR MURRAY INTERNATIONAL, INC. AND SUBSIDIARY

REPORT ON AUDITS OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

ARTHUR MURRAY INTERNATIONAL, INC. AND SUBSIDIARY

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ACCOUNTANTS & ADVISORS

Independent Auditor's Report

To the Shareholders and Board of Directors
Arthur Murray International, Inc.
Coral Gables, Florida

Opinion

We have audited the accompanying consolidated financial statements of Arthur Murray International, Inc. and subsidiary (a Delaware corporation), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Arthur Murray International, Inc. and subsidiary as of June 30, 2024 and 2023, and the results of their operations and their 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 Arthur Murray International, Inc. and subsidiary 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 the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arthur Murray International, Inc. and subsidiary's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated financial statements.

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

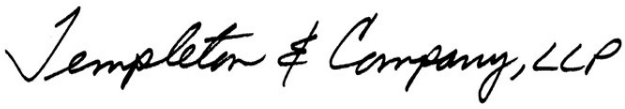
- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Arthur Murray International, Inc. and subsidiary'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arthur Murray International, Inc. and subsidiary'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.



Fort Lauderdale, Florida
November 12, 2024

ARTHUR MURRAY INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,289,700	$ 4,964,000
Licensee receivables, net of allowance for credit losses	1,992,200	1,617,900
Refundable federal and state income taxes	346,500	63,800
Other current assets	178,300	203,100
Total current assets	6,806,700	6,848,800
Property and equipment, net	1,203,100	1,283,900
Software development costs	781,100	607,200
Cash value of officer's life insurance	-	1,415,100
Deferred tax assets, net	100,100	297,900
Right-of-use assets - operating leases	92,600	79,300
Other assets	9,400	9,400
Total assets	$ 8,993,000	$ 10,541,600
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 185,600	$ 118,800
Accrued expenses	770,200	620,400
Deferred revenue	108,300	134,900
Deferred non-qualified compensation agreements, current portion	-	75,000
Current portion of lease liabilities	30,100	27,700
Dividends payable	5,200	5,200
Total current liabilities	1,099,400	982,000
Lease liabilities, net of current portion	62,500	51,600
Deferred non-qualified compensation agreements, net of current portion	-	681,100
Total liabilities	1,161,900	1,714,700
Shareholders' equity:		
Common stock, $1 par value; 100,000 shares authorized; issued and oustanding 34,600 shares	34,600	34,600
Retained earnings	7,796,500	8,792,300
Total shareholders' equity	7,831,100	8,826,900
Total liabilities and shareholders' equity	$ 8,993,000	$ 10,541,600

See accompanying notes to consolidated financial statements.

ARTHUR MURRAY INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended June 30, 2024 and 2023

	2024	2023
Revenue:		
Licensee fees	$ 11,992,100	$ 10,832,700
Dance-O-Rama's	4,798,900	4,430,700
Other income	88,800	150,400
Total revenue	16,879,800	15,413,800
Operating expenses:		
Dance-O-Rama's	2,841,700	2,707,400
Compensation and benefits	6,601,700	6,554,300
Advertising and marketing	458,400	980,200
General and administrative	1,996,000	1,833,700
Licensee support services	635,700	528,100
Depreciation	80,800	79,200
Total operating expenses	12,614,300	12,682,900
Income from operations	4,265,500	2,730,900
Other income (expense):		
Change in value (realized and unrealized) on cash surrender value life insurance policies	(87,500)	61,500
Other expense	(55,600)	-
Foreign exchange losses	(20,700)	(20,000)
Total other income (expense), net	(163,800)	41,500
Income before provision for income taxes	4,101,700	2,772,400
Provision for income taxes	988,000	702,000
Net income	$ 3,113,700	$ 2,070,400
Basic and diluted earnings per common share	$ 90.17	$ 59.96
Weighted average common shares outstanding used in computing basic earnings per share	$ 34,532	$ 34,532

See accompanying notes to consolidated financial statements.

ARTHUR MURRAY INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended June 30, 2024 and 2023

	Common Stock		Retained	
	Shares	Amount	Earnings	Total
Balance, July 1, 2022	34,600	$ 34,600	$ 7,239,900	$ 7,274,500
Net income	-	-	2,070,400	2,070,400
Dividends declared, $18 per share	-	-	(518,000)	(518,000)
Balance, June 30, 2023	34,600	34,600	8,792,300	8,826,900
Cumulative effect of adoption of accounting principle	-	-	206,800	206,800
Net income	-	-	3,113,700	3,113,700
Dividends declared, $125 per share	-	-	(4,316,300)	(4,316,300)
Balance, June 30, 2024	34,600	$ 34,600	$ 7,796,500	$ 7,831,100

See accompanying notes to consolidated financial statements.

ARTHUR MURRAY INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Net income	$ 3,113,700	$ 2,070,400
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	80,800	79,200
Provision for credit losses	590,400	226,600
Deferred compensation agreements	(668,600)	(69,900)
Deferred income taxes	127,000	(83,200)
Loss on sale of equipment	-	8,500
Realized loss on cash surrender value life insurance	87,600	-
Changes in operating assets and liabilities:		
Increase in licensee receivables	(687,100)	(619,800)
(Increase) decrease in refundable income taxes	(282,700)	110,200
Decrease in other current assets	24,800	286,600
Increase (decrease) in accounts payable	66,800	(45,800)
Increase (decrease) in accrued expenses	149,800	(81,200)
(Decrease) increase in deferred revenue	(26,600)	28,200
Net cash provided by operating activities	2,575,900	1,909,800
Cash flows from investing activities:		
Purchase of property and equipment	-	(112,000)
Proceeds from sales of equipment	-	22,500
Software development costs paid	(173,900)	(248,200)
Increase in other assets	-	(61,600)
Proceeds from cash surrender value life insurance	1,240,000	-
Net cash provided by (used in) investing activities	1,066,100	(399,300)
Cash flows from financing activities:		
Dividends paid on common stock	(4,316,300)	(656,100)
Net cash used in financing activities	(4,316,300)	(656,100)
Net (decrease) increase in cash and cash equivalents	(674,300)	854,400
Cash and cash equivalents, beginning of year	4,964,000	4,109,600
Cash and cash equivalents, end of year	$ 4,289,700	$ 4,964,000
Supplemental cash flow disclosure:		
Income taxes paid	$ 708,900	$ 410,000

See accompanying notes to consolidated financial statements.

ARTHUR MURRAY INTERNATONAL, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Organization and Nature of Business

Arthur Murray International, Inc. (the Company) was organized under the laws of the State of Delaware in 1964. The Company grants licenses and franchises to operate dancing schools under the name of Arthur Murray and provides various support services. The Company has granted licenses and franchises in the United States and in approximately nineteen (19) foreign countries.

The consolidated financial statements include the accounts of the Company and its wholly owned foreign subsidiary, Arthur Murray (S.A.) (Proprietary) Limited, a company incorporated under the laws of the country of South Africa.

The foreign subsidiary is in the process of being liquidated. The liquidation of the foreign subsidiary will have no material impact on the consolidated financial position, future results of consolidated operations and consolidated cash flows of the Company. The liquidation is expected to be completed during the 2025 fiscal year. The delay in the final liquidation is being caused by compliance requirements of the foreign country. For the years ended June 30, 2024 and 2023, the foreign subsidiary had no impact on the Company's consolidated financial statements.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation and accounting

Arthur Murray International, Inc. and subsidiary prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

Management estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Certain amounts included in the consolidated financial statements are estimated based on currently available information and management's judgment as to the outcome of future conditions and circumstances. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the consolidated financial statements and actual results could differ from the estimates and assumptions. Significant areas where estimates and judgments are relied upon by management in the preparation of the consolidated financial statements include revenue recognition, the expected life of franchise agreements, the useful life of reacquired rights, and the evaluation of the recoverability of long-lived assets. Actual results could differ from those estimates.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, receivables, accounts payable, accrued expenses, and deferred revenue approximate their fair values because of the short-term nature of their maturities.

Note 2 – Summary of Significant Accounting Policies, Continued

Impairment of long-lived assets

Management assesses the recoverability of long-lived assets, which primarily consists of property and equipment with finite useful lives, whenever events or changes in circumstances indicate the change in value may not be recoverable. Management determined that there was no impairment of its long-lived assets for the years ended June 30, 2024 and 2023.

Revenue recognition

Revenues are recorded in accordance with the FASB ASC 606, *Revenue from Contracts with Customers (Topic 606),* which outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with licensees. The Company's revenues are comprised of royalty fees, event revenues, marketing fees, and other revenues which include franchise fees. Topic 606 applies a five-step model that includes: (1) identifying the contract with a licensee, (2) identifying the separate performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations in the contract, and (5) recognizing the appropriate amount of revenue when (or as) the performance obligations are satisfied. The Company usually identifies the separate performance obligations for its revenue sources and allocates revenue to each separate performance obligation.

Royalty fees (licensee fee) are earned based on a percentage of franchisees' gross sales. The royalty fee is typically 8.0% of the franchisees' gross sales for such period and payment is remitted to the Company on a monthly basis and recognized in the period the franchisees' sales occur as licensees submit weekly revenue reports, which are reported on the cash basis of accounting.

Dance-O-Rama's, are closed dance competitions for licensees, revenue is earned when a particular function has been completed and all related costs of the function have been paid or accrued.

Franchise fees consist of initial franchise fees due at contract inception. The Company's primary performance obligations under the franchise license are granting the use of the Arthur Murray trademarks, system, training, preopening assistance, and studio operating assistance in exchange for franchise fees. The rights to use the Company's intellectual property, and all other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for under Topic 606 as a single performance obligation, which is satisfied by granting certain rights to use its intellectual property over the term of each franchise agreement.

Initial franchise fees are payable by the franchisee upon signing a new franchise agreement and are recognized as revenue on a straight-line basis commencing at contract inception through the end of the initial franchise license term. Franchise agreements generally have terms of 10 years beginning on the date the dance studio is opened and the initial franchise fees are amortized over a period approximating the term of the agreement. These agreements also convey one extension term for up to 10 years, depending on contract terms if certain conditions are met.

Deferred revenue

Amounts collected for franchise fees in advance of satisfying the revenue recognition criteria are recorded as deferred revenue.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less at the time of purchase to be cash equivalents. The Company places its cash and cash equivalents with high credit-quality financial institutions. From time to time, such balances may exceed the FDIC insurance limit.

Note 2 – Summary of Significant Accounting Policies, Continued

Licensee receivables

Licensee receivables are recorded at net realizable value, consisting of the carrying amount less an allowance for credit losses, as needed. The Company evaluates the collectability of its licensee receivables on an ongoing basis and may establish an allowance for credit losses based on a combination of historical experience, aging analysis, current economic conditions and reasonable forecasts, along with information related to specific accounts. Account balances are written off against the allowance after all means of collection have been exhausted and it is determined that further collection efforts will be unsuccessful. Recoveries of accounts previously written off are recorded as income when received.

Cash surrender value life insurance

Through June 2024, The Company was the owner and beneficiary under cash surrender value life insurance policies on the lives of certain directors and executives. The cash surrender value for some of the policies was dependent upon the investment performance of certain mutual funds. Accordingly, the cash surrender values of these policies were subject to market fluctuations and other investment risks. Any increase or decrease in cash surrender value, net of premiums paid, was included in other income (expenses), net in the consolidated statements of income for the years ended June 30, 2024 and 2023.

Licensee funding

Periodically, the Company funds certain licensee operating deficits when, in the opinion of management, a specific studio bankruptcy or other financial difficulty would not be in the best interest of the Company. This policy has been established in order to promote goodwill and to avoid potential unwarranted litigation in connection with uncompleted franchise development agreements, deposit agreements, and/or other matters. These expenditures are charged to operations when incurred. Such costs were not significant for the years ended June 30, 2024 and 2023.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the related assets, which range as follows:

Buildings and improvements	33–40 years
Vehicles	5 years
Furniture	5–10 years

Repairs and routine maintenance are charged to operations as incurred, and expenditures for significant betterments and renewals are capitalized.

Capitalized software development costs

The Company purchases and develops software for internal and franchisee use. Software development costs, upgrade and enhancement costs incurred during the application development stage that result in additional or new functionality and utilization are capitalized. Costs incurred during the preliminary project and post-implementation stages are expensed as incurred. Capitalized software development costs are generally amortized over a term of three to five years once the software and/or application developed for externally marketed software is available for general release to franchisees. The Company includes these software purchases, consulting costs and external and internal software development charges as software development costs in the accompanying consolidated balance sheets. These purchases are segregated and not amortized until the software solution or significant components are ready for general release to franchisees. Recurring licensing or maintenance fees are expensed as incurred.

Note 2 – Summary of Significant Accounting Policies, Continued

Intangible assets

Domain names are recorded at cost and were amortized on the straight-line method over periods ranging from 3 to 10 years. Any impairment is recognized when the expected future operating cash flows derived from such intangible assets is less than their carrying value. All intangible assets have been fully amortized as of both June 30, 2024 and 2023.

Income taxes

The Company accounts for income taxes in accordance with ASC 740, *Accounting for Income Taxes* (ASC 740), which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax bases of its assets and liabilities by applying the enacted tax rates in effect for the year in which the differences are expected to reverse. Such net tax effects on temporary differences are reflected on the Company's consolidated balance sheets as deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when the Company believes that it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The provision for income taxes includes taxes currently payable and those deferred because of the differences between the financial statement and the tax basis of assets and liabilities. Those differences are principally the allowance for credit losses, accelerated depreciation over straight-line depreciation and deferred non-qualified compensation agreements versus the accrual basis of accounting. Each corporation files its own income tax return.

ASC 740 prescribes a two-step approach for the recognition of tax benefits associated with the positions taken or expected to be taken in a tax return that affect amounts reported in the consolidated financial statements. The Company includes income tax-related interest and penalties relating to uncertain tax positions, if applicable, as a component of its provision for income taxes. Management believes there are no uncertain tax positions to be recognized under ASC 740 as of June 30, 2024 and 2023.

Leases

The Company classifies a lease as an operating or finance lease using the classification criteria set forth in ASC 842, Leases. The Company recognizes a right-of-use (ROU) asset and a corresponding lease liability on its consolidated balance sheet as of the lease commencement date based on the present value of the lease payments over the lease term. The discount rate used to calculate the present value of the Company's leases is based on a risk-free rate based on the information available at the commencement date since the Company's leases do not provide a readily determinable implicit rate.

The term of a lease is inclusive of any option to renew, extend, or terminate the lease when it is reasonably certain that the Company will exercise such option. For operating leases, lease expense is recognized on a straight-line basis over the lease term. For finance leases, ROU assets are amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the leased asset. The Company does not recognize ROU assets for leases with the term of 12 months or less.

Advertising

The Company records advertising and promotion costs, as well as promotional event costs, in advertising and marketing in the consolidated statements of income in the period when the advertising costs are incurred. Advertising expenses include print, digital and social media advertising costs.

Note 2 – Summary of Significant Accounting Policies, Continued

Basic and diluted per share amounts

Basic and diluted net income per share is computed using the weighted average number of common shares outstanding during the period. The Company does not have any features to its common stock which would cause dilution to the basic per share amounts; therefore, no diluted per share amounts are presented. Net income is used for computing earnings per share.

Reclassifications

In order to facilitate comparison of financial information, certain amounts reported in the 2023 consolidated financial statements have been reclassified to conform to the 2024 presentation.

Foreign currency translation

The Company's foreign subsidiary (which is inactive) is considered to be an extension of the domestic operation and any translation gains and losses related to that subsidiary are included in operations. As the U.S. dollar is utilized as the functional currency, gains and losses resulting from foreign currency translations (transactions denominated in a currency other than the subsidiary's functional currency) are also included in operations. There were no operations in the foreign subsidiary during the past few years.

Adjustments for currency exchange rates on collection of royalties from studios in foreign countries are charged to operations as incurred. All accrual revenues from outside the United States are translated into U.S. dollars at period-end transaction date exchange rates.

Recently adopted accounting standards

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13*, Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments (ASC 326)*, which changes the impairment model for most financial assets. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The new model uses a forward-looking expected loss method, which will generally result in earlier recognition of allowances for credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were licensee receivables.

The Company adopted the standard effective July 1, 2023, utilizing a cumulative-effect adjustment to retained earnings, net of income taxes, for all financial assets measured at amortized cost. As a result of the adoption, the Company recorded a transition adjustment, which included a $277,600 decreased to the allowance for credit losses for licensee receivables, decrease in deferred tax assets by $70,800, and an increase to retained earnings of $206,800 at the effective date of July 1, 2023, which represents the cumulative effect as of July 1, 2023.

Note 3 – Licensee Receivables, Net of Allowance for Credit Losses

The Company accrues a royalty fee (generally 8.0%) based on the gross receipts of its licensees. In those instances where the licensee has become delinquent in remitting such fees, the Company will allow them to pay the current amounts plus an additional percentage (generally 2% to 3% of gross receipts) against their prior balances. That portion, which is reflected as a licensee receivable, net is management's estimate of the amount that will be collected during the subsequent fiscal year. Management believes that the allowance for credit losses is sufficient to absorb any uncollected amounts, as well as to provide a discount for receivables collected over an extended period.

Note 3 – Licensee Receivables, Net of Allowance for Credit Losses, Continued

Licensee receivables, net are comprised of the following at June 30, 2024 and 2023:

	2024	2023
Licensee receivables	$ 3,375,400	$ 2,730,700
Other receivables	20,400	209,600
Subtotal	3,395,800	2,940,300
Less: Allowance for credit losses	(1,403,600)	(1,322,400)
Licensee receivables, net	$ 1,992,200	$ 1,617,900

The activity in the Company's allowance for credit losses related to licensee and other receivables consists of the following for the years ended June 30,:

	2024	2023
Beginning of year	$ 1,378,000	$ 1,254,400
Cumulative effect, adoption of credit loss standard	(277,600)	-
Provision for credit losses	595,400	226,600
Write-offs	(287,100)	(158,600)
Recoveries	(5,100)	-
End of year	$ 1,403,600	$ 1,322,400

Note 4 – Property and Equipment

Property and equipment at June 30, 2024 and 2023 is summarized as follows:

	2024	2023
Land	$ 136,500	$ 136,500
Buildings and improvements	1,967,900	1,967,900
Vehicles	105,500	105,500
Furniture	424,500	424,500
Subtotal	2,634,400	2,634,400
Less: accumulated depreciation	(1,431,300)	(1,350,500)
Property and equipment, net	$ 1,203,100	$ 1,283,900

Depreciation expense for the years ended June 30, 2024 and 2023 totaled $80,800 and $79,200, respectively.

Note 5 – Other Current Assets

Other current assets are comprised of the following at June 30, 2024 and 2023:

	2024	2023
Due from officers and employees	$ 86,700	$ 156,200
Other prepaid expenses	84,800	37,000
Prepaid advertising and promotional costs	6,800	9,900
	$ 178,300	$ 203,100

Note 6 – Software Development Costs

The table below reflects the carrying values of capitalized software development costs as of June 30, 2024 and 2023:

	2024	2023
Software development costs	$ 781,100	$ 607,200
Less: accumulated amortization	-	-
Software development costs	$ 781,100	$ 607,200

As of June 30, 2024 and 2023, capitalized software development costs were related to technology projects not yet complete and ready for their intended use and thus were not subject to amortization.

The estimated future amortization of capitalized software development costs in each of the years subsequent to June 30, 2024 follows:

Year Ending June 30,	Amount
2025	$ 260,400
2026	260,400
2027	260,300
Total	$ 781,100

Note 7 – Accrued Expenses

Accrued expenses consisted of the following at June 30, 2024 and 2023:

	2024	2023
Accrued bonuses, commissions and payroll taxes	$ 361,100	$ 262,200
Accrued real estate taxes	73,800	73,800
Accrued retirement plan contribution	150,000	160,000
Accrued expenses, other	92,800	50,400
Accrued professional fees	92,500	74,000
Total	$ 770,200	$ 620,400

Note 8 – Deferred Revenue

The deferred revenue balances represent consideration received from the franchisee for which the Company has not yet met its performance obligations or for which the earnings process is not yet complete. As of June 30, 2024 and 2023, the Company's deferred revenue balance amounted to $108,300 and $134,900, respectively. For the years ended June 30, 2024 and 2023, the Company recognized revenue of approximately $135,000 and $106,000 of that which was deferred at the end of the prior reporting period.

Note 9 – Income Taxes

Differences between financial statement carrying amounts and tax bases of assets and liabilities that give rise to significant portions of the deferred income tax assets and liabilities as of June 30, 2024 and 2023 are as follows:

	2024	2023
Deferred tax assets (liabilities):		
Allowance for credit losses	$ 355,800	$ 349,300
Deferred compensation agreements	-	191,700
Software development costs	(97,300)	-
Tax differences in depreciation of property and equipment	(158,400)	(243,100)
Right-of-use assets – operating lease	(20,100)	(20,100)
Lease liability – operating lease	20,100	20,100
Net deferred tax assets	$ 100,100	$ 297,900

The difference between the federal income tax rate computed by the statutory federal income tax rate and the Company's actual income tax rate, as reflected in the consolidated financial statements, is due to state income taxes, net of federal tax benefit and certain permanent differences including CARES Act Employee Retention Credits, and appreciation in value of cash surrender life insurance policies.

Income tax provision (benefit) is comprised as follows for the years ended June 30, 2024 and 2023:

	2024			
	Federal	State	Foreign	Total
Current	$ 510,900	$ 155,000	$ 124,300	$ 790,200
Deferred	154,800	43,000	-	197,800
Total	$ 665,700	$ 198,000	$ 124,300	$ 988,000

	2023			
	Federal	State	Foreign	Total
Current	$ 479,300	$ 186,200	$ 119,700	$ 785,200
Deferred	(65,100)	(18,100)	-	(83,200)
Total	$ 414,200	$ 168,100	$ 119,700	$ 702,000

When applicable, the Company recognizes accrues interest and penalties on the underpayment of federal and state income taxes. For the years ended June 30, 2024 and 2023, accrued interest and penalties amounted to approximately $5,600 and $5,200, respectively, which have been charged to operations as general and administrative expense.

Note 10 – Employee Benefit Plan

The Company sponsors a 401(k) plan under which all employees may annually contribute up to the maximum dollar limitations established by the IRS. The Company has reserved the right to make matching and discretionary contributions to the plan. The Company made contributions to the plan of approximately $198,600 and $243,000, respectively, for the years ended June 30, 2024 and 2023.

Note 11 – Deferred Compensation Agreements

The Company had two (2) deferred non-qualified compensation agreements. The agreements were with a former officer and a current officer of the Company who were or are also shareholders and directors of the Company. The deferred compensation agreements were recorded on an annual basis as a liability, applying a discount rate of 5.8%.

Former director's agreement

One agreement was with a deceased director (former director) which provided for an annual payment of $75,000 to the deceased's estate for a period of fifteen (15) years. The remaining balance of $18,750 of the former officer's deferred compensation was paid during the year ended June 30, 2024.

Current director's agreement

The second deferred compensation agreement with a current director (shareholder/director) of the Company was terminated on March 1, 2024. Under the terms of the agreement, as amended, subsequent to retirement or death, the officer (estate or trust) would receive continuing salary compensation not to exceed one (1) year from the date of the event at the then annual compensation.

The total deferred compensation commitment under this agreement amounted to $1,125,000, plus the amount equal to the former employee's monthly salary of twelve (12) months. Under the terms of the agreement, the present value of the unfunded liability prior to termination amounted to $738,000 at June 30, 2023 and was included in deferred non-qualified compensation agreements.

The Company owned and paid the cost of two (2) life insurance policies on the life of the current officer/shareholder/director covered under the deferred non-qualified compensation agreement.

While in effect, each of those policies had a total face value death benefit of $1,000,000. Upon the death of that officer/shareholder/director $500,000 would be available to provide funds to the Company with respect to the agreement with the officer who passed away in 2007 and $500,000 would be available to provide funds to the Company with respect to the surviving officer.

On June 19, 2024, the Company's life insurance policies were surrendered, with proceeds from the cash surrender value life insurance policies used to fund the deferred compensation payment of $1,209,800, per the termination agreement that included an amount equal to the employee's monthly salary for twelve (12) months, totaling $456,000, and the net present value of the deferred non-qualified compensation agreement of $753,800. A realized loss related to the change in value of the cash surrender value life insurance policies was recognized in change in value on cash surrender life insurance policy totaling $87,500, for the year ended June 30, 2024.

For the year ended June 30, 2023, total net adjustments pertaining to the discounted present value of the deferred compensation agreements amounted to $69,900.

Note 12 – Leases

The Company's lease arrangements primarily consist of office equipment. Variable lease payments that do not depend on an index or rate or resulting from changes in an index rate subsequent to the lease commencement date, are recorded as lease expense in the period in which the obligation for the payment is incurred. The Company's leases do not contain any material residual value guarantees or restrictive covenants.

Note 12 – Leases, Continued

The Company's lease ROU assets represent its right to use an underlying asset during the lease term and its lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets are separately stated as noncurrent assets and its operating lease liabilities are included as lease liabilities, net of current portion and current portion of lease liabilities in the accompanying consolidated balance sheets as of June 30, 2024 and 2023.

The following table presents the Company's operating lease ROU assets and lease liabilities at June 30, 2024 and 2023:

	2024	2023
Right-of-use assets	$ 92,600	$ 79,300
Current lease liabilities	$ 30,100	$ 27,700
Long-term lease liabilities	62,500	51,600
Total lease liabilities	$ 92,600	$ 79,300

The Company's operating lease expense is recorded within general, and administrative expenses in the accompanying consolidated statements of income. Operating lease costs for the years ended June 30, 2024 and 2023 approximated $32,000 and $28,500, respectively.

The following table presents a maturity analysis of the Company's operating lease liabilities as of June 30, 2024 for the next five years:

Year Ending June 30,	Minimum Lease Payments
2025	$ 33,000
2026	24,100
2027	24,100
2028	10,800
2029	7,200
Total minimum lease payments	99,200
Less: imputed interest	(6,600)
Present value of minimum lease payments	$ 92,600

The following table presents the weighted average remaining lease term and discount rate of the Company's operating leases at June 30, 2024 and 2023:

	2024	2023
Weighted average remaining lease term (years)	3.67	3.43
Weighted average discount rate	3.71%	2.96%

The following table presents supplemental disclosure of cash flow information associated with the Company's leases for the years ended June 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow	$ 31,998	$ 28,400
Non-cash activities:		
New right-of-use assets obtained in exchange for lease liability:	$ 43,000	$ 111,000

Note 13 – Concentrations

Concentrations of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. During the year, the Company's account balances with financial institutions may exceed federally insured limits of the Federal Deposit Insurance Corporation and other agencies. Management regularly monitors their balances and attempts to keep this potential risk to a minimum by maintaining their accounts with financial institutions that they believe are of good quality.

The Company may have a concentration of credit risk with respect to licensee receivables, as substantially all customers are affiliated with the dance entertainment industry. The Company has a large number of licensees on which it performs ongoing credit evaluations. The Company generally does not require collateral from its licensees. The Company maintains an allowance for uncollectible accounts receivable based upon expected collectability of all accounts receivable. Therefore, no additional credit losses beyond amounts provided for collection losses are believed inherent in the Company's accounts receivable.

Geographic concentration

While the Company has world-wide operations, there is a concentration of revenues in the United States. Concentration of revenues in the United States was approximately 92% in both 2024 and 2023. Foreign revenues approximated 8% of total revenues in both 2024 and 2023. The following table reflects the geographic regions where the concentration of revenues are generated:

	2024	2023
Revenues:		
United States	$ 15,607,200	$ 14,145,300
Foreign	1,272,600	1,268,500
Total	$ 16,879,800	$ 15,413,800

The Company enters into franchise agreements with unrelated third parties to operate dance studios using the Arthur Murray brand within defined geographical areas. The Company believes that franchising is an effective and efficient means to expand the Arthur Murray brand. The franchisee is required to operate its centers in compliance with its franchise agreement that includes adherence to operating and quality control procedures established by the Company.

Note 14 – Contingencies

From time to time, the Company is subject to legal proceedings which arise in the ordinary course of its business. Management believes that the final resolution of these matters will not have a material adverse effect on the Company's consolidated financial position, cash flows, or results of operations.

Note 15 – Related Party Transactions

The Company has entered into an employment agreement with one officer, who is a shareholder and Chairman of the Board of Directors, which expires on December 31, 2025. The agreement provides for minimum annual compensation aggregating approximately $622,500, adjusted annually for cost-of-living increases, plus bonuses as recommended by the Board. The agreement includes additional mandatory bonuses of 6% in 2024 and 2023 based on modified cash basis income, as defined in the agreement, in excess of $250,000. The mandatory bonuses under the agreement amounted to $240,000 in 2024 and $200,000 in 2023. For the years ended June 30, 2024 and 2023, discretionary executive bonuses approved by the Board amounted to $2,932,600 and $3,301,100, respectively.

Note 15 – Related Party Transactions, Continued

In addition, for the years ended June 30, 2024 and 2023, staff bonuses included the payments of $330,100 and $660,100, respectively, paid to the Director of Franchisee Relationship, who is the Chairman's spouse.

Fees and allowances paid to Board Directors and Executives during the years ended June 30, 2024 and 2023, amounted to $130,700 and $345,600, respectively.

Note 16 – Subsequent Events

Management evaluated activity of the Company subsequent to June 30, 2024 through November 12, 2024, the date on which the consolidated financial statements were available to be issued, for events that require recognition in the consolidated financial statements or disclosure in the notes thereto.

Note 17 – Differences Between U.S. GAAP and Those Accounting Principles Generally Accepted in Australia and Canada

The Australian Accounting Standards Board (AASB) and the Canadian Accounting Standards Board (AcSB) have adopted most of the International Financial Reporting Standards (IFRS), which more closely compares to accounting principles generally accepted (U.S. GAAP) in the United States of America. The adoption of the IFRS by the AASB and AcSB make the differences in accounting principles between the countries minimal.

In most instances, the difference in accounting principles between Australia, Canada and the United States may be one of wording rather than principle. The primary difference is that U.S. GAAP is rules-based and IFRS is principles-based.

The differences between U.S. GAAP and those of Canada, Australia and IFRS are minimal. Some of those differences include inventory method of FIFO versus LIFO and write-down reversals; fair value revaluations; reversal of impairment losses; some aspects of lease accounting; disclosure of cash flow per share; comprehensive income (loss); extraordinary items; intangible assets; pre-operating costs; certain development costs; dependence on major customers, and stock-based compensation. Except for cash flow per share and fair value of real property, the differences in GAAP would have no material impact on the consolidated financial position of the Company as of June 30, 2024 and 2023 under U.S. GAAP as compared with Australia, Canada or IFRS. Therefore, there are no supplemental schedules prepared reflecting the effects of the different GAAP's.

Management is presenting a modified pro-forma equity adjustment of real property under IFRS so as to reflect a more current value based on a former valuation and assessments of properties by local governmental agencies. The values used do not represent current fair market value and may be subject to material changes.

Note 17 – Differences Between U.S. GAAP and Those Accounting Principles Generally Accepted in Australia and Canada, Continued

Arthur Murray International, Inc. and Subsidiary
Modified Pro-Forma Equity Adjustment for IFRS
As of June 30, 2024 and 2023
(Unaudited)

	2024	2023
Real property, at assessed value:		
Land and office building	$ 4,706,900	$ 5,045,000
Warehouse and condominium	730,500	557,800
	5,437,400	5,602,800
Less: real property cost, net	(1,161,700)	(1,161,700)
	4,275,700	4,441,100
Less: deferred federal and state income tax	1,083,900	1,125,800
Net pro-forma property increment under IFRS	3,191,800	3,315,300
Shareholders' equity, at cost, ending	7,831,100	8,826,900
Pro-forma equity under IFRS, ending	$ 11,022,900	$ 12,142,200

UNAUDITED FINANCIAL STATEMENTS

ARTHUR MURRAY INTERNATIONAL, INC.
Balance Sheet
As of April 30, 2026

Accrual Basis

	Apr 30, 26
ASSETS	
Current Assets	
Checking/Savings	
999 · CASH & EQUIVALENTS	4,346,141
Total Checking/Savings	4,346,141
Accounts Receivable	
1400 · ACCOUNTS RECEIVABLE (NET)	1,931,543
Total Accounts Receivable	1,931,543
Other Current Assets	
1299 · EXCHANGES	473
1449 · OTHER RECEIVABLES	435,025
1498 · UNDEPOSITED FUNDS	159,016
1499 · PREPAID EXPENSES	340,746
Total Other Current Assets	935,259
Total Current Assets	7,212,944
Fixed Assets	
2000 · LAND	102,763
2010 · BUILDING	7,315,504
2020 · WAREHOUSE	425,000
2030 · BUILDING IMPROVEMENTS	59,751
2040 · FURNITURE, FIXTURES & EQUIPMENT	47,186
2070 · VEHICLE(S)	83,560
2090 · COMPUTER EQUIPMENT & SOFTWARE	7,904
2096 · ACCUMULATED DEPRECIATION	(333,329)
Total Fixed Assets	7,708,338
Other Assets	
3097 · TRADEMARKS	7,200,000
3098 · FRANCHISE AGREEMENTS	19,000,000
3099 · ACCUMULATED AMORT. - F/A	(1,794,452)
3100 · GOODWILL	19,176,683
3101 · ACCUMULATED AMORT. - GOODWILL	(2,575,494)
3300 · SOFTWARE DEVELOPMENT	1,184,561
3301 · ACCUMULATED AMORT. - SOFTWARE	(290,352)
3400 · RIGHT OF USE ASSET - OPERATING	40,296
3500 · DEPOSITS	9,350
Total Other Assets	41,950,592
TOTAL ASSETS	**56,871,874**

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

ARTHUR MURRAY INTERNATIONAL, INC.
Balance Sheet
As of April 30, 2026

Accrual Basis

	Apr 30, 26
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
4000 · ACCOUNTS PAYABLE	190,462
Total Accounts Payable	190,462
Other Current Liabilities	
4205 · EQP LEASE LIABILITY - CURRENT	23,007
4010 · RELEASED TERRITORY EXCHANGE	82,677
4029 · TAXES PAYABLE	265,056
4039 · ACCRUED LIABILITIES	1,073,254
4044 · STATE WITHHOLDING PAYABLE	242
4049 · UNEARNED REVENUES	5,000
Total Other Current Liabilities	1,449,236
Total Current Liabilities	1,639,698
Long Term Liabilities	
4300 · LONG-TERM DEBT	28,885,041
4400 · EQUIPMENT LEASE LIABILITY	17,337
4510 · DEFERRED TAX LIABILITY - LT	7,690,653
Total Long Term Liabilities	36,593,031
Total Liabilities	38,232,729
Equity	
5015 · BUYER EQUITY	19,444,383
5040 · RETAINED EARNINGS	(933,218)
Net Income	127,980
Total Equity	18,639,145
TOTAL LIABILITIES & EQUITY	**56,871,874**

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ARTHUR MURRAY INTERNATIONAL, INC.
Profit & Loss
January through April 2026

Accrual Basis

	Jan - Apr 26
Ordinary Income/Expense	
Income	
6000 · ROYALTY FEES	4,323,467
6009 · DANCE-O-RAMA'S	2,084,484
6060 · OTHER INCOME	120,999
Total Income	6,528,949
Cost of Goods Sold	
6500 · ONLINE COLLECTION FEES	95,437
6599 · DANCE-O-RAMA COSTS	1,191,611
6629 · FOREIGN TAX EXPENSE	53,146
6700 · OTHER COSTS	0
Total COGS	1,340,193
Gross Profit	5,188,756
Expense	
7000 · COMPENSATION & BENEFITS	1,277,852
7199 · PROFESSIONAL FEES	441,420
7299 · LICENSEE SUPPORT SERVICES	168,132
7399 · TRAVEL, MEALS, & ENTERTAINMENT	89,243
7499 · GENERAL & ADMINISTRATIVE	394,433
7599 · MARKETING & PROMOTIONS	127,888
7699 · DEPRECIATION & AMORTIZATION	1,219,627
Total Expense	3,718,596
Net Ordinary Income	1,470,161
Other Income/Expense	
Other Income	
8005 · OTHER MISC. INCOME	0
Total Other Income	0
Other Expense	
9005 · INTEREST EXPENSE	804,631
9010 · DEBT ADMINISTRATION FEE	41,992
9100 · FOREIGN EXCHANGE LOSS	7,343
9580 · FEDERAL INCOME TAX EXPENSE	338,403
9590 · STATE INCOME TAX EXPENSE	149,811
Total Other Expense	1,342,181
Net Other Income	(1,342,181)
Net Income	**127,980**

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

EXHIBIT C

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

ARTHUR MURRAY INTERNATIONAL, INC.

THIS AGREEMENT (the "Agreement") is made as of the _____ day of _____, 20____ between ARTHUR MURRAY INTERNATIONAL, INC., a Delaware corporation with principal offices located at 1077 Ponce de Leon Boulevard, Coral Gables, Florida 33134, hereinafter referred to as "Franchisor," and

Name(s) _____

_____

Studio Address _____

City and State _____

Home Address _____

City and State _____

hereinafter referred to as "Franchisee."

W I T N E S S E T H:

WHEREAS Franchisor and its predecessors have been engaged for many years in conducting and franchising dance schools of the highest reputation and excellence in the United States and internationally which operate under the "Arthur Murray" name or approved variations thereof (hereafter "Arthur Murray Studio(s)");

WHEREAS Franchisor has developed proprietary know-how, trade secrets and unique and successful methods of teaching and dancing and conducting Arthur Murray Studios (the "Arthur Murray Method and System") and owns certain trade names and trade and service marks, including "Arthur Murray," which are utilized in the operation of Arthur Murray Studios (all trade names and trade and service marks hereafter authorized for Arthur Murray Studios are referred to as the "Names and Marks");

WHEREAS Franchisee wishes to conduct an Arthur Murray Studio utilizing the Names and Marks at the address identified above or within the Market Area described in Paragraph 2 hereof (the "Studio"); and

WHEREAS Franchisee recognizes the importance to Franchisor, its other franchisees and the public of maintaining the distinctive standards, qualities, methods and attributes of services and products identified by the Names and Marks and is willing to maintain such standards, qualities and attributes.

NOW, THEREFORE, in consideration of these premises and the mutual promises of the parties hereto and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. **REPRESENTATIONS AND ACKNOWLEDGMENTS OF FRANCHISOR AND FRANCHISEE**

Franchisee represents and warrants to Franchisor that:

(1) By entering into this Agreement, Franchisee will not be in violation of any contract, restrictive covenant, judgment, judicial decree or court order;

(2) Franchisee has never been convicted of any felony or crime, is in good physical and mental health and possesses sufficient education, business experience, training and financial resources to operate the Studio successfully;

(3) All monies used and to be used in acquiring, establishing and operating the Studio shall be Franchisee's sole and absolute property. Franchisee represents and warrants that it will not borrow or accept money from any person who is or was a student or patron of Franchisee, any other Arthur Murray Studio or other dance

studio, or from any relative of any such student or patron unless Franchisor, in its sole discretion, consents thereto; and

(4) Franchisee shall be the sole owner of the Studio except as otherwise permitted hereunder and there are and will be no agreements in writing or otherwise concerning the ownership or non-institutional financing of the acquisition of the Studio unless Franchisor, in its sole discretion, consents thereto.

2. **FRANCHISE AND LICENSE**

(a) Franchisor hereby grants to Franchisee a non-exclusive Franchise and license to use the Arthur Murray Method and System and the Names and Marks in connection with the operation of the Studio, subject to the restrictions, limitations and conditions as set forth in this Agreement.

(b) Franchisee shall, as a condition to the grant of the Franchise, complete development of and have the Studio open and operating within: (i) one hundred eighty (180) days from the date of this Agreement if Franchisee has secured an approved location for the Studio on or before the date of this Agreement; or (ii) two hundred seventy (270) days from the date of this Agreement if Franchisee has not yet secured an approved location for the Studio on or before the date of this Agreement. In the event Franchisee fails to develop and open the Studio within the applicable period, this Agreement and all rights of Franchisee hereunder shall be null and void and of no further force or affect.

(c) The following territory shall be Franchisee's market area (the "Market Area"): _____ _____ _____.

(d) Franchisor agrees that it will neither operate nor grant a franchise for the operation of an Arthur Murray Studio to any other person within the Market Area during the term hereof unless Franchisee shall lose his or her territorial protection as provided herein. Franchisor, in addition to other remedies, shall have the right, upon written notice to Franchisee, to terminate Franchisee's territorial protection, if Franchisee:

(1) Does not have open and operating at least _____ Arthur Murray Studio(s) within _____ months from the date hereof and thereafter continuously operates such number of Arthur Murray Studio(s); or

(2) Breaches any of its obligations under this Agreement, and fails to cure such breach within thirty (30) days following written notice from Franchisor of such breach.

(e) Franchisee shall conduct his or her business exclusively within the Market Area and shall not engage in any activities outside the Market Area, including, without limitation, dance competitions or similar events, without Franchisor's prior written approval. If Franchisee is not granted a Market Area, then for purposes of this Subsection (e), Franchisor may specify an area around the Studio, and Franchisee shall conduct his or her business exclusively within that area and shall not engage in any activities outside that area including, without limitation dance competitions or similar events without Franchisor's prior written approval.

(f) If Franchisee opens one or more additional Arthur Murray Studio(s) within the Market Area, Franchisee will be required to execute for each such Studio Franchisor's then-current form of Franchise Agreement and all other agreements, legal instruments, and documents then customarily used by Franchisor in the grant of franchises.

(g) The terms "school," "studio," "dance school," "dance club," "dance studio," or any variation thereof, as used herein, shall be synonymous and shall include any place of business owned and operated by Franchisee pursuant to the terms hereof, including, but not limited to, dance clubs, social clubs, dance ballrooms and dance competitions.

(h) Franchisee shall devote his or her full time, attentions and best efforts to the conduct of the Studio, which will provide dance instruction, services and facilities pursuant to the Arthur Murray Method and System and utilize the Names and Marks exclusively in accordance with the terms and conditions herein. The Studio shall at all times be under the direct, on-premises control and full time supervision of Franchisee or, if Franchisee operates more than one Studio, a manager acceptable to Franchisor who has demonstrated the ability to operate a Studio. Failure to provide a manager acceptable to the Franchisor in its sole discretion shall be a breach of this Agreement and cause for immediate termination.

(i) The address and physical description of the Studio shall be furnished to Franchisor prior to the execution of a lease and/or opening for Franchisor's prior written approval of same. Franchisee may elect to move the Studio to another address within the Market Area, provided Franchisee shall submit to Franchisor for Franchisor's prior written approval the new proposed Studio address and physical description of the facilities prior to executing a lease for the premises. Franchisor shall have the right to inspect all proposed Studio locations, facilities, premises and floor plans and shall issue its approval or disapproval, as determined by Franchisor in its reasonable and independent judgment, utilizing its standards for site location and selection, within a reasonable period of time. Franchisor's approval of a Studio location shall not constitute, nor be deemed, a judgment as to the likelihood of success of the Studio at such location or a judgment as to the relative desirability of such location in comparison to other locations within the Market Area. At the request of Franchisor, Franchisee shall collaterally assign Franchisee's lease to Franchisor to secure Franchisee's performance under this Agreement in the form prescribed by Franchisor.

(j) Franchisor reserves all rights not expressly granted to Franchisee hereunder, including, without limitation, the right to conduct or sponsor dance competitions within the Market Area on terms and conditions determined by Franchisor, to promote and sell videos, tapes or other materials bearing or containing the Names and Marks or Arthur Murray Method and System within the Market Area, or conduct other promotional and marketing activities within the Market Area beneficial to Arthur Murray Studios or the goodwill of the Names and Marks or the Arthur Murray Method and System.

3. RIGHTS AND PRIVILEGES

Franchisor hereby grants to Franchisee the following rights and privileges:

(a) Use of the Names and Marks, which privilege is conditioned upon full compliance by Franchisee with all terms of this Agreement and limited to the period of such compliance and the term of this Agreement;

(b) Use of Franchisor's latest available data and information concerning the syllabuses of dance steps and methods of teaching dancing in accordance with the Arthur Murray Method and System; and

(c) Reasonable individual business advice provided by the officers of, and other personnel employed by, Franchisor by mail and telephone and suggested operational procedures from Franchisor on a continuing basis.

4. TERMS OF FRANCHISE

(a) The initial term of this Franchise shall commence on the date of this Agreement and end on the date that is ten (10) years after the date of this Agreement.

(b) The Franchise will be automatically renewed for successive five (5) year terms unless either Franchisor or Franchisee gives the other party written notice of an election not to renew the Franchise at least three (3) months prior to the end of the immediately preceding term; provided, however, that such renewal shall only become effective upon execution by the parties, within thirty (30) days after delivery by Franchisor, of Franchisor's then current form of standard Franchise Agreement, or at Franchisor's option, a Rider to the existing Franchise Agreement, as well as other legal instruments and documents then customarily used by Franchisor in the grant of franchises for Arthur Murray Studios. Such renewal agreements may contain different terms and conditions, including but not limited to, higher or lower royalty fees and advertising fees compared to those provided for in this Agreement. Franchisee agrees to execute and return within fifteen (15) days of receipt from Franchisor all documents delivered by Franchisor to Franchisee under this Paragraph 4(c).

(c) Franchisor may condition any renewal of the Franchise on Franchisee's agreement to decorate and remodel the facilities of the Studio to comply with Franchisor's then current standards.

5. FRANCHISE FEE

As applicable, Franchisee agrees to pay to Franchisor upon signing this Agreement an initial franchise fee in the amount of Twenty-Five Thousand Dollars ($25,000.00). The initial franchise fee shall be fully earned by Franchisor upon receipt. Except as otherwise provided herein, all payments made under this Paragraph 5 are non-refundable.

6. ROYALTY FEE

(a) Except as otherwise designated herein, Franchisee agrees to pay to Franchisor a royalty fee equal to **eight percent (8%)** of the weekly gross receipts of the Studio.

(b) The royalty fee due for each week shall be submitted by Franchisee so as to be received by Franchisor no later than **Friday of the following week.**

(c) Commencing with the second full calendar year of operation of the Studio, Franchisee shall pay minimum royalty fees based on assumed annual gross receipts of One Hundred Seventy-Five Thousand Dollars ($175,000.00) for each calendar year during which the Studio is in operation. Franchisee shall pay any additional royalty fee due as a result of this Subparagraph (c) on or before January 31 of each year for the preceding calendar year.

(d) The term "gross receipts" shall mean all monies received by Franchisee or Franchisee's agents during a calendar week for instruction, lessons, services, parties, competitions, trips, club memberships and all related services and/or activities arising out of or related to the Studio or its operations. In the event Franchisee receives property or services other than money for the sale of dance lessons or any of the other activities set forth above, the dollar value at Franchisee's then current retail rate for the number of said dance instruction lessons and/or the fair market retail value of other services and activities provided by Franchisee in such barter arrangement shall be included in "gross receipts" for the calendar week for purposes of establishing proper royalty fees due. Franchisee may deduct from gross receipts for purposes of calculating royalty fees due hereunder, the actual charges paid to third party finance companies which are fully owned by parties unaffiliated with Franchisee not to exceed ten percent (10%) of the amount financed. No deduction may be taken on time payments paid directly to the Studio whether or not a finance charge is included.

(e) Franchisor reserves the right to apply payments to any amounts owed by Franchisee to Franchisor, and Franchisee does hereby irrevocably authorize and empower Franchisor or any officer of Franchisor as its Attorney-in-Fact to strike out any language or restrictions to the contrary on the check or remittance presented by Franchisee to Franchisor.

(f) Royalty fees shall be paid online by ACH Credit, credit card or by other means specified by Franchisor by written notice, from time to time.

(g) Franchisor may assess Franchisee a reasonable administrative charge for processing any check or other payment of Franchisee not honored by Franchisee's bank. In the event more than three (3) of Franchisee's checks or remittances to Franchisor shall not be honored by Franchisee's bank during any calendar year within the term hereof, Franchisor, at its option, may require Franchisee for the six (6) months following notification thereof to remit all payments required under this Agreement by cashier's check, bank draft or certified check, Electronic Funds Transfer ("EFT"), and Franchisee shall provide written authorization and such documentation as is necessary to implement and facilitate EFT.

(h) In instances of missing or late weekly reports, Franchisor, at its option, may estimate the gross receipts for said week and base the weekly royalty fee of Franchisee thereon, and said estimate shall be conclusive absent the ultimate submission of said reports by Franchisee.

(i) All royalty fees or other amounts owed to Franchisor by Franchisee which remain unpaid ten (10) days after the due date shall bear interest at the lesser of (i) one and one half percent (1½%) per month or (ii) the highest applicable rate permitted by law in the state where the Studio is located. Franchisee acknowledges that this Paragraph shall not constitute Franchisor's agreement to accept such payments after they are due or a commitment by Franchisor to extend credit to Franchisee. Further, Franchisee agrees that failure to pay all amounts when due shall constitute grounds for default and termination of this Agreement notwithstanding the provisions of this or any other Paragraph of this Agreement.

(j) For valuable consideration, as security for the payment of all amounts from time to time owed by Franchisee to Franchisor under this and any other agreement between the parties and the performance of all the obligations to be performed by Franchisee, Franchisee hereby grants to Franchisor a security interest in the assets of the Studio, including furniture, furnishings and decorations of the Studio, accounts receivable, student agreements, and all the proceeds of the Studio (the "Collateral"). Franchisee covenants that the security interest granted is prior to all other security interests in the Collateral except bona fide purchase money security interests and the security interest granted by Franchisee in connection with Franchisee's original financing for the Studio (if any). Franchisee agrees not to remove the Collateral or any portion thereof from the Studio without the written consent of Franchisor. Upon the occurrence of any event entitling Franchisor to terminate this or any other agreement between the parties, Franchisor shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the state in which the Studio is located including, without limitation, the right to take possession of the Collateral. Franchisee irrevocably authorizes Franchisor to file any financing statements that indicate the Collateral. Franchisee shall execute and deliver to Franchisor such documents and do such things as may be required to perfect the security interest of Franchisor in the Collateral.

7. **ROYALTY FEE REPORTS AND OTHER REPORTS BY FRANCHISEE**

(a) Franchisee shall submit to Franchisor on a weekly basis:

(1) Full and accurate original reports in the format stipulated from time to time by Franchisor showing the gross receipts and all the gross proceeds which were received by Franchisee during the preceding calendar week, including the correct names, addresses and telephone numbers of all new students enrolled during said preceding week with complete details of their enrollment, the amounts paid to Franchisee by said students during such week, the correct names of all other students making payments on additional enrollments or previously reported enrollments and the amounts paid by said students during such week;

(2) Staff Performance Surveys for the preceding week in form prescribed by Franchisor;

(3) Summary of Studio Business reports for the preceding week in form prescribed by Franchisor; and

(4) Such other forms or reports, information or documents as Franchisor may request from time to time.

The weekly reports of gross receipts, studio business and staff performance required under Paragraph 7(a)(1)-(3) shall be submitted electronically in the format and using the software required by Franchisor, or such other means as may be specified in writing by Franchisor, from time to time. Submission of a report by Franchisee shall be deemed verification by Franchisee that the information contained in the report is true, correct and complete.

(b) Franchisee shall mail to Franchisor (or submit to Franchisor by electronic means specified by Franchisor from time to time) by the second Friday after the completion of each Showcase, Dance-O-Rama, Trip or other special event in which Franchisee has participated, a Miscellaneous Service-Summary Report as a re-cap, in the format stipulated from time to time by Franchisor, showing all fees previously paid.

(c) Franchisee shall furnish to Franchisor, on or before January 3l and July 3l of each year, a student inventory setting forth the following:

(1) The names, addresses and telephone numbers of all enrolled students of the Studio, active as well as inactive for the previous two years, as of the preceding December 31 and June 30, respectively;

(2) The number of unused lessons of instruction and the value and type of unused services remaining on each student's enrollment agreement(s);

(3) The total amount owed to Franchisee on each student's enrollment agreement(s); and

(4) The date of the last lesson taught to each student.

(d) During the term of this Agreement, Franchisee shall furnish to Franchisor within ten (10) days upon request:

(1) Copies of all student enrollment agreements, student lesson cards, receipts and other documents pertaining to any past or present student(s) of Franchisee;

(2) Copies of all bank records, check registers or other documents pertaining to the operation of the Studio; and

(3) Such other forms or reports, information or documents, including without limitation verified copies of Internal Revenue Service withholding forms and depository receipts therefor.

(e) Franchisor shall assess a monthly administrative service fee of $100.00, and franchisee shall promptly pay such fee for each report required to be furnished by franchisee pursuant to this Paragraph 7 that is not furnished when due.

At the request of Franchisor, Franchisee must submit to Franchisor copies of all federal and state income tax returns for the Studio verified by Franchisee as identical to those filed with the government, and any other reports, records or accounts of Franchisee or its approved corporation, limited liability company or other approved entity, as applicable, as well

as annual uncertified financial statements for the Studio prepared by Franchisee's independent or certified public accountant.

8. TEACHING TIME OBLIGATIONS, TRANSFER OR VISITING STUDENTS

(a) Franchisee agrees to honor the confirmed unused portion of paid courses for personal dance lessons, and group lessons as available, of students enrolled in any Arthur Murray Studio by giving dance instructions to such students. Franchisee shall be entitled to receive from the Arthur Murray Studio which enrolled said students the current reimbursement per lesson for personal lessons, at the rates reasonably established by Franchisor from time to time. Franchisor shall notify Franchisee in writing from time to time of the current reimbursement rates per lesson for personal lesson teaching time.

(b) Franchisee agrees to pay for each lesson of personal dance instruction given by another Arthur Murray Studio at the current reimbursement teaching time rates established by Franchisor within fifteen (15) days after the receipt of billing therefor.

(c) Franchisee shall participate in a Teaching Time Exchange Account, or other programs which Franchisor may from time to time decide to establish and maintain, under such conditions as Franchisor may adopt which are reasonable and may be required in order to expedite the payments under Paragraphs 8(a) and 8(b) above. In order to defray a portion of the cost incurred by Franchisor in providing such services, Franchisor may charge Franchisee a reasonable sum therefor, measured by the number of lessons involved.

(d) Invoices for teaching time for transient students shall be sent by Franchisee monthly so as to be received by the student's home studio or Franchisor's Teaching Time Exchange Account not later than one week after the last business day of the month in which the instruction was given.

9. ADVERTISING, PUBLIC RELATIONS, PUBLICITY AND PROMOTIONS

(a) Franchisee agrees to submit to Franchisor for Franchisor's prior written approval all advertising and promotional materials to be used by Franchisee (other than materials provided or previously approved or prepared by Franchisor unless altered by Franchisee) including, without limitation, all directory listings, brochures and classified advertisements and listings. Any such advertising or promotional materials that Franchisor does not approve or disapprove within fifteen (15) days shall be deemed disapproved. Franchisee agrees not to use any advertising or promotional materials not previously approved by Franchisor or which do not include all copyright or trademark notices in the manner prescribed in writing by Franchisor.

(b) Franchisee specifically acknowledges and agrees that any Website (as defined below) shall be deemed "advertising" under this Agreement, and will be subject to Franchisor's prior written approval as herein provided. As used in this Agreement, the term "Website" means an interactive electronic document, contained in a network of computers linked by communications software that Franchisee operates or authorizes others to operate and that refers to the Studio, the Names and Marks, Franchisor, and/or the Arthur Murray Method and System. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In addition to any other applicable requirements, Franchisee shall comply with Franchisor's standards and specifications for Websites as described by Franchisor in its operating and technical manuals or otherwise in writing. If required by Franchisor, Franchisee shall establish its Website as part of Franchisor's Website and/or establish electronic links to Franchisor's Website.

(c) Franchisee agrees, at its expense, to implement a grand opening marketing program for the Studio in accordance with Franchisor's standards and specifications as described by Franchisor in its operating and technical manuals or otherwise in writing. Franchisee must spend a minimum of Five Thousand Dollars ($5,000.00) in connection with the grand opening marketing program beginning 60 to 90 days before, and ending upon, the opening of the Studio. Upon Franchisor's request, Franchisee must provide Franchisor with supporting documentation evidencing these expenditures.

(d) Franchisee agrees that Franchisee will be obligated to spend a minimum of twelve percent (12%) of annual gross receipts during each calendar year or part thereof during the term of this Agreement in such proportions and in approved media as Franchisor shall determine on advertising and public relations. Such percentage shall be designated from time to time by Franchisor. Franchisor may designate an advertising agency that Franchisee shall use for all local advertising conducted by Franchisee. Expenditures or contributions made by Franchisee pursuant to Paragraphs 9(f), (g) and (h) hereof and any pre-approved public relations receipted expenditures shall be credited toward Franchisee's obligations under this Paragraph 9(d).

(e) Franchisor offers a centralized digital advertising platform that enables participating Arthur Murray Studio franchisees to create, manage, optimize, and purchase local and national advertising campaigns across various digital channels. As of the date of this Agreement, Franchisee may choose to participate in this program. If, at any time during the term of this Agreement, Franchisor requires participation in this program, Franchisee must begin to participate within 30 days after written notice from Franchisor. If Franchisee participates in this program, Franchisee must pay Franchisor's then-current administrative fee, which will be applied in addition to the underlying media costs that Franchisee must pay third-party advertising providers. Franchisee's locally created advertisements and campaigns remain subject to Franchisor's brand standards and approval policies.

(f) Franchisee agrees to pay his allocated percentage of the cost of national, regional and local advertising and/or public relations of the Arthur Murray method or the name Arthur Murray conducted, approved or permitted by Franchisor. The term "national advertising" shall include public relations, advertising and promotions placed in media having national distribution or circulation. The term "regional advertising" shall include public relations, advertising or promotions placed in regional publications or regional broadcasting. The term "local advertising" shall include advertising or promotions in local publications or local broadcasting. The term "allocated percentage costs" shall mean that proportionate share of the total cost of national, regional or local advertising, public relations or promotions which Franchisor or a majority of the Arthur Murray Studios participating in such advertising allocate to Franchisee or any other equitable basis of apportionment reasonably calculated by Franchisor or a majority of the Arthur Murray Studios participating in such advertising or promoting. Any such allocation of costs selected or approved by Franchisor for such purposes shall be final and binding on the parties hereto. This Paragraph 9(f) shall apply in the event payments under Paragraph 9(g) are not being collected from franchisees.

(g) Franchisor shall have the right in its sole discretion to establish a separate advertising fund to be administered by Franchisor (the "National Advertising Fund") for national advertising, public relations and promotional programs to be conducted by Franchisor in such form and media as Franchisor determines to be most effective. Franchisee agrees to pay to the National Advertising Fund a percentage of the weekly gross receipts of the Studio as shall be specified by Franchisor from time to time, which shall not at any time during the term of this Agreement exceed an amount equal to two percent (2%) of the gross receipts of the Studio. All weekly contributions to the National Advertising Fund shall be payable in the same manner as the royalty fees due under Paragraph 6 hereof. Franchisor shall have the right to determine the composition of all geographic territories and market areas for the development and implementation of such advertising, public relations and promotional programs and to pay from the Advertising Fund all costs of the formulation, development and production of any such programs (including without limitation the proportionate compensation of employees or agents of Franchisor who devote time and render services in the conduct, formulation, development and production of such advertising, public relations and promotions programs or the administration of the funds used therefor). Franchisor shall have the further right to spend such funds on national or regional advertising or public relations programs as described under Paragraph 9(f) hereof.

(h) Franchisor may from time to time sponsor international, national, regional or local marketing contests or promotions. Franchisee is obligated and agrees to participate in all such sponsored studio promotions or contests pursuant to reasonable rules and regulations promulgated by Franchisor. In connection therewith, Franchisee agrees to pay any standard entry or participation fee when required on or before the due date specified in any assessment therefor, which entry fees to these events shall be used for prizes, trophies and other beneficial rewards to the participating franchisees as determined in the sole discretion of Franchisor.

(i) Franchisee agrees that Franchisor shall have the right to use Franchisee's name and photograph in any advertising or promotion conducted or permitted by Franchisor, including but not limited to advertisements conducted with other advertisers, training aids, devices, products and souvenirs.

10. STANDARDS OF OPERATION BY FRANCHISEE

(a) The parties agree that it is of the utmost importance, to the success of all Arthur Murray Studios, to Franchisees and students enrolled at all Arthur Murray Studios that the methods and execution of dance instruction, all dance steps, standards, programs, testing, charting, recording and all related activities comprising the Arthur Murray Method and System be uniform at all Arthur Murray Studios. Franchisee hereby warrants that each element comprising the Arthur Murray Method and System employed in the Studio shall at all times be in strict conformity with each and every element of the Arthur Murray Method and System as promulgated by Franchisor to its Franchisees from time to time, and Franchisee's performance thereof shall conform to the highest standard of the art. All student examinations for full standard medal categories as promulgated by Franchisor shall at all times be examined and judged by an examiner currently certified by Franchisor, provided, however, Franchisee may certify bronze medal examinations. Franchisees shall offer and provide only

the Arthur Murray Method and System and those materials expressly adopted or approved by the Franchisor in all dance instruction, competitions, evaluations and testing, and in all systems and procedures relating to Studio services and facilities, in order to preserve the dignity and acceptance of the Names and Marks in a manner which is conducive to the success of all Arthur Murray Studios.

(b) At the option of Franchisor, Franchisee (or the manager of the Studio designated by Franchisee and approved by Franchisor in accordance with Paragraph 2(i) of this Agreement) agrees to enroll in and complete a training program furnished by Franchisor prior to the opening of the Studio. Such training program shall be furnished at such times and places as Franchisor designates. Franchisee shall complete any training program required by Franchisor to the satisfaction of Franchisor. Franchisee shall be responsible for the travel and living expenses incurred in connection with the training program.

(c) Franchisor and Franchisee agree that it is essential to the success and the reputation of Franchisor and Arthur Murray Studios for Franchisee to maintain the highest possible standards of dance instruction and services and the highest standard of behavior by Franchisee, all Studio personnel and agents employed by Franchisee. Franchisee shall institute, maintain and abide by the highest possible rules of behavior in all Studio operations; whether on Studio premises or elsewhere in the conduct of the Studio's business, as determined by Franchisor in its independent judgment.

(d) Franchisor will loan to Franchisee during the term of the Franchise one (l) copy of all operating and technical manuals and training aids which may include, but not be limited to, syllabuses, video tapes and films, and will provide to Franchisee mandatory and suggested specifications, standards and operating procedures as prescribed from time to time by Franchisor together with other information relative to Franchisee's obligations hereunder in the operation of an Arthur Murray Studio. The operating and technical manuals and training aids shall remain confidential and the sole and exclusive property of Franchisor. The operating and technical manuals and training aids may be added to and otherwise modified by Franchisor from time to time, and such additions and modifications may be communicated to Franchisee through Franchisor's general or policy releases, or otherwise, as determined by Franchisor. At its option, Franchisor may make such operating and technical manuals and training aids, and any modifications or additions thereto, available to Franchisee by electronic means. The content and provisions of these operating and technical manuals and aids as reasonably modified from time to time will constitute a part of this Agreement and are incorporated herein by reference.

Upon the delivery of the operating and technical manuals and other training aids, including syllabuses, video tapes and films, Franchisee agrees to deliver to Franchisor a cash deposit, in an amount stipulated by Franchisor, or, at the option of Franchisor, a demand note for such amount. Upon expiration or termination of this Agreement and the return by Franchisee to Franchisor of all original operating and technical manuals and other training aids, including syllabuses, video tapes and films as provided in Paragraph 19 hereof, Franchisor shall return such cash deposit or demand note to Franchisee. In the event that Franchisee fails to return any or all original operating and technical manuals or other training aids delivered to Franchisee by Franchisor, Franchisor shall be entitled to retain the cash deposit, demand payment by Franchisee of the amount specified in the demand note or bill Franchisee for all amounts owed in addition to all other remedies available to Franchisor under this Agreement and applicable law without surrendering any rights to the ownership to any trademarks, tradenames, or copyrights or waiving any restrictions on the use of the materials. Franchisor also reserves the right to charge the Franchisee for the cost of video tapes and films and similar materials supplied to Franchisee under this Paragraph 10(d).

(e) Franchisee shall keep true, correct and complete student records and books of account, employing such bookkeeping and reporting systems as shall be suitable for the business contemplated hereby and appropriate to determine the gross receipts and royalty fee as stated herein. Franchisee shall use such reporting, forms and student records as may be prescribed by Franchisor. Franchisee shall at all times maintain accurate, complete and current student records which shall include the correct name, address and telephone number of each and every student enrolled in the Studio together with the amounts paid and owed to Franchisee for lessons, services and use of facilities and the number and type of lessons and services subscribed for, given and unused. Franchisee shall maintain all student cards and a duplicate, executed copy of all enrollment agreements for active, inactive and past students. The records and books of account, including copies of royalty fee reports, bank statements, duplicate daily deposit slips, duplicate prenumbered bound receipts and all student records and enrollment agreements of Franchisee shall be open to the examination and inspection of Franchisor in the Studio during all reasonable business hours of the day or upon written request by Franchisor. In the event of a student complaint to Franchisor, said records and other appropriate information shall be mailed to Franchisor immediately upon request.

(f) Franchisor shall have the right at any time during business hours, and without prior notice to Franchisee, to inspect and audit, or cause to be inspected or audited, the books and records of the Studio. In connection with any such inspection or audit, Franchisee agrees to provide Franchisor or its representatives with the identification of all personal and corporate bank accounts established by Franchisee. Franchisee agrees that Franchisor shall have access to and may inspect

all such accounts and records for purposes of any such inspection or audit and hereby consents thereto. In the event any such inspection or audit shall disclose an understatement of the gross receipts of the Studio, Franchisee shall pay to Franchisor, within fifteen (15) days after receipt of the inspection or audit report, the royalty fee due on the amount of such understatement, plus interest (as provided in Paragraph 6(h) hereof) from the date originally due until the date of payment. In the event such inspection or audit is made necessary by the failure of Franchisee to furnish reports, supporting records, financial statements or other documents or information, as herein required, or to furnish such reports, records, financial statements, documents or information on a timely basis, or if there is a deliberate or unreasonable understatement of gross receipts for the period which is the subject of the inspection or audit, Franchisee shall reimburse Franchisor for the cost of such audit or inspection, including, without limitation, the charges of any independent accountants and the travel expenses, room and board and compensation of employees of Franchisor. Franchisor shall also have the right to assess Franchisee an administrative charge in such amounts as shall be determined by Franchisor from time to time in the event of any such failure to report properly, a discrepancy or understatement of gross receipts. The foregoing remedies shall be in addition to all other remedies and rights of Franchisor hereunder or under applicable law.

(g) Franchisee shall operate the Studio during the customary hours of operation for a dance studio business designated by Franchisor from time to time. Franchisee further agrees to have a full time receptionist to answer all telephone inquiries during the days and hours the Studio is open for business.

(h) Franchisee agrees to use Studio premises exclusively as an Arthur Murray Studio franchised in accordance herewith for dance lessons and directly related services and for no other purpose without the prior written permission of Franchisor.

(i) Franchisee will not organize, engage or participate in any dance competitions or similar events not sponsored or authorized by Franchisor without Franchisor's prior written consent. If Franchisee attends, sponsors or participates in any unauthorized dance competition or similar events, Franchisor shall have the right, in addition to all other remedies hereunder, to assess Franchisee an amount equal to twenty-five percent (25%) of the revenues or other consideration received by Franchisee in connection with such dance competition or event or the sum of ten thousand dollars ($10,000.00), whichever is higher.

(j) Franchisee agrees that the dance floors, which shall be of oak or maple wood or other pre-approved surface, and the furniture, furnishings and decorations of the Studio shall be in good taste and be of high quality and character. Franchisee shall install, operate and maintain in good order a music system of high quality and performance. Franchisee shall keep the Studio in a state of cleanliness and order for the safety and convenience of all employees, students and other persons.

(k) Subject to Paragraph 2(i), Franchisee shall devote full time and best efforts, skills and diligence in the conduct of the operations of the Studio and shall control and supervise Franchisee's employees and agents for the Studio so they will conform to the standards of operations and other obligations of Franchisee as herein stated. If Franchisee is more than one individual, the provisions of this Agreement shall apply in all cases to the individuals designated as Franchisee, including, without limitation, the obligation of Franchisee to devote full time, attentions and best efforts to the conduct of the Studio as provided in Section 2(i) hereof.

(l) Franchisee promises to institute, maintain and participate in on-going staff training programs so that Franchisee, instructors, specialists, counselors, supervisors and other personnel and agents employed by Franchisee shall at all times have a complete knowledge of all pertinent operating and technical manuals and aids and Franchisor's policy releases as issued from time to time. Franchisee shall at all times require that each dance instructor be completely qualified to teach those students assigned such dance instructor and each instructor may from time to time be examined as to dance proficiency by an authorized certified examiner designated by Franchisor.

(m) Franchisee agrees that Franchisee or the Studio shall not:

(1) Employ any person involved in dance instruction or the supervision of dance instruction, unless such person has successfully completed a teacher's training class at an Arthur Murray Studio for at least one hundred (100) hours of training or has demonstrated to Franchisee sufficient dance knowledge and teaching ability to meet the necessary instructor's standards and otherwise satisfies the tests for proficiency established by Franchisor from time to time;

(2) Permit or condone any of the Studio's employees to borrow or receive any money or anything of consequential value from any student or former student of the Studio or their respective relatives;

(3) Commit, permit or condone any illegal or immoral conduct by Franchisee's employees or agents on the Studio premises or elsewhere which would permit or cause the reputation of Franchisor, Franchisee, any other Franchisee or any Arthur Murray Studio to be impugned;

(4) Serve, dispense or sell alcoholic beverages on the Studio premises to a minor in violation of any local, state or federal law, or sell, use, deal in, or dispense illegal substances, drugs or narcotics to any person whether an adult or minor; or

(5) Fraternize, or permit or condone any of the Studio's employees to fraternize, with any student on or off the Studio premises. All relationships among Franchisee, Franchisee's employees and students of the Studio shall at all times be professional and related only to the business of the Studio.

(n) Franchisee shall promptly pay when due any and all obligations of every kind and nature which may be due and payable to Franchisor, other persons and to the government or any subdivision or agency thereof.

(o) To protect the good name and goodwill of Arthur Murray Studios, and the Arthur Murray Method and System, Franchisee shall not promote or participate in any dance competition involving any judge, examiner or adjudicator not certified by Franchisor unless Franchisor, in its sole discretion, consents thereto.

(p) Franchisee agrees to attend and participate in all technical, training, promotional or other meetings reasonably sponsored or conducted by Franchisor, whether on a local, regional, national or international level. Franchisor must receive at least thirty (30) days' prior written notice of all meetings relating to the Arthur Murray Method and System which are sponsored by Franchisee and to be attended by other Arthur Murray Franchisees. The notice shall list the time, place and agenda of any such meeting, and the meeting must be conducted according to Franchisor's reasonable rules and regulations. Franchisor may, at its option and at Franchisee's cost, send representatives to the meeting. Franchisee may not schedule or conduct any competitions, showcases, meetings, projects or promotions which conflict with, or are to occur within thirty (30) days of, any regional, area or national event sponsored by Franchisor of which Franchisee has reasonable prior notice and which Franchisee is required to attend. However, Franchisee may conduct Medalist Balls and Showcases at the Studio for its own benefit within seven (7) days of such an event. The parties agree that attendance and participation in required meetings and events is integral to the success of the Studio, other Studios and Franchisor. Therefore, if Franchisee fails to attend or participate in any meeting or event required under this Paragraph 10(p), Franchisor shall be entitled to liquidated damages on account of such breach of $1,000 per meeting or event.

(q) Franchisee, when and if called upon to do so by Franchisor, agrees to pay a percentage share of the reasonable fees, costs, and expenses incurred by or at the direction or approval of Franchisor for legislative matters relating to Franchisee's operations, including, without limitation, the fees, costs and expenses of any lobbyists, consultants or other advisors or witnesses engaged for such purposes. The term "percentage share of the cost" shall mean that percentage share of the total cost of such activities which Franchisor will allocate to Franchisee based upon ratios of applicable respective populations statistics, circulation of media, gross receipts of Arthur Murray Studios or any other equitable basis of apportionment reasonably calculated by Franchisor. Any such allocation of costs selected or approved by Franchisor for such purpose shall be final and binding on the parties.

(r) Franchisee agrees to obtain at Franchisee's expense and use the computer hardware and operating software Franchisor prescribes from time to time (the "Computer System"). Franchisee understands and agrees that Franchisor may modify specifications for and components of the Computer System and that any such modifications may require additional expenditures to comply with Franchisor's requirements. Franchisee also understands and agrees that Franchisor may require that Franchisee enter into computer software or technology license agreement(s) with Franchisor as a condition of obtaining any such software or technology for use in Studio operations. Changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisor has the right to establish reasonable new standards for the implementation of technology in the Arthur Murray Method and System. Franchisee agrees that it shall abide by those reasonable new standards that Franchisor establishes from time to time as if this Agreement were periodically revised for that purpose. Franchisor may require Franchisee to pay to Franchisor, or third parties that Franchisor designates, directly or indirectly, the then-current technology fee that Franchisor specifies from time to time (the "Technology Fee"). Franchisor will use the Technology Fee to defray its costs of developing, implementing, upgrading, operating, maintaining, supporting, or providing any technology-related products, services, programs, systems, or platforms that Franchisor, in its sole discretion, deems appropriate. Franchisor may add, delete, or otherwise modify the goods and services that are funded by the Technology Fee, from time to time. The Technology Fee may include fixed fees, variable fees, and one-time fees.

(s) If required by Franchisor, Franchisee shall, at its sole expense, ensure that the Studio accepts credit cards, debit cards, and other electronic, Internet, online, mobile or digital payment systems and authorization services as specified by Franchisor from time to time, and adhere to the applicable industry standards, including Payment Card Industry Data Security Standards (PCI-DSS) or any equivalent thereof. If required by Franchisor or by one of the credit card companies, debit card companies or any other electronic, Internet, online or digital payment and authorization service provider, Franchisee shall provide Franchisor with evidence of compliance with the applicable standards and provide, or make associated with an audit, scanning results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with these standards shall be borne by Franchisee. Franchisee shall immediately (in any event within twenty-four (24) hours) notify Franchisor if it suspects or has been notified by any third party of a possible security breach related to the electronic payment systems and services, including any cashless system (or related cashless data), used in the Studio.

(t) Franchisee shall comply with all policies prescribed by the Company from time to time regarding traveling consultants or employees of other Arthur Murray Studios performing services for or on behalf of the Studio or other Arthur Murray Studios.

(u) Franchisee agrees that it will not use or post (or allow any of its employees to use or post) any written communication on social media to impugn or demean the reputation or goodwill associated with the Names and Marks or the Arthur Murray Method and System. "Social media" includes personal blogs, common social networks like Facebook and Myspace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools. Franchisee further agrees that Franchisor shall have the right to regulate Franchisee's and Franchisee's employee's use of social media to advertise, promote or otherwise communicate information about the Studio or its operations.

11. STUDENT ENROLLMENTS BY FRANCHISEE

In order to protect the reputation and goodwill of Franchisor, all Arthur Murray Studios and the interest of Franchisee's students as purchasers of consumer services:

(a) Every student enrollment agreement and contract used by Franchisee shall at all times be in strict compliance with all federal, state, local and provincial laws and decrees, municipal ordinances, rules and regulations.

(b) Every student enrollment agreement for lessons or services offered or executed by Franchisee shall be in writing of at least 8-point type, provide for a definite expiration of lessons and services and state that personal lessons are transferable to other Arthur Murray Studios.

(c) Subject to the requirements of applicable federal, state, local and provincial laws and decrees, Franchisee shall include the following provisions in each student enrollment agreement or contract entered into with a student relating to the sale of dance lessons, services or the payment therefor:

(1) The following provision shall be in ten (10) point bold-face capital letters.

"AS STUDENT, I UNDERSTAND AND AGREE THAT THIS AGREEMENT IS MADE BY ME SOLELY WITH THE BELOW NAMED OWNER OF THE STUDIO, AS SELLER, AND DOES NOT DIRECTLY OR INDIRECTLY CONSTITUTE AN AGREEMENT WITH OR AN OBLIGATION OF ARTHUR MURRAY INTERNATIONAL, INC. SHOULD THIS AGREEMENT, COMBINED WITH THE COST OF STUDENT'S OTHER UNUSED PERSONAL LESSONS AND/OR SERVICES, EXCEED TWO HUNDRED (200) PERSONAL UNUSED LESSONS OR UNITS OR TWENTY THOUSAND DOLLARS ($20,000.00) IN LESSONS OR UNITS OR SERVICES COMBINED, WHICHEVER COMES FIRST, OR THE MAXIMUM PERMITTED BY LAW, WHICHEVER IS LESS, THIS AGREEMENT IS VOID."

(2) The following paragraph shall be in ten (10) point bold-face capital letters.

"THIS AGREEMENT IS SUBJECT TO CANCELLATION AT ANY TIME DURING THE TERM OF THE AGREEMENT UPON NOTIFICATION BY THE STUDENT. IF THIS AGREEMENT IS CANCELLED WITHIN THREE BUSINESS DAYS, THE STUDIO WILL REFUND ALL PAYMENTS MADE UNDER THE AGREEMENT. AFTER THREE BUSINESS DAYS, THE STUDIO WILL ONLY CHARGE YOU FOR THE DANCE INSTRUCTION AND DANCE INSTRUCTION SERVICES ACTUALLY FURNISHED UNDER THE AGREEMENT, PLUS A REASONABLE AND FAIR SERVICE FEE. IF OTHER THAN AN ORIGINAL

ENROLLMENT, THIS AGREEMENT, IF FOR DANCE INSTRUCTION, IS SUBJECT TO CANCELLATION BY THE STUDENT WITHOUT CHARGE WITHIN SEVEN (7) DAYS AFTER THE COMPLETION OF THE PREVIOUS COURSE OF DANCE INSTRUCTION."

(d) Every student enrollment agreement for lessons or services shall name the owner of the Studio selling said lessons or services, designated as "Owner," immediately above the signature of the Studio representative and shall describe Franchisee's Studio as an "Arthur Murray Franchised Dance Studio" or an approved variation thereof. In any and all instances the Studio shall be identified as "Franchised."

(e) Franchisor shall, from time to time, inform Franchisee in writing and Franchisee shall comply with:

(1) The maximum total lessons and dollar amount for which any one student may be enrolled and have unused (including lessons, parties, trips, club memberships and other related studio services) by the Studio at any given time;

(2) Changes in wording or additional wording to be included in student enrollment agreements; and

(3) Other reasonable limitations and restrictions with respect to the enrollment of regular and/or transient students.

(f) Franchisee understands and agrees that it is to Franchisee's benefit and the benefit of all Arthur Murray franchisees that students be limited in the value of lessons and/or services which may be unused at any given time. As potential damage to the reputation of the Names and Marks in violation of Paragraph 11(e)(1), Franchisee shall pay to Franchisor, as liquidated damages for each deliberate and/or major violation, the sum of Seven Thousand Five Hundred Dollars ($7,500.00). Franchisee agrees to pay such amounts within fifteen (15) days after receipt of an invoice therefor.

(g) A sample copy of all student enrollment agreements and contracts for lessons or services used by Franchisee shall be approved in writing by Franchisor for compliance with the requirements of Paragraphs 11(b) through 11(e) before Franchisee shall offer same to any student or other person.

(h) Franchisee will promptly refund the pro rata value of paid for but unused lessons or services, less a reasonable and fair service charge, if requested by a student, such refund to be in accordance with all applicable laws and decrees; provided, however, that if Franchisor reasonably determines that a refund request should be honored by Franchisee, even if not legally required, Franchisee, upon the request of Franchisor, shall make such a refund. Upon the receipt by Franchisor of sufficient evidence, including any refund report in a form stipulated by Franchisor, that a refund has been made by Franchisee to Franchisee's student or the student's estate during the term of the Franchise, Franchisor will credit Franchisee for the amount of the royalty fee previously paid which is applicable to the sum so refunded by Franchisee.

12. EMPLOYEE EMPLOYMENT CONTRACTS

(a) All trainees, instructors, supervisors, managers and sales personnel of Franchisee shall at all times be under a written employment agreement with Franchisee in which Franchisee or Franchisee's authorized corporation, limited liability company or other entity, if applicable, shall be named as the employer (the "Employment Agreement").

(b) The Employment Agreement may be in a format prepared by Franchisor known as the "Professional Instructor Agreement." Franchisor makes no representation that the Professional Instructor Agreement complies with applicable federal, state, local or provincial laws, and Franchisee shall consult with attorneys knowledgeable concerning applicable employment laws in connection with the use of such Professional Instructor Agreement.

(c) Alternatively, Franchisee may use a format of Employment Agreement with the applicant for employment ("Applicant") other than the Professional Instructor Agreement, provided, however, that such agreement must contain the following provisions which may be changed by Franchisor from time to time by written notice to Franchisee:

(1) "Applicant is prohibited from soliciting or accepting money or anything of consequential value, whether as a loan, gift, investment, or otherwise, from any present or former student of Studio or any relative of any such student."

(2) "Applicant is prohibited from engaging in any relationship with any student of the Studio except for a professional relationship relating to dance instruction, including, but not limited to any individual or group social fraternization."

(3) "Applicant agrees that information furnished by AMII or Studio concerning Arthur Murray's methods as to dances, steps, teaching, instructional techniques, marketing techniques and operational procedures, as well as names, addresses, phone numbers, information concerning the preference and abilities of students, customer lists and less pricing information, are provided by Studio to employee to facilitate the performance by Applicant of his or her job responsibilities, and constitute proprietary information, confidential information and/or trade secrets (the "Protected Information"). Applicant agrees to use the Protected Information solely for the purpose of providing services hereunder and shall not disclose Protected Information to any other person, firm or entity except (x) in the ordinary course of the business of Studio or (y) to other employees of Studio who require such information for the operation of the Studio, and (b) shall not use any of the Protected Information in connection with any business or venture, other than in connection with the rendering of Applicant's services as provided herein."

(4) "Studio and AMII may use Applicant's name, photograph, films and recordings in connection with Arthur Murray advertising and publicity by Studio and/or AMII for any lawful purpose, including, but not limited to the sale of dance lessons, dance services, products or otherwise."

(5) "Applicant acknowledges that (a) AMII owns copyrights in all training aids, dance charts, manuals, syllabuses, books and other written materials, films, photographs, logos, and line drawings; audio and/or audio visual materials; and trophies used in the operation of the Studio, (the "Copyrighted Materials"), (b) the Studio is authorized by AMII to use the Copyrighted Materials in conjunction with its operations, and (c) Applicant shall not have the right, during the term of employment or thereafter, to copy, film, tape, or reproduce or reassemble in any manner, either in part or whole, any of the Copyrighted Materials or to use the Copyrighted Materials to create any work. Upon termination of Applicant's employment, Applicant shall surrender to Studio all Copyrighted Materials and any materials derived thereof. All Copyrighted Materials and copies or reproductions thereof shall remain at all times the exclusive property of AMII."

(6) "Applicant acknowledges that AMII owns certain trademarks and service marks (including, but not limited to, "Arthur Murray" and "Arthur Murray Dance Studio") (the "Proprietary Marks"), which Proprietary Marks are the exclusive property of AMII. Applicant shall not utilize any of the Proprietary Marks except in accordance with Franchisee's instructions in connection with the operation of the Studio, and shall upon termination of Applicant's employment immediately discontinue all utilization of the Proprietary Marks and any confusingly similar names and marks."

(7) In at least 10-point bold-face capital letters:

"THIS AGREEMENT IS MADE BY AND SOLELY BETWEEN THE HEREIN NAMED OWNER OF THE STUDIO [FRANCHISEE] AND THE APPLICANT [EMPLOYEE], AND APPLICANT UNDERSTANDS AND AGREES THAT APPLICANT SHALL HAVE NO RIGHTS AND SHALL NOT ASSERT ANY CLAIMS OF ANY NATURE WHATSOEVER AGAINST AMII OR ITS OFFICERS, DIRECTORS OR EMPLOYEES UNDER OR BY VIRTUE OF THIS AGREEMENT OR THE EMPLOYMENT RELATIONSHIP CREATED UNDER THIS AGREEMENT. APPLICANT FURTHER AGREES THAT AMII SHALL HAVE THE RIGHT TO ENFORCE THOSE PROVISIONS OF THIS AGREEMENT THAT PROTECT ITS PROPRIETARY MARKS, COPY RIGHTED MATERIALS AND PROTECTED INFORMATION."

13. **COMPLIANCE WITH THE LAW**

(a) Franchisee agrees to promptly secure and maintain in force all required licenses, permits, bonds and certificates and to operate the Studio in full compliance with all applicable federal, state, provincial and local consumer protection laws, as well as all other applicable statutes, rules, regulations, ordinances, decrees or obligations imposed by any government or any subdivision or agency thereof. When so requested by Franchisor, Franchisee shall certify in writing to Franchisor such compliance by Franchisee and the Studio.

(b) Franchisee shall give Franchisor notice in writing within three (3) days after receipt of any summons, complaint or statement of claim filed in any court of law, any complaint from an attorney or consumer protection agency on behalf of a student against Franchisee or any demand on Franchisee for arbitration in connection with the operation of the operation of the Studio and shall remit a copy of same and any related documents to Franchisor within said period of time by certified mail, return receipt requested, postage prepaid. Franchisee shall promptly inform Franchisor in writing of any developments concerning the foregoing matters and Franchisee's disposition of same.

14. FRANCHISOR'S NAMES AND MARKS

(a) Franchisee acknowledges that Franchisor is the sole owner of the Names and Marks licensed to Franchisee by this Agreement. Franchisee agrees to use each such Name and Mark in full compliance with rules prescribed from time to time by Franchisor and all such usage shall inure to the exclusive benefit of Franchisor. Franchisee shall not use any of the Names and Marks as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols, in connection with the sale or offer of sale of any unauthorized services or products or in any manner not explicitly authorized in writing by Franchisor. Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of the Names and Marks or of any claim by any other person to any rights in the Names and Marks, and Franchisor shall have the sole right and discretion to take such action as it deems appropriate.

(b) Franchisee agrees that it will not use any of the Names and Marks or any variation thereof as part of a domain name or electronic address of a website without the prior written consent of Franchisor.

(c) Franchisee shall print the symbol ® after the words "Arthur Murray" and all other registered Names and Marks and the symbol © "Arthur Murray International, Inc. 20____" (insert appropriate year(s)) when the Names and Marks or copyrighted materials are used.

(d) Franchisee further agrees to register or file statements of its use of the Names and Marks in any governmental office where it is mandatory or permissive that such a statement be filed, to renew said registrations or filings as required by law and to furnish to Franchisor within thirty (30) days after the execution of this Agreement and after each renewal, as applicable, satisfactory proof to Franchisor that such statements have been duly filed.

(e) Franchisor agrees to indemnify Franchisee against and to reimburse Franchisee for all damages for which it is held liable in any proceeding contesting its authorized use of the Names and Marks and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against Franchisee. If it becomes advisable at any time in the sole discretion of Franchisor for Franchisee to modify or discontinue use of any Name or Mark, or to use one or more additional or substitute trade names, trade or service marks, Franchisee agrees to promptly do so, and the sole obligation of Franchisor in any event will be to reimburse Franchisee for their reasonable tangible costs of complying with this obligation, provided Franchisee has notified Franchisor prior to incurring such costs. All provisions of this Agreement applicable to the Names and Marks shall also apply to any and other commercial symbols hereafter licensed to Franchisee by Franchisor.

15. CONFIDENTIALITY OF THE ARTHUR MURRAY METHOD AND SYSTEM

(a) Neither Franchisee, its employees or agents shall at any time, directly or indirectly, furnish or divulge any information as to methods of operation, interviewing, teaching, advertising, publicity, promotion ideas, marketing methods, the names and addresses of inquiring prospects, past and present students enrolled in the Studio or any other information or knowledge concerning the Arthur Murray Method and System or the operation of an Arthur Murray Studio to anyone except Franchisor and its agents. Franchisee may, however, discuss such matters and teaching methods with its employees, who shall be under written contract of employment as provided herein, and Franchisees of other Arthur Murray Studios and their employees.

(b) Franchisee acknowledges that all information relating to the operation of an Arthur Murray Studio disclosed to Franchisee by Franchisor pursuant to this Agreement is strictly confidential and is proprietary property and a trade secret of Franchisor. Franchisee agrees that Franchisee and Franchisee's employees will maintain and protect the confidentiality of all such information during and at all times after the term of this Agreement.

16. INSURANCE

During the term of this Agreement, Franchisee shall, at its own cost and expense, procure and keep in full force and effect for the Studio during the term hereof a commercial general liability insurance policy with limits of not less than $2,000,000 combined single limit for bodily injury and property damage (or such greater limits as may be required by the

landlord of the Studio premises), including motor vehicle liability coverage on automobiles used to any degree in conjunction with Studio operations, full risk property insurance in an amount equal to full replacement value of all business personal property and leasehold improvements, and such other insurance coverages, limits, deductibles and retentions as may be reasonably prescribed from time to time by Franchisor. Said policies of insurance shall be placed with carriers who meet the minimum classification specified from time to time by Franchisor and shall be in a form satisfactory to Franchisor. Franchisee shall promptly deliver copies of said insurance policies to Franchisor, or a copy of the certificates of insurance for each of the required insurance coverages, together with certificates or renewal or extensions of all of said required insurance policies. All required public liability insurance policies as stated above shall name Franchisor as an additional party insured. All insurance policies or certificates shall provide that such insurance coverage shall not be cancelled without at least thirty (30) days' prior written notice to Franchisor.

17. **ASSIGNMENT OR ENCUMBRANCE OF FRANCHISE**

(a) This Agreement is fully assignable by Franchisor and will inure to the benefit of any assigns or other legal successor to the interest of Franchisor.

(b) This Agreement, the Franchise, the license pursuant hereto and the ownership of the Studio are personal to Franchisee and neither this Agreement, the license nor any part of the ownership of Franchisee or the Studio may be voluntarily or involuntarily, directly or indirectly, fully or partially assigned, leased, loaned, sub-franchised or sub-licensed or otherwise transferred or encumbered by Franchisee, any corporation, limited liability company or other entity authorized by Franchisor to operate the Studio or the owners thereof, without the prior written consent of Franchisor, which consent shall not be unreasonably withheld provided that the proposed assignee(s) are, in the sole opinion of Franchisor, individuals of good moral character, and who have sufficient business experience, aptitude and financial resources to own and operate the studio and the Franchise and otherwise meet Franchisor's then applicable standards for Franchisees, and further provided that the following conditions are met prior to, or concurrently with, the effective date of the assignment:

(1) Franchisee shall have fully paid such royalty fees and any other amounts owed to Franchisor and its affiliates which are then due and unpaid; and

(2) The assignee shall have executed the form of Franchise Agreement and such ancillary agreements as are then customarily used by Franchisor in the grant of franchises for Arthur Murray Studios.

(3) Franchisee shall pay to the Company an administrative transfer fee in the amount of five thousand dollars ($5,000.00)

(c) Any assignment, transfer or encumbrance without prior written consent of Franchisor shall constitute a breach hereof, shall be void and of no effect and shall transfer no rights to the assignee or obligee whatsoever. Said consent will not be unreasonably withheld when transfer is made to an immediate family member of Franchisee and a manager is appointed who is qualified, in the reasonable opinion of Franchisor, to operate the Studio in accordance with the terms of this Agreement. Any sub-franchise or sub-license of this Agreement must comply with all applicable federal, state, local and provincial laws regulating the transfer of franchise rights.

(d) If Franchisee is in full compliance with this Agreement, Franchisee may, without being relieved from any personal liability hereunder, assign and transfer this Agreement, the franchise and license to a corporation, limited liability company or other approved entity, provided:

(1) During the term of this Agreement, Franchisee is the majority owner of such corporation, limited liability company or other approved entity, and maintains voting control thereof, and all other ownership interests are owned only by members of Franchisee's immediate family or employees of such corporation, limited liability company or other approved entity;

(2) Franchisee is the chief executive officer of such corporation, limited liability company or other approval entity, during the term hereof (unless Franchisor, in its sole discretion, approves another individual as chief executive officer);

(3) All money obligations of Franchisee to Franchisor are fully paid;

(4) The corporation, limited liability company or other approved entity agrees in writing satisfactory to Franchisor to assume all Franchisee's obligations hereunder and to guarantee the full and prompt payment and

performance by the corporation, limited liability company or other approved entity of all its obligations to Franchisor; and

(5) All owners, directors and executive officers of such corporation, limited liability company or other approved entity shall execute a guaranty agreement agreeing to be personally bound by the terms of the Franchise Agreement in the form prescribed by Franchisor. This guarantee shall be a continuing obligation until the same is revoked or cancelled by Franchisor.

(e) Franchisor reserves the right to receive and approve the provisions of any binding stock purchase, stock redemption or buy-sell agreement or other transfer upon the demise or permanent disability of Franchisee, which approval will not be unreasonably withheld by Franchisor provided that the transferees under any such agreement or otherwise meet the then applicable standards of Franchisor for franchisees, and agree to execute and be bound by all of the provisions of the then current form of standard Franchise Agreement and all other documents then customarily used by Franchisor in the grant of franchises.

(f) A copy of all agreements concerning any proposed assignment, sub-franchise, sub-license, encumbrance or other proposed transfer of any of Franchisee's rights hereunder shall be furnished by Franchisee to Franchisor not less than fifteen (15) days prior to the effective date of the proposed transaction in order to be considered by Franchisor for its consent.

(g) At least fifteen (15) days (or longer where required by law) prior to the effective date of the proposed transaction, Franchisee shall also deliver a copy of a current student inventory of the Studio to Franchisor and the prospective transferee showing the total liability for lessons and services, together with a detailed list of all other financial obligations of Franchisee with respect to the Studio, all of which shall be verified by Franchisee to be substantially true, correct and complete.

(h) If Franchisee proposes to sell the Studio assets or assign or transfer its rights to operate the Studio, an ownership interest in the Studio or ownership interest in a corporation, limited liability company or other approved entity authorized by Franchisor to own or operate the Studio, Franchisee shall obtain a bona fide, executed, written offer from a responsible and fully-disclosed purchaser and shall submit an exact copy of such offer to Franchisor. Franchisor shall have the right, exercisable by written notice to Franchisee for a period of fifteen (15) days after the date of delivery of such offer, to purchase the Studio, ownership interest in the Studio or ownership interest in such corporation, limited liability company or other entity authorized to operate the Studio for the price and on the terms and conditions contained in the offer, provided that Franchisor may substitute cash for any form of payment proposed in such offer. If Franchisor does not exercise its right of first refusal, Franchisee may proceed with the sale, subject to the prior written approval of Franchisor, as provided in this paragraph; provided, however, if the sale or transfer is not consummated within sixty (60) days after delivery of such offer to Franchisor, Franchisor shall again have the right of first refusal as herein provided. This Paragraph 17(h) shall not apply in the case of a transfer to an immediate family member of Franchisee or a transfer of a minority interest in the Franchise to an employee of Franchisee where Franchisee maintains not less than fifty-one percent (51%) of the equity and voting control in the Franchise.

18. TERMINATION OR CANCELLATION OF THIS AGREEMENT

In addition to all other remedies of Franchisor hereunder, Franchisor may terminate or cancel this Agreement immediately and without other cause or prior notice, effective upon mailing of notice of termination or cancellation to Franchisee, if Franchisee or the Studio:

(a) Has made any material misrepresentation or misstatement on its application for the Franchise or in this Agreement, or with respect to the ownership or proposed operation of the Studio;

(b) Is convicted of or pleads no contest to any felony or any other crime which, in Franchisor's judgment, may impair the goodwill associated with the Names and Marks;

(c) Abandons or fails to continuously and actively operate the Studio for fifteen (15) days without the prior written consent of Franchisor;

(d) Makes an assignment for the benefit of creditors or an admission of an inability to pay its obligations as they become due; files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar relief under any law; fails to contest the material allegations of any such pleading filed against Franchisee or the Studio; is adjudicated a bankrupt or insolvent; or if a receiver or trustee is

appointed to take possession of the assets of Franchisee or the Studio or any moratorium in payments by Franchisee or the Studio is ordered by any court;

(e) Makes or attempts to make an unauthorized assignment, transfer or encumbrance in violation of Section 17;

(f) Uses any of the Names and Marks in any unauthorized means or manner;

(g) Fails to abide by the maximum total dollar value in lessons and/or services and number of lessons and/or services which any one student may have remaining at one time in accordance with Paragraph 11(e)(1) of this Agreement, makes any material misrepresentation to Franchisor with respect to same, or attempts to hide any violation thereof or secretes any gross receipts of the Studio in order to deprive Franchisor of the royalty fee due thereon;

(h) Operates the Studio in such a manner that would jeopardize or impair the goodwill, the Names and Marks or the reputation of Franchisor or other Franchisees of Franchisor;

(i) Fails, refuses or neglects to pay to Franchisor any monies due to Franchisor promptly when due, or fails, refuses or neglects to furnish Franchisor with any report, statement or other record herein required to be furnished promptly when due, and does not pay such sum, substantially correct such failure in a manner as prescribed by Franchisor, within fifteen (15) days after written notice thereof is delivered by Franchisor to Franchisee;

(j) Fails to timely notify Franchisor of any summons, complaint or statement of claim against Franchisee as required under Paragraph 13(b) of this Agreement;

(k) Is convicted of selling or dispensing alcoholic beverages to a minor in violation of any state or federal law, or sells, deals in or dispenses any illegal substance, drugs or narcotics to any person, whether an adult or a minor, or if any employee of the studio is so convicted or engages in any such conduct;

(l) Fraternizes, or permits or condones any of the Studio's employees to fraternize, with any student on or off the Studio premises in violation of Paragraph 10(m)(5) of this Agreement;

(m) Fails, if operating more than one studio, to provide the Studio with an on-premises manager acceptable to Franchisor, pursuant to Paragraph 2(h) hereof;

(n) Fails to deliver to Franchisor proof of insurance coverage pursuant to Paragraph 16 hereof or fails to certify in writing, when so requested by Franchisor, compliance with the requirement to secure and maintain in force all required licenses, permits, registrations, bonds and certificates pursuant to Paragraph 13(a) hereof;

(o) intentionally underreports gross receipts of the Studio; or

(p) Breaches or fails to adhere to any other term, condition, promise or provision of this Agreement or any policy release of Franchisor or any specification, standard or operation procedure prescribed by Franchisor relating to the operation of the Studio and does not substantially correct such failure in a manner prescribed by Franchisor within fifteen (15) days after written notice thereof is mailed by Franchisor to Franchisee.

19. UPON TERMINATION, CANCELLATION OR EXPIRATION OF THIS AGREEMENT

Upon early termination, cancellation or expiration of this Agreement for any reason, or in the event this Agreement is null and void because of Franchisee's failure to develop and open the Studio within one hundred eighty (180) or two hundred seventy (270) days, as applicable, from the date hereof:

(a) Franchisee agrees to pay to Franchisor within fifteen (15) days thereafter such royalty fees and all other monetary obligations to Franchisor as have become due and are then unpaid, and if this Agreement is terminated by Franchisor with cause or by Franchisee without cause, Franchisee agrees to pay to Franchisor an amount equal to the average weekly royalty fee payable by Franchisee during the preceding twenty-four month period (or, if the Studio has been operated by Franchisee for less than twenty-four months, the average weekly royalty fee payable by Franchisee from the date Franchisee commenced operating the Studio) multiplied by the number of weeks remaining on the term of this Agreement, had the Agreement not been terminated.

(b) Franchisee shall remain personally responsible to Franchisor, and Franchisee and Franchisee's corporation, limited liability company or other approved entity and its owners, directors and executive officers, if applicable, shall remain responsible for the Studio's obligations including, but not limited to, obligations to all students of Franchisee for all unused and paid-for dance lessons and services, as well as all obligations to Franchisor as stated herein, and for all other obligations to other persons incurred by Franchisee in the operation of the Studio, whether or not any of said obligations are assumed by subsequent franchisees, provided that:

(1) Where Franchisee or its approved assignee shall sell, assign or transfer the Franchise Agreement, the Studio (or its assets) or part or all of the ownership of Franchisee's corporation, limited liability company or other approved entity, as the case may be, to another person with the consent of Franchisor, as provided herein, and the transferee executes an Arthur Murray Franchise Agreement: (i) Franchisee and, if applicable, its owners, directors and executive officers shall remain jointly and severally responsible with the buyer or transferee who shall assume and become personally responsible for all then unused and paid-for lessons and services due to students of the subject Studio, student refunds and/or damage claims; (ii) Franchisee and buyer or transferee shall be jointly and severally responsible for royalty fees and all other obligations then due Franchisor, as well as all other then existing obligations and liabilities of Franchisee by virtue of the ownership and operation of the Studio until same have been fully paid and discharged;

(2) In the event Franchisor shall take possession of the Studio, Franchisee shall remain liable and responsible for all of the foregoing together with all unused and paid-for lessons and services due to students of the Studio, student refunds and/or damage claims, royalty fees and all other obligations then due Franchisor at the date of such repossession; and

(3) Where Franchisee or its approved assignee shall sub-franchise or sub-license the franchise, the Studio or any rights therein, Franchisee, its sub-franchisee, sub-licensee, or its assignee and its shareholders, directors and executive officers as approved in writing by Franchisor shall remain and continue to be jointly and severally liable and responsible for all unused and paid-for lessons and services of students, student refund and/or damage claims, royalty fees and all other liabilities which might exist against the Studio until all of said lessons have been taught and all of said royalty fees and other liabilities which might exist against the Studio have been paid; and upon the further condition that both Franchisee and sub-franchisee or sub-licensee and their respective approved corporate assignees shall remain and continue to be jointly and severally liable and responsible for all unused and paid-for lessons and services of students and refunds of students' lessons enrolled for after the date of the sub-franchise or sub-license agreement royalty fees and all other liabilities thereafter arising as a result of the operation of the Studio.

(c) Franchisee shall return to Franchisor all originals and copies of operating and technical manuals and other training aids, including syllabuses, video tapes and films, loaned or issued by Franchisor and any and all other written materials loaned or issued to Franchisee relating to the operation of an Arthur Murray Studio.

(d) Franchisee shall immediately cease to use any confidential information of Franchisor disclosed or otherwise learned or acquired by Franchisee.

(e) Franchisee shall, within ten (10) days thereafter, (1) remove from the Studio premises all Arthur Murray interior and exterior signs and all of the Names and Marks, including all written materials therein in which the name "Arthur Murray" or any variation thereof appears, and Franchisee shall dispose of same; (2) cancel all assumed or fictitious names or equivalent registrations or filings relating to the use of any Name or Mark; (3) direct and authorize the local telephone company to assign and transfer the telephone number(s) and telephone directory listing(s) and all advertising theretofore used by Franchisee in connection with the Studio to any person, firm or corporation designated by Franchisor or at Franchisor's option permanently discontinue the use thereof. Franchisee does hereby irrevocably authorize and empower Franchisor or any officer of Franchisor to execute, as Franchisee's Attorney-in-Fact, coupled with an interest, all documents or orders as may be necessary for the accomplishment thereof.

(f) Franchisee shall execute and deliver to Franchisor or its nominee, and Franchisor or its nominee shall have the option to accept an assignment of, all of Franchisee's right, title and interest in and to any lease or sub-lease of the Studio premises occupied by Franchisee for the purpose of operating the Studio, together with an assignment of any assets and Student Enrollment Contracts of Franchisee excluding "goodwill" but including, but not limited to, all claims or equity which Franchisee may have in any retail installment contracts, and to apply, pay out or use same for the purpose of liquidating any and all liabilities of Franchisee or its corporation, as applicable, to Franchisor or students of the Studio, whether ascertained or contingent, incurred by Franchisee in the operation of the Studio operated pursuant to the terms hereof, in such order and

manner as Franchisor in its sole discretion shall determine, unless Franchisee can reasonably demonstrate that any of said obligations are unenforceable or incorrect as to amount. Should Franchisee fail to execute the assignments mentioned herein, Franchisee does hereby irrevocably authorize and empower Franchisor or any officer of Franchisor to execute such assignment(s) as Franchisee's Attorney-in-Fact, coupled with an interest, at such time or times as Franchisor may deem such action advisable after termination, cancellation or expiration hereof. In the event Franchisor or its nominee elects to accept said assignments from Franchisee, Franchisor or its nominee shall credit or reimburse Franchisee for all security deposits, prepayments of rent, and the fair market value for furniture and fixtures owned by the Franchisee on the premises of the Studio.

(g) If a new written Franchise Agreement is entered into by the parties hereto, or if this present Agreement is reinstated in writing, any such new Franchise Agreement or reinstatement hereof shall be effective on the day following the effective date of such cancellation, termination, or expiration of the previous Franchise Agreement.

(h) If Franchisee fails to cease and desist from doing business under the Names and Marks, in addition to other remedies available to Franchisor, Franchisor shall be entitled to recover from Franchisee as liquidated damages twenty-five percent (25%) of Franchisee's gross receipts thereafter so long as Franchisee continues to do business using the name "Arthur Murray," or any initials or variations thereof or any name similar thereto, in any manner whatsoever or otherwise infringes upon the Names and Marks.

(i) Franchisee shall not make use of the name "Arthur Murray" or any variation thereof and Franchisee shall not advertise or hold itself out as having formerly been connected with "Arthur Murray" or with an Arthur Murray Studio or any variation thereof in connection with any other dance school, dance studio, dance hall, dance club, social club, association of dancers or other business providing, selling or giving dance lessons or providing or selling services or facilities similar to the services provided for sale by Arthur Murray Studios.

(j) Franchisee shall cooperate with any successor and shall not unreasonably interfere with any such successor's employment of staff personnel who possess know-how or knowledge obtained as an employee of the Studio or otherwise unreasonably interfere with the operations of its successor.

(k) The Franchisee shall not be entitled to receive any royalty fees from any existing franchise operators in the franchise territory, whether a sub-franchise, release of territorial rights, lease-back partnership, or any other arrangement or relationship. Franchisee hereby unconditionally waives any and all rights to such royalty fees.

(l) If Franchisee fails to comply with any of the obligations stated in Paragraph 19 hereof, Franchisor or Franchisor's designated agent shall have the right to enter upon the premises of the Studio in order to enforce same without committing any trespass or other illegal act, and Franchisor shall not be liable to Franchisee in any manner for so acting.

20. FORCE MAJEURE

Upon an act of God, terrorism, war, insurrection, civil commotion, strike, lockout, or embargo; or lack of water, materials, power, or telephone transmissions specified or reasonably necessary for the operation of the Studio or the performance of Franchisor's obligations under this Agreement, or fire, hurricanes, or unavoidable casualties; and any other occurrence, event, or condition beyond Franchisee's or Franchisor's reasonable control, whichever is applicable (a "Force Majeure"), the party so affected will be relieved of its respective obligations to the extent that such party is necessarily prevented, or materially hindered or delayed, in performance during the period of the Force Majeure, except a Force Majeure shall not relieve a party of any (i) payment obligations for monies owed, (ii) obligations that start after the period of Force Majeure, or (iii) other obligations that are not necessarily prevented, or materially hindered or delayed, during the period of the Force Majeure.

21. RESTRICTIVE COVENANTS

(a) Franchisee agrees that it will not, during the term of this Agreement, use the knowledge, know-how, proprietary information, or trade secrets comprising the Arthur Murray Method and System or have any interest or involvement as an owner, as an employee or in any other capacity in any dance school or other business competing with Franchisor or any other Arthur Murray Studio or providing or selling dance instruction and/or services similar to those provided or available at an Arthur Murray Studio.

(b) In the event of (i) termination of this Agreement by Franchisor for cause, (ii) termination of this Agreement by Franchisee without cause, or (iii) this Agreement not being renewed for any reason, Franchisee agrees that Franchisee and

any entity in which Franchisee has an interest will not engage directly or indirectly as an owner, employee, consultant, lender, lessor or in any other capacity for a period of two (2) years after such termination or expiration of this Agreement or after Franchisee complies with the requirements of this Paragraph 20, whichever is later, in any dance school or other business providing or selling dance instruction and/or services similar to those provided or available at an Arthur Murray Studio within the Market Area as herein described or within twenty-five (25) miles of the boundary of the Market Area. If either the time prohibition or the geographical prohibition provided for herein is considered excessive by any court or arbitrator, said court or arbitrator may treat each mile and/or each month of the limitation as a severable distance or period of time and reduce the prohibition to what is reasonable under the circumstances.

(c) In the event of (i) termination of this Agreement by Franchisor for cause, (ii) termination of this Agreement by Franchisee without cause, or (iii) this Agreement not being renewed for any reason, Franchisee agrees that Franchisee and any entity in which Franchisee has an interest will refrain from contacting or soliciting for dance instruction or any other purpose or reasons any individuals who were students of the Studio at the time of termination or expiration or during the six (6) month period prior to termination or expiration.

22. ARBITRATION OF DISPUTES

(a) Franchisor shall have the right to enforce by judicial process its right to cancel or terminate this Agreement for the causes enumerated in Paragraph 18 hereof or to collect any monies due hereunder. The prevailing party in any such legal proceeding shall be entitled to reimbursement of its costs and expenses, including reasonable attorney's fees.

(b) Except insofar as Franchisor elects to enforce this Agreement by judicial process as provided herein, all disputes and claims arising out of or relating to this Agreement or the breach thereof (including, without limitation, any claim that this Agreement or any provision hereof, is illegal or otherwise unenforceable or voidable) shall be settled by arbitration in the city in which Franchisor's principal office is located, before a single arbitrator, in accordance with the Rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise agreements, if any; otherwise, the general rules of commercial arbitration). The prevailing party in the arbitration shall be awarded, in addition to any other relief granted, all of its costs and expenses of the arbitration proceeding, including reasonable attorneys' fees. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof.

(c) Nothing herein contained shall prevent Franchisor in a proper case from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction and/or other emergency relief available to safeguard and protect the interests of Franchisor pending the decision or award pursuant to any arbitration proceeding conducted hereunder. Franchisee expressly agrees that, to the extent temporary or preliminary injunctive relief on behalf of Franchisor is warranted in any case, Franchisor will not be required to post a bond or any other security with the court as a condition of obtaining such relief.

23. NOTICES

Any notice to be given to either party hereunder shall be deemed sufficiently given if sent by registered or certified mail, return receipt requested, postage prepaid, or by overnight courier, with a bona fide and reputable courier service to the party to whom the notice is directed at the address of such party as hereinafter set forth or to such other address as any party may hereinafter designate in writing by similar means. Any notice given as aforesaid shall be deemed effective on the day on which same is deposited with proper postage affixed in the United States mail, or, the care of an overnight courier, when deposited with the courier service.

Franchisor:	Arthur Murray International, Inc. Attn: President 1077 Ponce De Leon Blvd. Coral Gables, Florida 33134
Franchisee:	To Franchisee at either of the addresses stated on Page 1 of this Agreement unless said address has been changed and Franchisor has been notified by Franchisee in accordance herewith and then to the changed address

24. **LEGAL STATUS OF FRANCHISEE-INDEPENDENT CONTRACTOR/INDEMNIFICATION HOLD HARMLESS AGREEMENT**

(a) The relationship between the parties is strictly that of independent contractors. This Agreement does not in any manner, shape or form create the relationship of principal and agent or master and servant between Franchisor and Franchisee, and under no circumstances shall Franchisee be considered to be an "agent," "representative" or "servant" of Franchisor. Franchisee shall not act or attempt to act, or represent himself, directly or by implication, as an "agent" or "servant" of Franchisor as defined by law or in any manner assume or create, or attempt to assume or create, any obligation on behalf of or in the name of Franchisor. Franchisor shall not be liable for any expenses, obligations, taxes or levies or disbursements paid or incurred in connection with the establishment, operation or maintenance of the Studio or otherwise. Franchisee shall indemnify and hold Franchisor, its officers, directors and employees, harmless from any and all claims, lawsuits, arbitration proceedings, demands and other causes of action that may arise or be asserted by other persons or by the government or any subdivision or agency thereof against Franchisor or its officers, directors or employees by reason of the establishment, operation, and maintenance of the Studio by Franchisee, including without limitation any and all attorneys' fees and expenses, costs of investigation and proof of facts, court costs, and other litigation expenses, costs of arbitration, and other expenses which may be incurred by Franchisor in defending against same. Franchisor reserves the right to engage its own counsel to represent its interest and Franchisee agrees to pay such legal fees and to indemnify and hold Franchisor harmless from said legal fees and all costs and expenses involved in such controversies. Franchisee's obligations herein shall be a continuing obligation of Franchisee during the initial term of the Franchise, any and all renewal terms thereof, and shall survive the expiration or cancellation of this Agreement for any reason.

(b) In order to assure that no student of Franchisee or any other person may get the erroneous impression or incorrectly assume that Franchisee or their employees, agents and servants are the agents or servants of Franchisor:

(1) Franchisee shall use, at all times, the words "A Franchised Studio" in the operation of its Studio whenever "Arthur Murray Dance Studio" or any variation thereof is used in Franchisee's advertising and public relations, as well as on student enrollment agreements, student service contracts, receipts, letterheads, and any other printed matter. Further, all agreements, contracts, receipts and other legal documents used by Franchisee in the operation of the Studio shall clearly name the owner of the Studio, designated as the "Owner";

(2) Before commencing operations pursuant to this Agreement, and at all times thereafter during the term hereof, Franchisee shall have the phrase "Arthur Murray Franchised Studio" or any approved variation thereof, followed by the name of the owner of the Studio designated as "Owner" of the Studio prominently painted or displayed on the front door or at the entrance to Franchisee's Studio;

(3) Before commencing operations pursuant to this Agreement, and at all times thereafter during the term hereof, Franchisee shall post in a conspicuous place in the reception room in its Studio the certificate of "Arthur Murray Dance Studio License" and the "Arthur Murray Code of Ethics" issued by Franchisor;

(4) It is understood and agreed that in granting this Franchise, Franchisor does not authorize or empower Franchisee to use the Names and Marks in any manner other than as provided herein, or to affix or sign the name "Arthur Murray" or any variation thereof, to any contracts, documents, bills, notes, checks, drafts, leases, bonds, mortgages, bills of sale or any other documents, instruments, or in written or printed material, or to hold himself out as a general or special agent, officer, director, partner, servant or employee of Franchisor. Franchisee agrees that all contracts and agreements entered into in the establishment and operation of its Studio shall be solely in its own name or in the name of its corporation, when applicable, and not in the name of "Arthur Murray" or any unauthorized variation thereof; and

(5) Franchisee shall from time to time orient, train, instruct and supervise its staff of employees to refrain at all times from implying or representing to students of Franchisee's Studio or to other persons that said students or persons are contracting or dealing with any entity or person other than Franchisee, or Franchisee's corporation, when applicable.

(c) Neither Franchisor nor Franchisee shall be obligated by any agreements, representations or warranties made by the other to third parties, nor shall Franchisor be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Studio of Franchisee, whether caused by the negligence or willful action of Franchisee, its employees or agents, their failure to act or otherwise.

25. **PRIOR FRANCHISE AGREEMENTS**

(a) If this Agreement is entered into between Franchisor and Franchisee in lieu of or in substitution for another Franchise Agreement heretofore or simultaneously assigned or transferred to Franchisee by a former franchisee for the Studio to be operated pursuant hereto, said assigned or transferred Franchise Agreement between Franchisor and Franchisee's assignor or transferor is hereby automatically cancelled and terminated, effective upon the execution hereof, but those provisions of the terminated Franchise Agreement, which expressly or by their nature survive the termination of the Franchise Agreement, shall remain in effect.

(b) If this Agreement is being entered for a Market Area in which an Arthur Murray Studio was heretofore owned and operated by Franchisee or by any previous franchisee, or was heretofore or is simultaneously with the execution hereof being purchased by Franchisee from a prior franchisee thereof, or acquired or established or otherwise obtained with the consent of Franchisor, Franchisee hereby assumes and agrees to promptly pay all debts and obligations of said Studio owed to Franchisor, if any, together with interest thereon from due dates at the rates as stipulated in the applicable franchise agreement(s), and Franchisee also agrees to teach out and indemnify Franchisor at Franchisee's cost and expense and to hold Franchisor harmless for paid for but untaught lessons and unused services of students of said former Studio, including those students of the subject Studio to be operated by Franchisee pursuant hereto.

(c) In the event that any franchisee in the Market Area has heretofore terminated the operations of its Studio within said Market Area and has left unpaid obligations to other persons, Franchisee shall forthwith negotiate and make suitable payment arrangements and pay any obligations which are necessary and essential to the operation of the Studio.

26. **GENERAL PROVISIONS**

(a) The failure of either party hereto to insist in any one or more instances upon strict performance by the other party of any one or more of the terms and conditions of this Agreement or to exercise any rights thereunder shall not be construed as waiver thereof, but the same shall continue and remain in full force and effect.

(b) Except as expressly provided herein, the waiver by either party hereto or the failure of either party to claim a breach of any provision of this Agreement shall not be, or be held to be, a waiver of any subsequent breach or as affecting in any way the effectiveness of such provision.

(c) The use of the word Franchisee and all pronouns and variation thereof as used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons may require.

(d) If any part, clause, provision, paragraph or sub-paragraph of this Agreement, including the operating and technical manuals, aids or any specification or operating procedure, standard or policy of Franchisor shall to any extent be declared or adjudged to be invalid, illegal or unenforceable, same shall be enforced to the fullest extent permitted by law and shall not affect the validity of any other part, clause, provision, paragraph or subparagraph thereof.

(e) Notwithstanding anything in this Agreement to the contrary, Franchisor shall have the right to reasonably amend, modify or change this Agreement in case of legislation, government regulation, orders or decrees or changes in any circumstances beyond the reasonable control of Franchisor that might materially affect the relationship between Franchisor and Franchisee, and Franchisee agrees that as so amended, modified or changed, the Agreement shall be binding upon Franchisee.

(f) The collection and payment of all monies due by Franchisee to Franchisor and all restrictive agreements and covenants on the part of all parties to be performed or observed, including all indemnification obligations, shall survive the assignment, surrender, termination, cancellation or expiration of this Agreement.

(g) This Agreement and any dispute between the parties shall be construed in accordance with and governed by the laws of the State of Florida without reference to its choice of law principles, provided, however, that if any of the provisions of Paragraph 20 hereof are not enforceable under the laws of the State of Florida, the provisions of Paragraph 20 shall be construed and enforced according to the laws of the state in which Franchisee is domiciled. Any lawsuit between the parties shall be brought in a court of competent jurisdiction in Dade County, Florida and Franchisee hereby submits to the jurisdiction of such court.

(h) This Agreement shall be binding upon and inure to the benefit of the respective heirs, beneficiaries, distributees, executors, administrators, successors and assigns of the parties hereto according to the terms hereof.

(i) The parties agree that this Agreement contains all of the terms, conditions, agreements, promises and covenants made by or between the parties hereto, provided nothing in this Agreement is intended to disclaim representations made in any Franchise Disclosure Document delivered to Franchisee. Except as otherwise herein provided with respect to Franchisor's operating and technical manuals and aids, general and policy releases, or in the instance when Franchisor has the unilateral right to modify this Agreement, any modifications or amendments hereof must be in writing and signed or initialed by the parties before becoming binding or effective.

(j) The captions and paragraph headings in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of or the intent of this Agreement, nor in any way affect this Agreement.

(k) The parties hereto agree that time shall be of the essence.

(l) The parties hereto promise to promptly and faithfully perform all acts and forbearances necessary or expedient to accomplish and maintain a lasting, financially rewarding and mutually beneficial relationship.

(m) 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any other document executed in connection with the franchise.

(n) If any of the provisions of this Agreement are inconsistent with applicable state or provincial law, then the state or provincial law shall apply.

(o) Franchisee agrees to pay Franchisor on demand any costs or expenses incurred by Franchisor, including its reasonable attorney's fees, to obtain Franchisee's compliance with the terms of this Agreement whether or not Franchisor commences any legal proceedings against Franchisee.

(p) Franchisee acknowledges that Franchisor has neither the right nor obligation to assume any of Franchisee's financial obligation, either to consumers, vendors or federal, state or local governments. Franchisee further acknowledges Franchisor's right to maintain a security interest in Franchisee's operation. All financial obligations are the sole and exclusive obligation of Franchisee.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement before the undersigned authority effective as of the date and year first above written.

_____

_____

_____

FRANCHISEE(S)

ARTHUR MURRAY INTERNATIONAL, INC.

By:_____

Authorized Executive Officer

ACKNOWLEDGMENTS(S) OF FRANCHISEE(S)

STATE OF)
)SS:
COUNTY OF)

On the _____ day of _____, 20____, before me personally appeared _____ _____ to me known to be the individual(s) described in the foregoing instrument, and who made the representations contained therein under oath, and who executed said instrument as Franchisee before me.

_____
Notary Public

STATE OF)
)SS:
COUNTY OF)

On the _____ day of _____, 20____, before me personally appeared _____ _____ to me known to be the individual(s) described in the foregoing instrument, and who made the representations contained therein under oath, and who executed said instrument as Franchisee before me.

_____
Notary Public

ACKNOWLEDGMENT OF FRANCHISOR

STATE OF)
)SS:
COUNTY OF)

On the _____ day of _____, 20____, before me personally appeared _____ _____ to me known, who, being by me duly sworn, did depose and say that he is the _____ _____ of ARTHUR MURRAY INTERNATIONAL, INC., the corporation described in and which executed the foregoing instrument as Franchisor; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order by the Board of Directors of said corporation; and that he signed his name thereto by like order.

_____
Notary Public

EXHIBIT 1

AUTHORIZATION TO OPERATE AN
ARTHUR MURRAY FRANCHISED STUDIO
BY A CORPORATION/LIMITED LIABILITY COMPANY

THIS AUTHORIZATION will confirm our understanding effective: _____ as follows:

On _____ ARTHUR MURRAY INTERNATIONAL, INC. ("AMII"), a Delaware corporation, issued a Franchise Agreement to you, as Franchisee(s), pursuant to which you have been authorized to operate an Arthur Murray Franchised Studio at: _____ (the "Franchise Agreement").

You have advised AMII that you have organized or will shortly hereafter organize a corporation/limited liability company with the company name of _____, effective as of _____ under the laws of the City/State/Country of _____ and that you are desirous of having said corporation/limited liability company operate your Arthur Murray Franchised Studio(s), which studio(s) is required to be operated by you personally under the terms of the Franchise Agreement.

In order to induce AMII to issue this Authorization, you hereby represent that only the following named persons beneficially hold or shall beneficially hold the following percentages of the issued and outstanding shares of capital stock of the corporation or membership interests in the limited liability company which shall constitute 100% of the ownership interests in said corporation/limited liability company until AMII is duly notified to the contrary and approves of any changes in ownership in the manner prescribed in the aforestated Franchise Agreement:

VOTING SHARES/MEMBERSHIP INTERESTS

Name of Shareholder/Member	% of Total	Name of Shareholder/Member	% of Total
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

There shall be no non-voting shares or interests without the prior written consent or AMII.

Franchisee(s) hereby assigns Franchisee's right to operate a dance studio-in the franchise area located at the above address to the corporation/limited liability company known as _____ and AMII consents to the assignment of the Arthur Murray Franchised Studio(s) at the above location(s) upon condition that during the term of the Franchise Agreement:

1. You are or shall be the sole owner(s) and holder(s) of the majority of the issued and outstanding voting shares of stock of said corporation or the membership interests in said limited liability company; all other shares or interests shall be owned only by you, members of your immediate family, or employees of your corporation/limited liability company.

2. You will authorize and require that your corporation/limited liability company cause a legend to be inscribed on each share certificate of your corporation or in the operating agreement of your limited liability company (and any membership certificates issued pursuant thereto) prior to the issuance or execution of same substantially as follows:

Corporation:

"Any assignment, transfer or encumbrance of the shares of capital stock of this corporation evidenced by this share certificate or while this corporation operates an Arthur Murray Franchised Studio without the prior written consent of Arthur Murray International, Inc. shall be null and void and shall transfer no rights to the assignee or obligee whatsoever."

Limited Liability Company:

"Any assignment, transfer or encumbrance of the member interests in this limited liability company or while this limited liability company operates an Arthur Murray Franchised Studio without the prior written consent of Arthur Murray International, Inc. shall be null and void and shall transfer no rights to the assignee or obligee whatsoever."

3. You (or, if there is more than one person constituting Franchisee, the person approved by AMII) will be the chief executive/manager member of said corporation/limited liability company. The Arthur Murray Franchised Studio(s) operated by your corporation/limited liability company shall be at all times under the direct on-premises control and supervision of the chief executive/managing member, or if Franchisee operates more than one studio, by a manager who has demonstrated his ability to operate a studio and who shall devote his entire time during business hours to the management of the studio.

4. You will not sell, assign, transfer, pledge or otherwise hypothecate, encumber or dispose of your shares of stock of the aforesaid corporation or your membership interests in the aforesaid limited liability company or transfer any equitable or other interest in said corporation or

limited liability company as long as it owns or operates said Arthur Murray Franchised Studio, without the prior written consent of AMII, which consent shall not be unreasonably withheld.

5. All of the terms and conditions contained in the Franchise Agreement are expressly incorporated herein by reference, and you and your corporation/limited liability company agree to remain in full compliance with all terms and conditions of the Franchise Agreement and shall be jointly and severally responsible to AMII for any damages incurred by AMII occasioned by any breach of the Franchise Agreement by you or your corporation/limited liability company.

6. Your corporation/limited liability company shall not engage in or operate any other business so long as it is the operator of said Arthur Murray Franchised Studio.

7. The company name of your corporation/limited liability company shall not contain the words "Arthur Murray" or any variation thereof. Said name may not be changed without AMII's prior written consent, which consent shall not be unreasonably withheld.

8. In the event that you or other shareholders or members sell, assign, transfer, pledge or otherwise hypothecate, encumber or dispose of all or any of said shares of stock of the aforesaid corporation or membership interests in the aforesaid limited liability company or any other interest therein without AMII's prior written consent while it is the operator of an Arthur Murray Franchised Studio, or you, other shareholders or members otherwise breach any term or condition of this Authorization, same shall be considered a breach of the aforementioned Franchise Agreement, and both the Franchise Agreement and this Authorization, and all of your rights thereunder and hereunder, and the authority of your corporation/limited liability company pursuant hereto may, at AMII's option, be terminated and cancelled immediately and without other cause or prior notice, effective upon AMII's mailing of notice of termination or cancellation to you or your corporation/limited liability company in the manner prescribed in the Franchise Agreement.

9. You will personally remain and be individually bound by all of the terms and conditions of the Franchise Agreement, or any other Franchise Agreement hereafter entered into in place and in lieu thereof, or other written agreements with respect to said Arthur Murray Franchised Studio with the same force and effect as if the permission herein contained had not been granted and you were personally the operator of said Arthur Murray Franchised Studio(s). Furthermore, nothing in this Authorization shall be construed to give meaning or to be interpreted that the Franchise has been transferred to the corporation/limited liability company.

This Authorization shall be operable during the term of the Franchise Agreement or any renewal, extension, reinstatement, as well as any authorized change of studio address as provided in the Franchise Agreement, or other amendment or modification thereof. Upon the termination, cancellation, or expiration of the Franchise Agreement, this Authorization and the authority herein granted shall automatically terminate. The collection and payment of all monies due by you and your corporation/limited liability company to AMII and all restrictive agreements and covenants on the part of the parties hereto to be performed or observed shall survive the surrender, termination, cancellation, or expiration of this Authorization.

This Authorization shall be binding upon and inure to the benefit of the respective heirs, beneficiaries, distributees, executors, administrators, successors and assigns of the above named shareholders/members according to the terms of the Franchise Agreement.

Date _____,_____

CONSENT BY FRANCHISEE(S)'
CORPORATION/LIMITED LIABILITY
COMPANY

The below named corporation/limited liability company, through its duly authorized President and Secretary or Managing Member, hereby agrees to be bound by the terms of the foregoing agreement and the Franchise Agreement referred to therein.

_____
Franchisee(s) Corporation/Limited Liability Company
Date _____,_____

By: _____ (Affix Corporate Seal)
President/Managing Member
Attest: _____(Secretary)

ARTHUR MURRAY INTERNATIONAL, INC.

By: _____ (Seal)
Franchisor, WAYNE A. SMITH, EXECUTIVE VICE PRESIDENT

_____
Date:

_____
Franchisee:

_____
Franchisee:

_____
Franchisee:

_____
Franchisee:

_____
Date:

EXHIBIT D

ADDENDA FOR FRANCHISE DEVELOPMENT PROGRAM

AMENDMENT TO FRANCHISE AGREEMENT BETWEEN ARTHUR MURRAY INTERNATIONAL, INC. AND FRANCHISEE NAMED BELOW FOR THE LOCATION AND OPERATION OF A STUDIO WITHIN FRANCHISEE'S MARKET AREA

Effective _____, 20___, (the "Effective Date"), this AMENDMENT (the "Amendment") is attached and made a part of the Franchise Agreement between ARTHUR MURRAY INTERNATIONAL, INC., Franchisor, and _____, Franchisee, dated _____, 20___ ("Franchise Agreement").

1. Franchisee hereby releases the market area set forth below:

OPERATING FRANCHISEE	**LOCATION**	**MARKET AREA**
_____	_____	_____

The foregoing location is hereinafter referred to as "Studio" and includes one or more locations as set forth above.

2. Franchisee agrees that the Studio may be operated in accordance with the terms of a certain franchise agreement between "Operating Franchisee" and Franchisor, dated _____ _____, 20___ ("Operating Franchise Agreement") and that a breach by Operating Franchisee of the terms of the Operating Franchise Agreement shall entitle Franchisor to exercise any and all of its rights and remedies under the Operating Franchise Agreement with respect to the Studio, without the necessity or obligation to exercise those rights and remedies by or through the Franchisee.

3. In consideration of Franchisee relinquishing his or her rights and interest in the location(s) and market area specified above within Franchisee's Market Area and the services provided by Franchisee under Section 6 hereof, Franchisee shall be entitled to receive an amount equal to three percent (3%) of the gross receipts of the Studio from the eight percent (8%) of the gross receipts of the Studio when paid to Franchisor as a franchise fee pursuant to the terms of the Operating Franchise Agreement for a period commencing on the date hereof (or, if the Operating Franchise Agreement is a renewal agreement, the effective date of the first franchise agreement for the Studio entered into between Franchisor and Operating Franchisee) and ending five (5) years after the Effective date (the "Released Territory Term"). Franchisee's right to receive the amounts described herein shall be subject to Franchisor's prompt receipt of franchise fees under the Operating Franchise Agreement from Operating Franchisee. Franchisor may, upon its written approval of the request of Franchisee, permit Operating Franchisee to pay the percentage of the franchise fee due Franchisee directly to Franchisee.

4. It is understood by Franchisee that at all times during the term of the Franchise Agreement and/or the Operating Franchise Agreement, Franchisee shall have no interest whatsoever, directly or indirectly, in the ownership of the franchise rights with respect to the Studio nor in the ownership of the assets of the Studio.

5. All other fees and payments due under the Operating Franchise Agreement shall be paid to Franchisor in accordance with the terms of the Operating Franchise Agreement.

6. Franchisee agrees to provide ongoing training to Operating Franchisee as Franchisor requires or specifies and to support Operating Franchisee through participation in advertising campaigns and initiatives for Operating Franchisee.

7. In the event of default, cancellation, abandonment or any failure of Operating Franchisee to operate the Studio under this Amendment and/or the Operating Franchise Agreement, the Studio market area shall automatically revert back to Franchisee provided Franchisee (a) unconditionally assumes the obligation to teach the untaught lessons due students of the Studio (either at the Studio or at Franchisee's Studio), (b) agrees to pay fifty percent (50%) of the costs which Franchisor shall have incurred in enforcing the provisions of the Operating Franchise Agreement, including Franchisor's attorneys' fees and expenses incurred therefor, and (c) pays any obligations which are necessary and essential to the operation of the Studio excluding, however, any royalty fees due Franchisor.

8. In the event Franchisee reacquires the Studio market area as provided above, Franchisor shall have the following options:

(a) Issue a new franchise agreement to Franchisee; or

(b) Extend the existing Franchise Agreement with Franchisee to again include the Studio and market area.

Franchisor shall comply with (a) or (b) above if Franchisee immediately complies with the requirements of paragraph 7 above. In the event Franchisee fails to comply with such requirements, Franchisor may retain possession, jurisdiction and rights to the Studio and to the Studio market area for the purpose of issuing a new direct franchise agreement to others free and clear of any reversion rights of Franchisee.

9. If: (a) Franchisee fails on two (2) or more separate occasions within any twenty-four (24) consecutive month period to comply with any one or more obligations under the Franchise Agreement, whether or not any of these failures are corrected after Franchisor delivers written notice to Franchisee and whether these failures involve the same or different obligations under the Franchise Agreement; or (b) Franchisee sells or transfer its interest in the business operated under the Franchise Agreement, then Franchisor may, in addition to any other rights and remedies that Franchisor might have under this Amendment, the Franchise Agreement, any other agreement or applicable law, terminate Franchisee's rights under this Amendment (including, without limitation, Franchisee's right to receive any fees payable by Operating Franchisee), which termination shall be effective upon delivery of written notice of termination to Franchisee, without giving Franchisee an opportunity to cure.

10. In the event Franchisor or Franchisee cancels or terminates the Franchise Agreement for any reason or cause, Franchisee hereby unconditionally waives any and all existing rights under the Franchise Agreement and any rights to receive any fees payable by Operating Franchisee to Franchisee. All obligations of Franchisor to Franchisee shall terminate with such cancellation.

FRANCHISEE

FRANCHISOR
Arthur Murray International, Inc.

_____

By: _____
Authorized Executive Officer

ADDENDUM TO
OPERATING FRANCHISE AGREEMENT
IN RELEASED MARKET AREA

This ADDENDUM (the "Addendum") dated this __ day of _____, 20____ (the "Effective Date") is entered into by and between Arthur Murray International, Inc. ("Franchisor") and _____ ("Operating Franchisee").

WITNESSETH

WHEREAS, Franchisor previously entered into a Franchise Agreement dated _____, 20__, with _____ ("Franchisee") for the operation of Arthur Murray Franchised Dance Studio in the following area: _____.

WHEREAS, Operating Franchisee is or will be operating an Arthur Murray Franchised Dance Studio within said Franchise Agreement market area (the "Market Area") at the following location: _____ _____ (the "Studio") and Operating Franchisee's market area is or shall be _____.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. The Studio shall be operated by Operating Franchisee under the terms and conditions of a new franchise agreement dated on even date herewith ("Operating Franchise Agreement") which terms and conditions are incorporated herein by this reference and with which the Operating Franchisee agrees to comply.

2. Franchisor shall have all rights and remedies under the Operating Franchise Agreement with respect to the operation of the Studio directly with the Operating Franchisee without the necessity or obligation to exercise those rights and remedies by or through the Franchisee.

3. All payments due pursuant to the Operating Franchise Agreement shall be paid to Franchisor unless otherwise agreed to in writing by Franchisor.

4. In consideration of Franchisee relinquishing all of its rights to the Studio and Market Area in Franchisee's Market Area, Franchisee shall be entitled to an amount equal to three percent (3%) of the gross receipts of the Operating Franchisee's Studio of the eight percent (8%) of the gross receipts of the Operating Franchisee's Studio payable to Franchisor as and when franchise fees are paid to Franchisor under the terms of the Operating Franchise Agreement for a period beginning with the commencement of the operation of the Studio (or, if the Operating Franchise Agreement is a renewal agreement, the effective date of the first franchise agreement for the Studio entered into between Franchisor and Operating Franchisee) and ending five (5) years after the Effective Date.

5. It is understood and agreed that to sustain the success of the Operating Franchisee and the Arthur Murray System, that an equitable approach be maintained in all instances applying to Showcases, Medal Balls, steps, methods of instruction, student tuition and payroll rates in Franchisee's market area.

6. Operating Franchisee agrees to share equally the advertising costs in the major media and to cooperate with all other franchisees in the _____ Metropolitan market area and

other adjacent market areas if applicable, including, but not limited to, advertising, sharing Showcases and Medal Balls, and to adjust costs thereof equitably on a prorated basis.

7. Franchisee and/or Franchisor will, at such time and on such occasions as they deem necessary, inform Operating Franchisee of such policies, step methods and rates. Failure on the part of Operating Franchisee to maintain such equitable policies, methods or rates after having been so informed, shall be sufficient cause for immediate cancellation of the Operating Franchise Agreement by Franchisor.

8. It is further agreed that Operating Franchisee will not enroll a student or prospect for Arthur Murray lessons who has cancelled a program and been refunded from another Arthur Murray Studio without first referring the name of the prospect or student to Franchisor for review, since there are possible complications thereof having to do with the previous studio.

9. Upon receipt of a request by a student to take lessons where such student is or has been enrolled at another studio ("Home Studio"), Operating Franchisee will inquire of and obtain permission from the Home Studio if the Studio is within twenty-five (25) miles of that Home Studio.

10. If Operating Franchisee proposes to sell the Studio, an ownership interest in the Studio, or shares of stock in a corporation authorized by Franchisor to own or operate said Studio, or if Operating Franchisee or said shareholder(s) shall obtain a bona fide executed written offer from a responsible third party, Franchisee shall have the right of first refusal to purchase the Studio, such ownership interest in the Studio, or said shares of stock for the price and terms and conditions contained in such offer which shall be fully and completely disclosed by Operating Franchisee to Franchisee. This option shall be for a period of fifteen (15) days from the date of delivery of a copy of such offer to Franchisee, and shall be exercisable by written notice to Operating Franchisee and Franchisor. If Franchisee does not exercise its right of first refusal, the offer may be accepted by Operating Franchisee, subject to the prior written approval of Franchisor, as provided in the Operating Franchise Agreement. Since time is of the essence, a late request for approval may be considered as a breach of the terms of the Operating Franchise Agreement and cause for withholding Franchisor's approval.

OPERATING FRANCHISEE

_____

FRANCHISOR
Arthur Murray International, Inc.

By: _____
Authorized Executive Officer

EXHIBIT E

EXPANSION PROGRAMS

EXPANSION PROGRAM
NO. 1

NEW INCENTIVE PROGRAM FOR ARTHUR MURRAY INT'L., INC. FRANCHISES

For additional new studios opened by qualifying existing franchisees of Arthur Murray International, Inc. (each, an "Existing Franchisee"), the royalty fee from the date of participation in this incentive program shall be as set forth below. The incentive program applies to the development of new studios, regardless of the metropolitan area(s) in which the additional studio(s) are located.

The reduced royalty fee shall be as follows:

1. Seven percent (7%) for the second studio opened.

2. Six percent (6%) for the third studio opened.

3. Five percent (5%) for any additional studios opened thereafter.

To qualify for the reduced royalty fees set forth above for any calendar year in which this incentive program remains in effect, the applicable studio must have achieved $150,000 or more in gross receipts for the previous calendar year. The Existing Franchisee must own not less than 51%[1] of the outstanding stock or general partnership interest in each entity that signs a Franchise Agreement for a participating studio and the additional studios can be operated with a manager or with a partner.

The Existing Franchisee and all other participating franchisees must be current with respect to their respective payment obligations to Arthur Murray International, Inc. and its affiliates under all then-effective Franchise Agreements in order for Arthur Murray International, Inc. to approve additional new studios for participation in this program. In addition, the Existing Franchisee and each other participating franchisee must remain current with respect to their respective payment obligations to Arthur Murray International, Inc. and its affiliates during the term of each Franchise Agreement.

If the Existing Franchisee or any other participating franchisee or studio fails to meet any condition described above, the applicable franchisee will lose the reduced royalty for the applicable studio(s) and the royalty for such studio(s) will revert to the standard eight percent (8%).

This incentive program applies only to the development of new studios, and the purchase of an existing studio does not qualify for this program. The start date of this program was January 1, 2026 and there is no retroactive royalty reduction prior to that date.

[1] May include spouse.

This program can be combined with Expansion Program No. 2. This program may be terminated or revised at any time by Arthur Murray International, Inc. upon written notice to franchisees.

EXPANSION PROGRAM
NO. 2

NEW INCENTIVE PROGRAM
FOR
ARTHUR MURRAY INT'L., INC. FRANCHISES

For new market areas[2] in metropolitan communities where there are no Arthur Murray Franchised Studios:

Arthur Murray International, Inc. will issue franchises for such area, with the following reduced royalty-service fees:

INITIAL	1st year	at	5%
next	6 months	at	6%
following	6 months	at	7% and
thereafter		at	8%

The Standard Franchise Agreement will be issued and the new studio owned and operated in either one of the following methods:

1. By one or more new or present Franchisees.

2. By one or more present Franchisees and their key personnel.

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[2] New market areas are determined by Arthur Murray International, Inc. in accordance with policies established from time to time by Arthur Murray International, Inc.

This program may be terminated or revised at any time by Arthur Murray International, Inc. upon written notice to Franchisee.

EXHIBIT F

LIST OF FRANCHISEES AS OF DECEMBER 31, 2025

ARTHUR MURRAY ® INTERNATIONAL, INC. FRANCHISED DANCE STUDIOS
FRANCHISEES and STUDIO ADDRESSES AS OF DECEMBER 31, 2025

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Kathleen Seals, Jonathan Seals	4200 WEST GREEN ACRES ROAD	ROGERS	AR	72758	479-222-0662	info@arthurmurraynwa.com
Laura Manzo, Nicholas Manzo	3347 EAST BASELINE ROAD	GILBERT	AZ	85234	480-287-5590	dance@arthurmurraymesa.com
Laura Manzo, Nicholas Manzo	3730 SOUTH ESTRELLA PARKWAY	GOODYEAR	AZ	85338	623-398-8221	goodyeararthurmurray@gmail.com
Mychael Wooten*	16671 NORTH 84TH AVENUE	PEORIA	AZ	85382	623-974-3500	arrowheadarthurmurray@gmail.com
Henry Meekin, Holly Udy-Meekin	4540 NORTH 7TH STREET	PHOENIX	AZ	85014	602-264-4612	dance@arthurmurrayphoenix.com
Janelle Call	7835 E REDFIELD ROAD	SCOTTSDALE	AZ	85260	480-946-4241	scotsartmurray@aol.com
Serge Chmelnitzki, Cecilia Hulett	262 NORTH BEVERLY DRIVE	BEVERLY HILLS	CA	90210-5303	310-274-8867	arthurmurraybeverlyhills@yahoo.com
Christy Melgoza, Robert Melgoza, Stefanie Scales	21723 VANOWEN STREET	CANOGA PARK	CA	91304	818-225-8000	amwoodlandhills@sbcglobal.net
Unique Platt, Kristen Goodell, Zachary Goodell	2588 EL CAMINO REAL #J	CARLSBAD	CA	92008	760-206-3810	carlsbad@arthurmurraystudios.com
Jamila Buada, Pedro Buada	4141 MANZANITA AVENUE	CARMICHAEL	CA	95608	916-971-3550	4141amcar@gmail.com
Chante Platt, Domonique Platt, Georgetta Platt, Stephen Platt, Krista Humphrey	1640 ADAMS AVENUE	COSTA MESA	CA	92626-4954	714-251-6502	arthurmurraycostamesa@yahoo.com
Serge Chmelnitzki, Cecilia Hulett	10758 WEST WASHINGTON BOULEVARD	CULVER CITY	CA	90232	310-274-8869	arthurmurrayculvercity@gmail.com
Denis Podolski	303 SOUTH DIAMOND BAR BLVD.	DIAMOND BAR	CA	91765	909-859-1596	arthurmurraydiamondbar@gmail.com
Alexis Morales, Jose Sena, Madisen Sena	2471 ELK GROVE BLVD., SUITE 100	ELK GROVE	CA	95758	916-518-0900	arthurmurrayelkgrove@gmail.com
Jhona McCormick, Michael McCormick, Octavio Morales	125 EAST GRAND AVENUE	ESCONDIDO	CA	92025	760-747-0684	amescondido@att.net

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Roberto Gonzalez, Kate Gonzalez	220 BLUE RAVINE ROAD, #100	FOLSOM	CA	95630	916-895-5600	dance@arthurmurrayfolsom.com
Marianne Myers, Richard Myers	40951 FREMONT BOULEVARD	FREMONT	CA	94538	510-573-3496	fremont@arthurmurrayteam.com
Chris Lynam, Daisey Lynam	22445 FOOTHILL BLVD.	HAYWARD	CA	94541-4024	510-537-8706	hayward@arthurmurraylive.com
Georgetta Platt, Stephen Platt	24302 SWARTZ DRIVE	LAKE FOREST	CA	92630-4744	949-855-3161	arthurmurraylakeforest@yahoo.com
Chris Lynam, Daisey Lynam	1947 2ND STREET	LIVERMORE	CA	94550-4426	925-456-5556	livermore@arthurmurraylive.com
Georgetta Platt, Stephen Platt, Gonzalo Lara, Kathryn Dubbs	5236 EAST LOS ALTOS PLAZA	LONG BEACH	CA	90815-4251	562-986-4496	arthurmurraylongbeach@yahoo.com
Cari Jo De Dios Garcia, Juan De Dios Garcia	788 BLOSSOM HILL ROAD	LOS GATOS	CA	95032	408-963-0369	losgatos@arthurmurraydancing.com
Christopher Gomez, Linda Gomez	120 SOUTH EL CAMINO REAL	MILLBRAE	CA	94030	650-259-7976	millbrae@arthurmurrayclub.com
Alla Andriushchenko*	8660 CENTRAL AVENUE	MONTCLAIR	CA	91763	909-920-3066	amdancemontclair@gmail.com
Christopher Gomez, Linda Gomez	2260 N. FREMONT STREET	MONTEREY	CA	93940	831-920-2838	monterey@arthurmurrayclub.com
Kathryn Padilla*	2260 HONOLULU AVENUE	MONTROSE	CA	91020	818-275-3929	arthurmurraymontrose@gmail.com
Christopher Gomez, Linda Gomez	929 VALLEJO STREET	NAPA	CA	94559	707-819-3024	napa@arthurmurrayclub.com
Tommy Belmontez, Georgetta Platt, Stephen Platt	1601 EAST LINCOLN AVENUE	ORANGE	CA	92865-1929	714-283-9119	orange@arthurmurraystudios.com
Renzo Zegarra	740 EAST GREEN STREET	PASADENA	CA	91101	626-229-6607	arthurmurraypasadena@yahoo.com
Christopher Gomez, Linda Gomez	701 SONOMA MOUNTAIN PARKWAY #D2	PETALUMA	CA	94954	707-347-5554	arthurmurraypetaluma@gmail.com
Unique Platt	16769 BERNARDO CENTER DRIVE	RANCHO BERNARDO	CA	92128	858-613-3611	ranchobernardo@arthurmurraystudios.com
Andrew Rodriguez, Marcia Rodriguez	525 NEW JERSEY STREET	REDLANDS	CA	92373	909-793-8140	dance@amredlands.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Chris Lynam, Daisey Lynam	344 WALNUT STREET	REDWOOD CITY	CA	94063-1533	650-216-7501	redwoodcity@arthurmurraylive.com
Tommy Belmontez, Georgetta Platt, Stephen Platt	3684 SUNNYSIDE DRIVE	RIVERSIDE	CA	92506-2413	951-224-9837	arthurmurrayriverside@yahoo.com
Roberto Gonzalez, Kate Gonzalez	4770 ROCKLIN ROAD	ROCKLIN	CA	95677	916-655-7733	dance@arthurmurrayrocklin.com
Jamila Buada, Pedro Buada	1616 29TH STREET	SACRAMENTO	CA	95816	916-898-2830	danceamsac@gmail.com
Georgetta Platt, Stephen Platt	7510 HAZARD CENTER DRIVE	SAN DIEGO	CA	92108	619-260-1456	arthurmurraysandiego@yahoo.com
Chris Lynam, Daisey Lynam	211 AUSTIN STREET	SAN FRANCISCO	CA	94109	844-403-2623	sanfrancisco@arthurmurraylive.com
Cari Jo De Dios Garcia, Juan De Dios Garcia	1035 S. DeANZA BLVD.	SAN JOSE	CA	95129-2772	408-873-0369	info@arthurmurraysanjose.com
Chris Lynam, Daisey Lynam	1654 SECOND STREET	SAN RAFAEL	CA	94901	415-578-4901	sanrafael@arthurmurraylive.com
Kristen Salazar, Andrew Miller	222 WEST CARRILLO STREET	SANTA BARBARA	CA	93101-3709	805-963-6658	arthurmurraysantabarbara@yahoo.com
Joel Rieck, David Woodbury	928 BROADWAY	SANTA MONICA	CA	90401-2713	310-260-8886	info@dancingsantamonica.com
Christopher Gomez, Linda Gomez	415 DAVIS STREET	SANTA ROSA	CA	95401	707-843-3447	santarosa@arthurmurrayclub.com
Marianne Myers, Richard Myers	221 MOUNT HERMON ROAD	SCOTTS VALLEY	CA	95066	831-221-0140	scottsvalley@arthurmurrayteam.com
Martin Barthold	4633 VAN NUYS BLVD.	SHERMAN OAKS	CA	91403-2916	818-783-2623	info@arthurmurraythebest.com
Unique Platt	983 LOMAS SANTA FE DRIVE	SOLANA BEACH	CA	92075	858-793-0469	arthurmurraysolanabeach@yahoo.com
Alexis Morales, Jose Sena, Madisen Sena	1267 N. COUNTRY CLUB BLVD.	STOCKTON	CA	95207	209-214-6200	arthurmurraystockton@gmail.com
Octavio Morales	27470 JEFFERSON AVENUE	TEMECULA	CA	92591	951-506-7600	amtemecula@yahoo.com
Christy Melgoza, Robert Melgoza, Denise Ramirez, Edwin Cabrera	3065 E. THOUSAND OAKS BOULEVARD	THOUSAND OAKS	CA	91362-5914	805-495-1445	info@arthurmurrayto.com
Renzo Zegarra	2521 PACIFIC COAST HWY.	TORRANCE	CA	90505	310-997-0987	arthurmurraytorrance@yahoo.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Jean Dobre, Wendy Dobre	27674 NEWHALL RANCH ROAD, SUITE D-10	VALENCIA	CA	91355	661-888-1358	arthurmurrayvalencia@gmail.com
Ingvar Geirsson, Sara Geirsson	5725 RALSTON STREET	VENTURA	CA	93003-6053	805-644-5999	amvta@me.com
Chris Lynam, Daisey Lynam	2262 OAK GROVE STREET	WALNUT CREEK	CA	94598	925-301-4123	walnutcreek@arthurmurraylive.com
Isaac Lynn	5290 ARAPAHOE AVENUE	BOULDER	CO	80303	720-261-7286	arthurmurrayboulder@gmail.com
Morris Vaccarella	1057 PARK STREET	CASTLE ROCK	CO	80109	303-814-8196	castlerock@coloradodancestudios.com
Morris Vaccarella	7400 E. HAMPDEN AVENUE	DENVER	CO	80231-4888	303-337-2311	denver@coloradodancestudios.com
Morris Vaccarella	3355 SOUTH YARROW	LAKEWOOD	CO	80227-4972	303-987-2444	morris@coloradodancestudios.com
Kelly Stangel, Jonathan Stangel	30 WINTONBURY MALL	BLOOMFIELD	CT	06002-2412	860-286-2847	info@ambloomfield.com
Andy Cabell	345 MAIN STREET	DANBURY	CT	06810-5818	203-792-0176	info@arthurmurrayofdanbury.com
Yvette Herbert, Jonathan Stangel	39 NEW LONDON TURNPIKE	GLASTONBURY	CT	6033	860-659-3161	info@amglastonbury.com
Ricardo Sopin, Iraida Volodina	6 LEWIS STREET	GREENWICH	CT	06830-6606	203-769-1800	info@arthurmurraygreenwich.com
Todd Russell, Karrie Russell	11 WATER STREET	GUILFORD	CT	6437	203-458-9000	info@amguilford.com
Kevin McHugh	2838 OLD DIXWELL AVENUE	HAMDEN	CT	06518-3128	203-288-2482	info@arthurmurrayhamden.com
Kelly Stangel, Jonathan Stangel	623 HARTFORD ROAD	NEW BRITAIN	CT	06053-1526	860-224-0625	info@amwestfarms.com
Crisen McKenzie	287 MAIN STREET	NIANTIC	CT	06357	860-739-3991	info@amniantic.com
Kelly Stangel, Jonathan Stangel	520 HARTFORD TURNPIKE	VERNON	CT	6066	860-870-7400	info@amvernon.com
Alfredo Di Natale*, Romney Reyes*, Brooke Reyes*	326 EAST PALMETTO PARK ROAD	BOCA RATON	FL	33432	561-563-3685	arthurmurrayboca@gmail.com
Bryan Coberg	10520 PORTAL CROSSING	BRADENTON	FL	34211	941-260-4900	arthurmurraylwr@gmail.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Lania Berger	25032 US HIGHWAY 19 N	CLEARWATER	FL	33763	727-786-2224	arthurmurrayclearwater@gmail.com
Emily Bergman	2400 S. US HIGHWAY 27	CLERMONT	FL	34711	407-417-0032	arthurmurrayclermont@gmail.com
Rudy Homm, Katia Kanevskaya	2916 PONCE DE LEON BLVD.	CORAL GABLES	FL	33134-6811	305-444-6136	info@arthur-murray.com
Danila Kartashov, Nuria Kartashov	19810 VILLAGE CENTER DRIVE	FORT MYERS	FL	33913	239-541-8551	arthurmurrayestero@gmail.com
Nicholas Watkins, Aubrey Watkins	3842 WEST NEWBERRY ROAD	GAINESVILLE	FL	32607		dance@arthurmurraygainesville.com
Vasiliy Vlasov, Marina Vlasova	11018 OLD ST. AUGUSTINE ROAD	JACKSONVILLE	FL	32257-1023	904-880-0700	arthurmurrayjaxsouth@gmail.com
Emily Bergman	840 CURRENCY CIRCLE	LAKE MARY	FL	32746	407-444-4950	lakemary@arthurmurrayorlando.com
Jose Maldonado, Rachel Atkinson	309-1 WEST MAIN STREET	LAKELAND	FL	33801	863-450-2112	amlakeland@gmail.com
Alfredo Di Natale, Romney Reyes, Brooke Reyes	222 COMMERCIAL BOULEVARD	LAUDERDALE BY THE SEA	FL	33308	954-365-2392	arthurmurrayfortlauderdale@gmail.com
Alexandria Camargo	3000 LAKE WASHINGTON RD, UNIT 3250	MELBOURNE	FL	32934	321-327-9199	arthurmurraymelbournefl@gmail.com
Nicholas Watkins, Aubrey Watkins	20 W SILVER SPRINGS BLVD	OCALA	FL	34475	352-231-8485	dance@arthurmurrayocala.com
Kimberley Carroll, Ivan Markelov	855 HARLEY STRICKLAND BLVD.	ORANGE CITY	FL	32763	386-287-1889	arthurmurrayorangecity@gmail.com
Emily Bergman	6700 CONROY WINDERMERE ROAD	ORLANDO	FL	32835-3515	407-290-5441	dance@arthurmurrayorlando.com
Anton Belov	2504 SOUTH ALAFAYA TRAIL	ORLANDO	FL	32828-7968	407-270-5910	amwaterfordlakes@gmail.com
Anton Belov	189 EAST GRANADA BOULEVARD	ORMOND BEACH	FL	32176	689-231-1420	amormondbeach@gmail.com
Alexander Ivanov	160 CYPRESS POINT PARKWAY	PALM COAST	FL	32164	386-225-4660	info@dancelessonspalmcoast.com
Lucian Stanila	7631 NORTH STATE ROAD 7	PARKLAND	FL	33073	754-253-2623	amparkland@gmail.com
Kia Kenney, Christian Lightner, David Weeks, Joanne Weeks*	1108 HIGHWAY A1A, SUITE 104	PONTE VEDRA	FL	32082	904-789-1211	dance@arthurmurraypvbcom

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Emily Bergman, Gioia Reni	3350 TYRONE BOULEVARD NORTH	SAINT PETERSBURG	FL	33710	727-317-3049	info@stpetearthurmurray.com
Jessica Benitez, Bryan Gaj	8383 SOUTH TAMIAMI TRAIL	SARASOTA	FL	34238	941-500-2703	sarasotaarthurmurray@gmail.com
Bryan Coberg	6245 LAKE OSPREY DRIVE, #4	SARASOTA	FL	34240	941-329-6008	arthurmurraylwrsouth@gmail.com
Vasiliy Vlasov, Marina Vlasova	84 THEATRE DRIVE	ST. AUGUSTINE	FL	32086	904-819-1889	arthurmurraystaug@gmail.com
Lania Berger	2111 W. SWANN AVE	TAMPA	FL	33606	813-835-1111	dance@arthurmurraytampa.com
Kimber Davis, Kristofer Kohlhaas	14436 N. DALE MABRY HIGHWAY	TAMPA	FL	33618	813-961-0090	dance@arthurmurraycenters.com
Bryan Coberg, Daniel Doyle, Samantha Dias	2634 CYPRESS RIDGE BLVD.	WESLEY CHAPEL	FL	33544	813-683-7020	arthurmurraywesleychapel@gmail.com
Emily Bergman, Samuel DaSilva	9819 - 9823 US 301	WILDWOOD	FL	34785	352-399-2220	info@arthurmurraywildwood.com
Stephen Smyth	5562 LAKE HOWELL ROAD	WINTER PARK	FL	32792	407-960-1733	stephen@arthurmurraywinterpark.com
Jose Quintanilla	2615 GEORGE BUSBEE PARKWAY	KENNESAW	GA	30144	770-514-7772	arthurmurrayatl@gmail.com
Jeffrey Ghramm, Mario Ornelas, Vanessa Ornelas	12 SOUTH KING STREET, SUITE 200	HONOLULU	HI	96813	808-944-0606	arthurmurrayoahu@gmail.com
Phillip Auer, Rebecca Auer	12505 WEST CHINDEN BOULEVARD	BOISE	ID	83713	208-375-5017	arthurmurrayboise@gmail.com
Jill DeMarlo	116 WEST ILLINOIS STREET	CHICAGO	IL	60654	312-644-7554	info@chicagoarthurmurray.com
Jill DeMarlo, Amy Novotny	3301 NORTH LINCOLN AVENUE	CHICAGO	IL	60657	773-697-8005	lakeviewinfo@chicagoarthurmurray.com
Jill DeMarlo	1328 WAUKEGAN ROAD	GLENVIEW	IL	60025	847-724-0627	arthurmurray@sbcglobal.net
Chia-Ling Chang, Bryan Stewart	175 OLDE HALF DAY ROAD	LINCOLNSHIRE	IL	60069	847-821-9321	bryan@arthurmurraywhitefishbay.com
Wesley Arnold, Danyelle Pinkerton	7002 JOHN DEERE PKWY	MOLINE	IL	61265	309-517-3006	dancequadcities@gmail.com
James Dutton, Jessica Dutton	2811 PATRIOTS LANE	NAPERVILLE	IL	60563	630-355-6240	napervillearthurmurray@yahoo.com
James Dutton, Jessica Dutton	1915 SOUTH MEYERS ROAD	OAKBROOK TERRACE	IL	60181	630-953-2623	oakbrookterraceam@yahoo.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Pavel Lebedev	16131 LA GRANGE ROAD	ORLAND PARK	IL	60467	708-966-6346	info@danceorlandpark.com
Wesley Arnold, Danyelle Pinkerton	7326 N. CHERRYVALE MALL DRIVE	ROCKFORD	IL	61112-1059	815-394-0900	arthurmurrayrfd@hotmail.com
Chia-Ling Chang, Bryan Stewart	608 EAST GOLF ROAD	SCHAUMBURG	IL	60173-4510	847-882-3700	info@amschaumburg.com
Jack Bow	8100 EAST US HIGHWAY 36	AVON	IN	46123	317-272-6145	arthurmurraywest@gmail.com
Barbara Leininger	1711 NORTH COLLEGE AVENUE	BLOOMINGTON	IN	47404	812-334-0553	bglein@aol.com
Michael Desante, Suzanne Desante	4000 W. 106TH STREET	CARMEL	IN	46032	317-769-3099	carmelarthurmurray@gmail.com
Quinton MacAdam	8818 COLDWATER ROAD	FORT WAYNE	IN	46825	260-483-1139	info@arthurmurrayfortwayne.com
Anthony Coberg, Julie Coberg	1205 W LINCOLN HIGHWAY	MERRILLVILLE	IN	46410-5325	219-738-9041	arthurmurraystudio@yahoo.com
James Van Hoecke, Monica Van Hoecke	9217 PFLUMM ROAD	LENEXA	KS	66215	913-599-4444	info@kcarthurmurray.com
Hunter Lisle	1801 ALEXANDRIA DRIVE	LEXINGTON	KY	40504-3113	859-278-7711	hunterlisle1@gmail.com
Kristen Belcher, Mark Lightner	20 PARK PLAZA, #330	BOSTON	MA	02116-4303	617-426-3335	bostondesk@arthurmurrayboston.com
Andrew Ross	209 MIDDLESEX TURNPIKE	BURLINGTON	MA	01803-2922	781-229-7970	burlington@arthurmurrayboston.com
Kia Kenney, Christian Lightner	151 ALEWIFE BROOK PARKWAY	CAMBRIDGE	MA	2140	617-354-0808	dance@arthurmurraycambridge.com
Joanne Crosley	60 MAPLE STREET	DANVERS	MA	01923-2843	978-777-4995	arthurmurraydanvers@comcast.net
Mark Lightner	95 EASTERN AVENUE	DEDHAM	MA	2026	781-686-9821	dedham@arthurmurrayboston.com
Olga Stepanets	10 MAIN STREET	NATICK	MA	1760	508-651-9041	amdsnatick@gmail.com
Robin Cady, Frederick Harris	544 MILFORD ROAD	SWANSEA	MA	02777-4500	508-679-0071	ricnrobn@gmail.com
Kristen Belcher, Mark Lightner	2 WEST STREET	WEYMOUTH	MA	2190	781-812-0634	weymouth@arthurmurrayboston.com
Kia Kenney, Christian Lightner	70 JAMES STREET	WORCESTER	MA	01603-1000	508-798-0392	worcester@arthurmurrayboston.com
Autumn Dawn	1517 RITCHIE HIGHWAY	Arnold	MD	21012	443-458-5516	arthurmurrayarnold@aol.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Danette McCraw, John McCraw	6800 YORK ROAD	BALTIMORE	MD	21212-1550	410-377-8884	bmoream@aol.com
Philip Gofreed, Jennifer Battle	5481-H WISCONSIN AVENUE	CHEVY CHASE	MD	20815	301-657-2700	chevychase@arthurmurraydc.com
Joe Howard, Leisa Howard	9190 RED BRANCH ROAD	COLUMBIA	MD	21045-2004	410-772-7880	arthurmurraycolumbia@gmail.com
Gaye Schmidt, Lynn Sevick, Wenche Sevick	3200 SOLOMONS ISLAND ROAD	EDGEWATER	MD	21037	410-216-2427	arthurmurrayedgewater@gmail.com
Clive Butler	604 SOUTH FREDERICK AVENUE	GAITHERSBURG	MD	20877-1275	301-590-0387	amdcgb@gmail.com
Autumn Dawn	1119-K MD ROUTE 3 NORTH	GAMBRILLS	MD	21054	410-451-1161	arthurmurraymd@aol.com
Gaye Schmidt, Lynn Sevick, Wenche Sevick, Mikhaila Young	205 STEEPLE CHASE DRIVE	PRINCE FREDERICK	MD	20678	443-771-4091	princefrederickamdc@gmail.com
Joe Howard, Leisa Howard	12301 OLD COLUMBIA PIKE	SILVER SPRING	MD	20904	301-681-4466	silverspring@arthurmurraydc.com
Tansy Degen	6075 JACKSON ROAD	ANN ARBOR	MI	48103	734-995-9500	amdancemichigan@aol.com
Juliana Spearin, Leslie Spearin	4485 PLAINFIELD AVENUE N.E.	GRAND RAPIDS	MI	49525-1605	616-363-7632	arthurmurraygr@gmail.com
Aswad Ray-El	20507 MACK AVENUE	GROSS POINT WOODS	MI	48236	313-569-7775	letsgodance@arthurmurraygrossepointe.com
Juliana Spearin, Leslie Spearin	3089 29TH STREET SE	KENTWOOD	MI	49512	616-940-9894	arthurmurraygr@gmail.com
Tansy Degen	42000 WEST SIX MILE ROAD	NORTHVILLE	MI	48168	248-349-1133	amdancenorth@comcast.net
Gary Wood	30532 WOODWARD AVENUE	ROYAL OAK	MI	48073	248-548-4770	info@arthurmurrayroyaloak.com
Jessica DeVries	46975 VAN DYKE AVENUE	SHELBY TOWNSHIP	MI	48317	586-977-2121	dance@arthurmurrayshelby.com
Lynda Smith	5041 FRANCE AVENUE SOUTH	MINNEAPOLIS	MN	55410-2034	612-920-1900	learn@twincitiesarthurmurray.com
Lynda Smith	534 SELBY AVENUE	ST. PAUL	MN	55102-1729	651-227-3200	arthurmurraystpaul@comcast.net
Anthony Coberg, Julie Coberg	1040 DARRINGTON DRIVE	CARY	NC	27513	919-380-7880	dancing@arthurmurrays.com
Jennifer Desantis, Mark Desantis	8700 PINEVILLE-MATTHEWS RD	CHARLOTTE	NC	28226	704-544-0222	info@arthurmurraycharlotte.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Jennifer Desantis, Mark Desantis	19907 NORTH COVE RD.	CORNELIUS	NC	28031	704-895-5575	info@arthurmurraycharlotte.com
Joel Spencer, Maria Spencer	410 WEST GEER STREET	DURHAM	NC	27701	984-439-1544	durhamarthurmurray@gmail.com
Paul Pietrzak	6250 PLANTATION CENTER DRIVE	RALEIGH	NC	27616	919-878-7661	arthurmurraydancecenter@yahoo.com
Paul Pietrzak	401 NORTH WEST STREET	RALEIGH	NC	27603	919-424-7400	arthurmurraydancecenter@yahoo.com
Mark Lightner, Ron Townsend	99 ELM STREET	MANCHESTER	NH	03101-2729	603-624-6857	nhdesk@arthurmurrayboston.com
Amanda Deveau	29 LAFAYETTE ROAD	NORTH HAMPTON	NH	3862	603-379-2105	arthurmurrayseacoast@gmail.com
Lucian Stanila*, Sarah Stanila*	6 SOUTH PASSAIC AVENUE	CHATHAM	NJ	07928-2357	973-635-3400	info@arthurmurraydancenow.com
Danila Kartashov, Nuria Kartashov	200 SOUTH AVENUE EAST	CRANFORD	NJ	7016	908-272-7955	cranford@arthurmurraynewjersey.com
Lucian Stanila, Sarah Stanila	26 BLOOMFIELD AVENUE	DENVILLE	NJ	07834-2742	973-625-7200	info@arthurmurraydancenow.com
Emilio Garced, Michelle Garced, Christina Garced-Mora, Leonardo Mora	326 US 22 WEST	GREEN BROOK	NJ	8812	732-968-7600	arthurmurraynj@yahoo.com
Emilio Garced, Michelle Garced	75 RARITAN AVE. #D	HIGHLAND PARK	NJ	8904	732-246-0550	info@amdancing.com
Keenan Smout, Laura Smout	256 ROUTE 206 SOUTH	HILLSBOROUGH	NJ	8844	908-431-5775	info@arthurmurrayhillsborough.com
Emilio Garced, Michelle Garced	335 US 9 SOUTH	MANALAPAN	NJ	7726	732-851-7452	amdancingmanalapan@yahoo.com
Fred Kaviani	117-C SOUTH ROUTE 73	MARLTON	NJ	08053-3024	856-396-2490	njarthurmurray@yahoo.com
Javier Paredes, Rosa Paredes	365 BLOOMFIELD AVENUE	MONTCLAIR	NJ	7042	973-744-1122	dancemontclairnj@gmail.com
Lucian Stanila, Sarah Stanila	16 PINE STREET	MORRISTOWN	NJ	7960	862-260-9800	info@arthurmurraydancenow.com
Lori Soderholm	64 PRINCETON HIGHTSTOWN ROAD	PRINCETON JUNCTION	NJ	8550	609-897-0100	danceprinceton@gmail.com
Linas Koreiva	58 BROAD STREET	RED BANK	NJ	7701	732-383-6501	info@arthurmurrayredbank.com
Lucian Stanila, Sarah Stanila	125 EAST RIDGEWOOD AVENUE	RIDGEWOOD	NJ	07450-3886	201-389-6980	info@arthurmurraydancenow.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Lucian Stanila, Sarah Stanila	126 ROUTE WEST	SUCCASUNNA	NJ	7876	973-252-9600	info@arthurmurraydancenow.com
Alexander Dokule	12 WASHINGTON STREET	TENAFLY	NJ	7670	201-567-4753	arthurmurraytenafly@gmail.com
Bentura Madrid	2801 EUBANK BLVD. NE	ALBUQUERQUE	NM	87112	505-296-6112	arthurmurrayabqnm@gmail.com
Tiffany Higgins, Justin McClendon	2580 WIGWAM PARKWAY	HENDERSON	NV	89074	702-798-4552	arthurmurraylv@gmail.com
Tiffany Higgins, Justin McClendon	4440 S. DURANGO DRIVE	LAS VEGAS	NV	89147-8672	702-876-3131	arthurmurraylvwest@gmail.com
Raynold Guzman-Garcia	7071 WEST CRAIG ROAD	LAS VEGAS	NV	89129	725-206-5161	arthurmurraycentennial@gmail.com
Mario Ornelas, Vanessa Ornelas	2920 MILL STREET	RENO	NV	89502	775-323-2623	dance@arthurmurrayreno.com
Safwat Gerges	222-15 NORTHERN BOULEVARD	BAYSIDE	NY	11361	718-819-8217	info@arthurmurraybayside.com
Michael Innocenzi, Lillian Powers	352 WHITE PLAINS ROAD	EASTCHESTER	NY	10709	914-337-8008	yonkersinfo@trydancing.com
Safwat Gerges	1619 MERRICK ROAD	MERRICK	NY	11566-4540	516-223-9820	info@arthurmurraymerrick.com
Andrei Svirydzenka, Yuliya Zubava	175 EAST MAIN STREET	MT. KISCO	NY	10549	914-864-0710	mtkiscoinfo@trydancing.com
Iveta Lukosiute, Gherman Mustuc	286 FIFTH AVENUE	NEW YORK	NY	10001	212-473-2623	arthurmurraymanhattan5thavenue@gmail.com
Alexander Dokule	1711 FIRST AVENUE	NEW YORK	NY	10128	917-542-1209	nycarthurmurray@gmail.com
Alexander Dokule, Ana Stojcheva	4747 NY-347	PORT JEFFERSON STATION	NY	11776	646-645-6825	yourteam@arthurmurraylongisland.com
Joseph Born, Kathryn Kearny-Born	3400 MONROE AVENUE	ROCHESTER	NY	14618	585-267-7725	info@arthurmurrayrochester.com
Safwat Gerges	543 BROADWAY	SARATOGA SPRINGS	NY	12866-2154	518-691-0432	info@arthurmurraysaratogasprings.com
Martin Rebello	1 LOCUST LANE	SYOSSET	NY	11791	516-827-4740	amdsplainview@yahoo.com
Michael Innocenzi	139 EAST POST ROAD	WHITE PLAINS	NY	10601-4207	914-948-5929	whiteplainsinfo@trydancing.com
Safwat Gerges	433 WILLIS AVENUE	WILLISTON PARK	NY	11596-2229	516-248-6430	info@arthurmurraywillistonpark.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Desiree Mainous, Jeremy Mainous	10792 MONTGOMERY ROAD	CINCINNATI	OH	45242	513-791-9100	info@arthurmurraycincinnati.com
Michael Neyer	5371 NORTH HIGH STREET	COLUMBUS	OH	43214-1116	614-847-7541	arthurmurray@netscape.com
Barbara Haller, Tim Haller, Craig Johnston	17 PRESTIGE PLAZA DRIVE	DAYTON	OH	45342-3767	937-291-2000	blhaller@twc.com
Brandon Perpich, Kristen Perpich	7127 LIBERTY CENTRE DRIVE	WEST CHESTER	OH	45069	513-759-5959	arthurmurraywestchester@gmail.com
Phillip Auer, Shannon Wills	10030 SW BEAVERTON HILLSDALE HWY	BEAVERTON	OR	97005	503-350-2700	danceinportland@aol.com
Phillip Auer	16112 SE 82ND DRIVE	CLACKAMAS	OR	97015	503-785-3523	danceinclackamas@gmail.com
Phillip Auer	2526 N.E. BROADWAY STREET	PORTLAND	OR	97232-1636	503-595-1200	amdspdx@gmail.com
Nathan Martin, Rachel Martin	2755 COMMERCIAL STREET SE	SALEM	OR	97302	503-339-7483	info@arthurmurraysalem.com
Nathan Martin, Rachel Martin	8633 SW MAIN STREET	WILSONVILLE	OR	97070	503-883-8840	info@arthurmurrayoregon.com
Lynn Reigle	1357 B. FRUITVILLE PIKE	LANCASTER	PA	17601-4001	717-393-0734	amlancaster@verizon.net
Lynn Reigle	331 MARKET STREET	LEMOYNE	PA	17043	717-737-5104	amlemoyne@epix.net
Carlos Blandino-Lopez, Elizabeth Blandino-Lopez	3328 WASHINGTON ROAD	MCMURRAY	PA	15317-3153	724-942-4707	arthurmurraymcmurray@gmail.com
Sharon Clemens	913 MONTGOMERY AVENUE	NARBERTH	PA	19072-1501	610-668-8870	narbertharthurmurray@gmail.com
Sharon Clemens	20 W. LANCASTER AVENUE	PAOLI	PA	19301-1342	610-993-9305	arthurmurraypaoli@gmail.com
David Geidel	136 6TH STREET	PITTSBURGH	PA	15222-3306	412-261-2947	arthurmurraypgh@gmail.com
David Geidel	655 RODI ROAD	PITTSBURGH	PA	15235	412-373-2101	dancepittsburgheast@gmail.com
David Geidel	5407 STEUBENVILLE PIKE	PITTSBURGH	PA	15136	412-416-9900	arthurmurraypghwest@gmail.com
Mario Cardinali	10 NORTH MEADOWS DRIVE	WEXFORD	PA	15090-8367	724-933-0055	amwexford@yahoo.com
Lynn Reigle	KINGSTON SQUARE SHOPPING CENTER	YORK	PA	17402-2914	717-757-5600	am-york@epix.net
Denise Hill, Carlos Conrad	AVE. CARIBBEAN TOWERS	SAN JUAN	PR	00907-3207	787-724-5353	info@arthurmurraypr.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
John Duncan	1300 SAVANNAH HIGHWAY	CHARLESTON	SC	29407	843-789-3646	info@arthurmurraycharleston.com
AnnMarie Kirby	1136 HUNGRYNECK BLVD., SUITE E	MOUNT PLEASANT	SC	29464	843-212-7059	team@arthurmurraymtpleasant.com
John Duncan	THE SHOPPES AT BACONS BRIDGE	SUMMERVILLE	SC	29485	843-900-3369	desk@arthurmurraysummerville.com
Kia Kenney	4926 THOROUGHBRED LANE	BRENTWOOD	TN	37027	615-628-8989	dance@arthurmurraybrentwood.com
Kia Kenney	4009 HILLSBORO PIKE	NASHVILLE	TN	37215	615-200-6199	dance@arthurmurraygreenhills.com
Dominic Digesualdo	13945 HIGHWAY 183 NORTH	AUSTIN	TX	78717	512-454-7663	info@texdance.com
Dominic Digesualdo, Elise Wise	3801 N CAPITAL OF TEXAS HIGHWAY	AUSTIN	TX	78746	512-872-3767	info@austinarthurmurray.com
Todd Knoche, Claudia Knoche	6526 LBJ FREEWAY	DALLAS	TX	75240-6505	972-702-9660	contactdallasamds@gmail.com
Douglas Cason, Britt Stark	4949 BRYANT IRVIN ROAD NORTH	FT. WORTH	TX	76107-7623	817-732-3111	fwdance@sbcglobal.net
Carlos Hernandez, Elena Lewis	3010 WILLIAMS DRIVE	GEORGETOWN	TX	78628	512-763-8773	arthurmurraygtx@gmail.com
Todd Knoche, Claudia Knoche, Bennett Knoche	1271 WILLIAM D. TATE AVENUE	GRAPEVINE	TX	76051	817-488-8338	amdsplano@gmail.com
Shawn Fisher	9521 HUFFMEISTER ROAD	HOUSTON	TX	77095	832-593-0090	amcypress95@yahoo.com
Lisa Combs, Todd Combs	27734 I-45 NORTH	OAK RIDGE NORTH	TX	77385	936-321-9200	dancetx@gmail.com
Todd Knoche, Claudia Knoche, Nicholas Knoche	3001 W. SPRING CREEK PARKWAY	PLANO	TX	75023-4630	972-312-1262	amdsplano@gmail.com
Holly Ann Ovard, Ricardas Simkaitis	2581 JACKSON KELLER ROAD	SAN ANTONIO	TX	78230	210-366-2922	sanantoniodance@gmail.com
April Muller, Christopher Muller	16525 LEXINGTON BLVD.	SUGAR LAND	TX	77479	713-899-3606	arthurmurraysugarland@gmail.com
Mary Jacq Kirchhoff	2102 SW H K DODGEN LOOP	TEMPLE	TX	76504	254-721-9524	arthurmurraytemple@gmail.com
Douglas Cason, Bryan Higgins, Stephanie Higgins, Britt Stark	1411 N. VALLEY MILLS DRIVE	WACO	TX	76710	254-301-7125	join@dancewaco.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Chris Lynam, Daisey Lynam, Brienne Thompson	389 WEST 1830 SOUTH	SALT LAKE CITY	UT	84115	801-413-0100	saltlakecity@arthurmurraylive.com
Steve Theiss, Mark Theiss	3223 DUKE STREET	ALEXANDRIA	VA	22312	703-750-7806	alexandriaarthurmurray@gmail.com
Gabriel Gamboa, Leigh Yang Gamboa	21140 ASHBURN CROSSING DRIVE	ASHBURN	VA	20147-5025	703-729-7055	arthurmurrayashburn@gmail.com
Gabriel Gamboa, Leigh Yang Gamboa	7956 CRESCENT PARK DRIVE	GAINESVILLE	VA	20155	703-740-3695	amgainesville@gmail.com
Jumarcelon Castro	3983 DEEP ROCK ROAD	RICHMOND	VA	23233	804-200-5146	dance@arthurmurrayrichmond.com
Mohammed Taher	4369 STARKEY ROAD	ROANOKE	VA	24018-2810	540-774-1900	mat2tut@msn.com
Steve Theiss, Mark Theiss	1953 GALLOWS ROAD	VIENNA	VA	22182	703-556-0088	dance@arthurmurraytysons.com
Wendy Denysenko, Taras Denysenko	3707 VIRGINIA BEACH BOULEVARD	VIRGINIA BEACH	VA	23452-3412	757-431-0177	cutarugamds@aol.com
Russell Clark, Emily Wilson	13122 NE 20TH STREET	BELLEVUE	WA	98005	425-747-6611	bellevue@arthurmurraypugetsound.com
Anya Malakhova	5307 EVERGREEN WAY	EVERETT	WA	98203-3631	425-348-3610	everettarthurmurray@gmail.com
Russell Clark, Jeffrey Ghramm, Kristina Beeson	32724 PACIFIC HIGHWAY SOUTH	FEDERAL WAY	WA	98063-8400	253-941-1841	federalway@arthurmurraypugetsound.com
Russell Clark, Kristina Beeson	130 WESTERN AVENUE WEST	SEATTLE	WA	98119	206-222-6955	seattle@arthurmurraypugetsound.com
Chun Fong Lee	13510 AURORA AVENUE N.	SEATTLE	WA	98133	206-805-1815	arthurmurrayns@hotmail.com
Russell Clark, Emily Wilson	10600 SILVERDALE WAY NW, STE 140	SILVERDALE	WA	98383	360-300-8911	info@arthurmurraysilverdale.com
Phillip Auer, Rebecca Auer	1916 WEST FRANCIS AVENUE	SPOKANE	WA	99205	509-862-4958	spokanearthurmurray@gmail.com
Shannon Burnside, Teressa Lacy	5821 SPRAGUE CT.	TACOMA	WA	98409-6905	253-474-2955	tacoma@arthurmurraypugetsound.com
Phillip Auer	808 SE CHKALOV DRIVE	VANCOUVER	WA	98683	360-699-4500	startdancingnow@aol.com
John Speros	4288 LONDON ROAD	EAU CLAIRE	WI	54701-3606	715-834-6166	arthurmurrayec@sbcglobal.net
John Speros	5117 VERONA ROAD	MADISON	WI	53711	608-278-1411	info@arthurmurraymadison.com

NAME	ADDRESS	CITY	STATE	POSTAL CODE	PHONE	EMAIL
Chia-Ling Chang, Wai Ying Cheng, Zachary Rosen, Bryan Stewart	109 EAST SILVER SPRING DRIVE	WHITEFISH BAY	WI	53217	414-877-0799	dance@arthurmurraywhitefishbay.com

* Left system *after* January 1, 2026

EXHIBIT G

LIST OF FRANCHISEES WHO LEFT SYSTEM DURING 2025 OR HAVE NOT COMMUNICATED WITH US

FRANCHISE TERMINATED, CANCELED,
NOT RENEWED AS OF DECEMBER 31, 2025

Name	Outlet Location	Current City/State	Telephone
Martin and Lillian Perez *Terminated*	Alpharetta, GA	Sharpsburg, Georgia	(678) 795-9854

FRANCHISE TRANSFERRED AS OF FISCAL YEAR 2025

Name	Outlet Location	Current City/State	Telephone
Octavio A. Morales* *Transfer*	Montclair, CA	Menifee, CA	(951) 506-7600
Erick J. Padilla *Transfer*	Montrose, CA	Tujunga, CA	(818) 442-4862
Jessica Mergagle *Transfer*	Niantic, CT	Waterford, CT	(860) 237-0255
Heiko Leyhausen *Transfer*	Ponte Vedra, FL	Ponte Vedra, FL	(860) 304-7277
Alexandria Camargo* *Transfer*	Bradenton, FL	Sarasota, FL	(321) 327-9199
Haresh Tharani, Augusto Schiavo* *Transfer*	Coral Gables, FL	Miami Beach, FL Sommacampagna, VR, Italy	(201) 243-9230 (039) 246-0627
Haruco Akemi Giura *Transfer*	Lauderdale, FL	Lima, Peru	(51) 94-525-5453
Kaman Cho *Transfer*	Schaumburg, IL	Chicago, IL	(847) 882-3700
Mark P. Lightner* *Transfer*	Burlington, MA	Lempster, MA	(617) 426-3335
James Everley	Sterling Heights, MI	Dearborn, MI	(810) 542-2121

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

Name	Outlet Location	Current City/State	Telephone
Rosalinda F. Cardinali *Transfer*	Wexford, PA	Cranberry, PA	(412) 401-4553
Snejana Urbin *Transfer*	Brentwood, TN	Mount Juliet, TN	(914) 325-0088
Hunter and Maria Johnson *Transfer*	Houston-Cypress, TX	Hockley, TX	(281) 758-0837

* *Remains in system*

FRANCHISE TRANSFERRED AFTER JANUARY 1, 2026

Name	Current City/State	Telephone
Sarah and Lucian Stanila	Ridgewood, NJ	(201) 389-6980
Mychael James Wooten	Peoria, AZ	(480) 394-1275
Alfredo DiNatale	Lima, Peru	(51)(1) 329-4666
Romney and Brooke Reyes	Boca Raton, FL	(561) 563-3685

EXHIBIT H

DEMAND NOTE

DEMAND NOTE

$25,000.00 _____, _____

Coral Gables, Florida

FOR VALUE RECEIVED, _____ ("Maker") promises to pay to the order of Arthur Murray International, Inc. ("AMI") the principal sum of twenty-five thousand dollars ($25,000.00). Such principal sum shall be payable on demand by AMI at any time after the expiration or termination of that certain Franchise Agreement dated _____ by and between Maker and AMI (the "Franchise Agreement") in the event Maker fails to return to AMI all original operating and technical manuals and other training aids including syllabuses, video tapes and films as required by Section 10 of the Franchise Agreement within ten (10) days after any such expiration or termination. Payment shall be made to AMI in lawful currency of the United States of America at 1077 Ponce de Leon Boulevard, Coral Gables, Florida 33134 or such other place as AMI shall from time to time designate in writing to Maker.

If Maker shall fail to pay when due the principal amount of this Note, Maker agrees to pay all costs of collection, including reasonable attorneys' fees, and any amount which is due hereunder shall bear interest at the lesser of ten percent (10%) per annum or the maximum rate permitted by law from such due date until paid.

Maker and every other person or entity now or at any time liable for the payment of the indebtedness evidenced hereby, for himself or itself and his or its personal representatives, trustees, heirs, legatees, beneficiaries, successors and assigns, hereby waives presentment for payment, demand, protest, notice of dishonor and protest, bringing of suit, diligence in collection and all other notices or demands in connection with the delivery, acceptance, performance or enforcement of this Note and the indebtedness evidenced hereby other than the demand for payment specifically required by the provisions of this Note. Any failure by AMI or the legal holder hereof to exercise any right or remedy available hereunder or otherwise shall not be

construed as a waiver of the right to exercise the same or any other right or remedy at any other time.

This Note is not subject to offset, counterclaim, recoupment or defense on account of any debt, liability, indebtedness or obligation of AMI or the legal holder hereof to Maker.

This Note has been made, executed and delivered in the State of Florida and shall be governed by and construed under the laws of the State of Florida. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

AMI or the legal holder hereof may submit any dispute arising out of or relating to this Note, including the collection thereof, to binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association with the hearing thereon to be held at the office of the American Arbitration Association closest to the principal office of AMI or such holder, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

Except to the extent that AMI or the legal holder hereof elects to arbitrate as set forth above, any suit to collect any amounts due under this Note or otherwise relating to this Note or any of the terms of this Note shall be brought in a federal or state court of competent jurisdiction in Dade County, Florida, and Maker hereby irrevocably submits to the jurisdiction of such court and waives any objection he or she may have to either the jurisdiction or venue of such court.

This Note shall be binding upon Maker and his or its successors and assigns and shall inure to the benefit of AMI and each legal holder hereof and their respective successors and assigns.

_____

_____

HELD AS SECURITY FOR PROPRIETARY
MATERIALS LOANED TO FRANCHISEE

EXHIBIT I

AGENDA MASTER - TERMS OF USE

AGENDA MASTER – TERMS OF USE

Please read this Agenda Master – Terms of Use (this "**Agreement**") before installing the Agenda Master software (the "**Software**"). All references in this Agreement to (i) "**Licensee**" means the franchisee who is hereby acquiring the license to the Software in connection with the operation of its Arthur Murray studio (the "**Studio**"); (ii) "**Licensor**" means Arthur Murray International, Inc., a Delaware corporation; and (iii) "**Effective Date**" means the date on which Licensee installed the Software on its computer or other similar device pursuant to this Agreement. Licensor and Licensee may be referred to herein collectively as the "**Parties**" or individually as a "**Party**."

1. License.

(a) License Grant. Subject to terms and conditions of this Agreement, Licensor hereby grants Licensee a location specific, non-exclusive, non-sublicensable, and non-transferable license during the Term to use the Software solely in connection with the operation of the Studio. Pursuant to the terms of this Agreement, Licensor hereby grants to Licensee a non-exclusive, non-sublicensable, non-transferable license during the Term to use user manuals, handbooks, and installation guides relating to the Software that are provided by Licensor to Licensee (collectively, the "**Documentation**" and together with the Software, as the "**Licensor Property**").

(b) Use Restrictions. Licensee shall not use the Licensor Property for any purposes beyond the scope of the license granted in this Agreement. Without limiting the foregoing and except as otherwise expressly set forth in this Agreement, Licensee shall not at any time, directly or indirectly: (i) copy, modify, or create derivative works of the Licensor Property, in whole or in part; (ii) rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer, or otherwise make available the Licensor Property; (iii) reverse engineer, disassemble, decompile, decode, adapt, or otherwise attempt to derive or gain access to the source code of the Software, in whole or in part; (iv) remove any proprietary notices from the Licensor Property; or (v) use the Software in any manner or for any purpose that infringes, misappropriates, or otherwise violates any intellectual property right or other right of any person, or that violates any applicable law. The Software may only be installed or used on the computer hardware that is approved by Licensor from time to time for use in connection with the operation of the Studio.

(c) Reservation of Rights. Licensor reserves all rights not expressly granted to Licensee in this Agreement. Except for the limited rights and licenses expressly granted under this Agreement, nothing in this Agreement grants, by implication, waiver, estoppel, or otherwise, to Licensee or any third party any intellectual property rights or other right, title, or interest in or to Licensor Property.

(d) Suspension. Notwithstanding anything to the contrary in this Agreement, Licensor reserves the right to suspend Licensee's access to any portion or all of the Licensor Property if suspension is advisable in its reasonable judgement. Without limitation and by way of example only, Licensor may suspend access to any portion or all

of the Licensor Property, if: (i) Licensor reasonably determines that (I) there is a threat of harm to or actual harm to any of the components comprising Licensor Property; (II) Licensee's or its users' use of the Licensor Property disrupts or poses a risk to any of the components comprising the Licensor Property or to third parties; (III) Licensee or its user are using the Licensor Property for unauthorized, fraudulent or illegal activities; (IV) Licensee has ceased to continue its business in the ordinary course, made an assignment for the benefit of creditors or similar disposition of its assets, or become the subject of any bankruptcy, reorganization, liquidation, dissolution, or similar proceeding; (V) suspension is advisable for purposes of conducting either routine or emergency maintenance; or (VI) Licensor's provision of the Licensor Property is prohibited by applicable law or should be suspended to accommodate superior third-party rights or any governmental investigation; (ii) any vendor of Licensor has suspended or terminated Licensor' access to or use of any third-party services or products required to enable Licensee to access the Licensor Property; or (iii) in response to a Licensee breach or default of the terms of this Agreement (any such suspension described in subclause (i), (ii), or (iii), a "**Service Suspension**"). Licensor shall use commercially reasonable efforts to provide Licensee with updates regarding resumption of access following any Service Suspension. Licensor shall use commercially reasonable efforts to resume providing access as soon as reasonably possible after the event giving rise to the Service Suspension is cured. Licensor will have no liability for any cost, expense, damage, liabilities, losses (including any loss of data or profits), or any other consequences that Licensee may incur as a result of a Service Suspension.

2. Licensee Responsibilities.

(a) General. Licensee is responsible and liable for all uses of the Licensor Property resulting from access provided by Licensee, directly or indirectly, whether such access or use is permitted by or in violation of this Agreement. Without limiting the generality of the foregoing, Licensee is responsible for all acts and omissions of its users, and any act or omission by Licensee's users that would constitute a breach of this Agreement if taken by Licensee will be deemed a breach of this Agreement by Licensee. Licensee shall make all its users aware of this Agreement's provisions and take reasonable efforts to cause it users to comply with such provisions.

(b) Passwords; Access Controls. Licensee shall be responsible for the safekeeping, proper use and management of all passwords or other access controls to the Software to be used by Licensee and its users. Licensee shall implement adequate security controls to ensure that all passwords and access controls are made available only to authorized users for the uses permitted under this Agreement. If Licensee learns of any loss or unauthorized use of such passwords or access controls, Licensee shall immediately notify Licensor of the same and reasonably cooperate in the investigation of the incident and take such steps as Licensor may require.

(c) Third-Party Products. Licensor may from time to time make third-party products, software, or data that are provided with, incorporated into or integrated with the Software (collectively, the "**Third-Party Products**") available to Licensee as part of the

Software. Such Third-Party Products may be subject to their own terms and conditions, which will be made available to Licensee in reasonable form. If Licensee uses the Third-Party Products, which may be required by Licensor, Licensee must abide by the applicable terms and conditions for such Third-Party Products.

3. Availability; Support; Replacement.

(a) Availability. Subject to the terms and conditions of this Agreement, Licensor shall use reasonable efforts as it determines from time to time in its discretion to make the Software available to Licensee. Licensee acknowledges, however, that the Software may experience periods of downtime or unavailability, and that Licensor makes no assurances, guarantees, representations or warranties regarding their uptime or availability. The Software are provided on an "AS-IS, AS AVAILABLE" basis only.

(b) Maintenance & Support. Licensor shall use reasonable efforts as it determines from time to time in its discretion to provide maintenance and support for the Software. Maintenance may include such updates, patches, fixes and releases for the Software as Licensor elects to make available for the Software from time to time. Support may include help desk support available through remote means (either electronically or telephonically) through Licensor or its designated support agent. Licensor reserves the right to suspend, modify, terminate or otherwise revise its maintenance and support program as it deems fit and will use commercially reasonable means to communicate any material changes to Licensee as they occur. Licensor makes no assurances, guarantees, representations or warranties regarding the scope or availability of maintenance and support services and provides the same to Licensee on an "AS-IS, AS AVAILABLE" basis only.

(c) Modifications. Licensor may in the future elect to modify, enhance, redesign, discontinue or offer a substitute replacement service for the Software in whole or in part. Licensor may require Licensee to license, purchase, implement and utilize any modifications to the Software. Licensee shall adopt and implement such replacement service upon Licensor's request. Licensor reserves the right to charge fees for the foregoing and to change the fees from time to time. Further, Licensor may cease to make the Software available to Licensee and require Licensee to obtain substitute point of sale systems or services from a third-party vendor at Licensee's cost.

4. Fees and Payment.

(a) Fees. Licensee agrees to pay Licensor a monthly software license fees ("**Fees**") on such dates that Licensor specifies from time to time. Licensee shall make all payments hereunder in US dollars on or before the due date specified by Licensor. If Licensee fails to make any payment when due, in addition to all other remedies that may be available: (i) Licensor may charge interest on the past due amount at the rate of 1.5% per month calculated daily and compounded monthly or, if lower, the highest rate permitted under applicable law; and (ii) Licensee shall reimburse Licensor for all reasonable costs incurred by Licensor in collecting any late payments or interest,

including attorneys' fees, court costs, and collection agency fees; and (iii) in addition to Licensor's other rights, Licensor may suspend Licensee's access to the Software until such amounts are paid in full. Licensor may periodically specify and change the means by which Licensee must pay the Fees. Licensee hereby authorizes Licensor to debit Licensee's designated bank account and credit card account to collect the Fees (the "**EFT Authorization**") and agrees to execute and deliver to Licensor all documents that Licensor may reasonable request for such EFT Authorization. Such EFT Authorization shall remain in full force and effect at all times this Agreement is in effect and for 30 days following its expiration or termination.

(b) Taxes. All Fees and other amounts payable by Licensee under this Agreement are exclusive of taxes and similar assessments. Licensee is responsible for all sales, use, and excise taxes, and any other similar taxes, duties, and charges of any kind imposed by any federal, state, or local governmental or regulatory authority on any amounts payable by Licensee hereunder, other than any taxes imposed on Licensor's income.

5. Confidential Information. From time to time during the Term, Licensor may disclose or make available to Licensee certain non-public information about or related to the Licensor Property, whether orally or in written, electronic, or other form or media. All of the foregoing information constitutes the confidential and proprietary information of Licensor (collectively, "**Confidential Information**") regardless of whether it has been marked or stamped as confidential. Licensee shall not disclose the Confidential Information to any person or entity, except to Licensee's users who need to know the Confidential Information to exercise its rights or perform its obligations hereunder. Furthermore, Licensee, on behalf of itself and its users, agrees to maintain the confidentiality of all Confidential Information by, among other things, establishing reasonable security and access measures and restricting its disclosure.

6. Intellectual Property Ownership; Feedback.

(a) Licensee acknowledges that, as between Licensee and Licensor, Licensor owns all right, title, and interest, including all intellectual property rights, in and to the Licensor Property. Licensee has no rights in or to the foregoing except for the limited rights expressly granted in Section 1 hereto.

(b) Feedback. If Licensee or any of its representatives sends or transmits any communications or materials to Licensor by mail, email, telephone, or otherwise, suggesting or recommending changes to the Licensor Property, including without limitation, new features or functionality relating thereto, or any comments, questions, suggestions, or the like ("**Feedback**"), Licensor is free to use such Feedback irrespective of any other obligation or limitation between the Parties governing such Feedback. Licensee hereby assigns to Licensor on Licensee's behalf, and on behalf of its employees, contractors and/or agents, all right, title, and interest in, and Licensor is free to use, without any attribution or compensation to any party, any ideas, know-how, concepts, techniques, or other intellectual property rights contained in the Feedback, for any purpose whatsoever, although Licensor is not required to use any Feedback.

7. Limited Warranties and Warranty Disclaimer.

(a) Except for the express assurances set forth in this Agreement, Licensor does not make any assurances, guarantees, representations or warranties regarding uptime, availability or quality of the Licensor Property. In the event of a defect or failure in the Licensor Property that does not conform to the assurances set forth in this Agreement, Licensor shall at its option either: (i) use commercially reasonable efforts to remedy the defect or failure within a reasonable period of time or (ii) replace the defective or failing software components with alternate software components of reasonably similar functionality. The foregoing constitutes Licensee's sole and exclusive remedies and Licensor sole and exclusive obligations in response to a defect or failure in the Licensor Property.

(b) EXCEPT AS SET FORTH IN SECTION 7. (A) ABOVE, THE LICENSOR PROPERTY IS PROVIDED "AS-IS, AS-AVAILABLE" AND LICENSOR HEREBY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE. LICENSOR SPECIFICALLY DISCLAIMS ALL IMPLIED REPRESENTATIONS AND WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, INTEGRATION, AND NON-INFRINGEMENT, AND ALL REPRESENTATIONS AND WARRANTIES ARISING FROM COURSE OF DEALING, USAGE, OR TRADE PRACTICE. LICENSOR MAKES NO WARRANTY OF ANY KIND THAT THE LICENSOR PROPERTY, OR ANY RESULTS OF THE USE THEREOF, WILL MEET LICENSEE'S OR ANY OTHER PERSON'S REQUIREMENTS, OPERATE WITHOUT INTERRUPTION, ACHIEVE ANY INTENDED RESULT, BE COMPATIBLE OR WORK WITH ANY SOFTWARE, SYSTEM OR OTHER SERVICES, OR BE SECURE, ACCURATE, AVAILABLE, COMPLETE, FREE OF HARMFUL CODE, OR ERROR FREE. LICENSOR STRICTLY DISCLAIMS ALL WARRANTIES WITH RESPECT TO ANY THIRD-PARTY PRODUCTS.

8. Indemnification. Licensee shall indemnify, hold harmless, and, at Licensor's option, defend Licensor and its affiliates from and against any liabilities, damages, claims, losses, costs and expenses resulting or arising from (i) breach of this Agreement by Licensee; (ii) negligence or willful misconduct of Licensee, its employees, contractors, users, or agents; (iii) use of the Licensor Property in a manner not authorized by this Agreement; (iv) use of the Licensor Property in combination with data, software, hardware, equipment or technology not provided by Licensor or authorized by Licensor in writing; or (v) infringement or misappropriation of third party intellectual property, publicity, privacy or other rights as a result of data, content or other information input into the Software by Licensee or its users. Notwithstanding the foregoing, Licensee may not settle any such claims against Licensor or its affiliates unless Licensor consents to such settlement, and Licensor and its affiliates will have the right to defend themselves against any such claims or to participate in the defense thereof by counsel of its own choice. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. Licensor and its affiliates need not seek recovery from any insurer or other third-party, or otherwise mitigate its losses and expenses, to maintain and recover fully a claim against Licensee under this Section. Any failure

by Licensor or its affiliates to pursue a recovery or mitigate a loss will not reduce or alter the amounts that person may recover from Licensee under this Section.

9. Limitations of Liability. IN NO EVENT WILL LICENSOR BE LIABLE UNDER OR IN CONNECTION WITH THIS AGREEMENT UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, AND OTHERWISE, FOR ANY: (a) CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, ENHANCED, OR PUNITIVE DAMAGES; (b) INCREASED COSTS, DIMINUTION IN VALUE OR LOST BUSINESS, PRODUCTION, REVENUES, OR PROFITS; (c) LOSS OF GOODWILL OR REPUTATION; (d) USE, INABILITY TO USE, LOSS, INTERRUPTION, DELAY OR RECOVERY OF ANY DATA, OR BREACH OF DATA OR SYSTEM SECURITY; OR (e) COST OF REPLACEMENT GOODS OR SERVICES, IN EACH CASE REGARDLESS OF WHETHER LICENSOR WAS ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES OR SUCH LOSSES OR DAMAGES WERE OTHERWISE FORESEEABLE. IN NO EVENT WILL LICENSOR'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT UNDER ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, AND OTHERWISE EXCEED THE TOTAL FEES PAID TO LICENSOR UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM.

10. Term and Termination.

(a) Term. Unless terminated sooner as provided in Section 10(b)(i) – (iii), the term of this Agreement ("**Term**") begins on the Effective Date and shall expire upon the termination or expiration of the franchise agreement (the "**Franchise Agreement**") which governs the operations of the Studio.

(b) Termination. In addition to any other express termination right set forth in this Agreement:

(i) Licensor reserves the right to terminate this Agreement for convenience upon written notice to Licensee. In such a circumstance, Licensor will endeavor to provide at least thirty (30) days advance written notice of termination, but may provide lesser notice if there is a valid business reasons for doing so in Licensor' reasonable judgment.

(ii) Licensor may terminate this Agreement, effective on written notice to Licensee, if Licensee: (A) fails to pay any amount when due hereunder, and such failure continues more than ten (10) days after Licensor' delivery of written notice thereof; or (B) breaches any of its other obligations under this Agreement and such failure continues for more than thirty (30) days after Licensor' delivery of written notice thereof;

(iii) Licensor may terminate this Agreement, effective immediately upon written notice to Licensee if Licensee: (A) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due; (B) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law; (C) makes or seeks to make a general assignment for the benefit of its creditors; or (D) applies for or has appointed a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business.

(iv) Upon the termination or expiration of the Franchise Agreement, this Agreement shall automatically terminate.

(c) Effect of Expiration or Termination. Upon expiration or earlier termination of this Agreement, Licensee shall immediately discontinue use of the Licensor Property and, without limiting Licensee's obligations under Section 5, Licensee shall delete, destroy, or return all copies of the Documentation and other Licensor Property in its possession and certify in writing to the Licensor that the Documentation and other Licensor Property has been deleted or destroyed. No expiration or termination will affect Licensee's obligation to pay all Fees that may have become due before such expiration or termination, or entitle Licensee to any refund.

(d) Survival. This Section 10(d) and Sections 4, 5, 6, 7, 8, 9, 10(c), and 11 survive any termination or expiration of this Agreement. No other provisions of this Agreement survive the expiration or earlier termination of this Agreement.

11. Miscellaneous.

(a) Data. The Parties agree that Licensee owns all data that it or its owners enter into the Software. Licensee shall be responsible for the privacy and security of all personally identifiable information of individuals within its possession or control including, without limitation, personal financial information, personal health information, credit card or related payment account information, social security numbers or any other such personally identifiable information of its employees, contractors, customers or third parties. Licensee shall transmit, process and store all such information in accordance with applicable laws and applicable regulations, including without limitation the Payment Card Industry Data Security Standards applicable to Licensee as a merchant and any similar credit card association requirements pertaining to confidentiality, security and integrity of cardholder and card transaction data. Licensee shall indemnify, defend and hold Licensor harmless from and against all liabilities, damages, claims, losses, costs and expenses (including reasonable attorneys' fees) resulting or arising from (i) the violation of these obligations by Licensee, its employees, contractors or agents or (ii) any data security incidents or breaches caused by the acts, omissions, negligence or willful misconduct of Licensee, its employees, contractors or agents. Licensee shall notify Licensor immediately of any suspected data security incident or breach (whether the

incident or breach has been confirmed or not) and cooperate in all reasonable ways with Licensor in investigating the matter and in taking appropriate steps to minimize any resulting harm.

(b) Equipment & Internet. Licensee will, at its cost and expense, acquire, install, and maintain throughout the Term, such equipment and high-speed Internet connection that are designated by Licensor from time to time in connection with the operation of the Software.

(c) Entire Agreement. This Agreement, together with the Exhibits, constitutes the sole and entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings, agreements, and representations and warranties, both written and oral, with respect to such subject matter. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations made in the franchise disclosure document delivered to Licensee.

(d) Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder (each, a "**Notice**") must be in writing and addressed to the Parties at the addresses set forth on the first page of this Agreement (or to such other address that may be designated by the Party giving Notice from time to time in accordance with this Section). All Notices must be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), or email (with confirmation of transmission), or certified or registered mail (in each case, return receipt requested, postage pre-paid). Except as otherwise provided in this Agreement, a Notice is effective only: (i) upon receipt by the receiving Party, and (ii) if the Party giving the Notice has complied with the requirements of this Section.

(e) Force Majeure. In no event shall Licensor be liable to Licensee, or be deemed to have breached this Agreement, for any failure or delay in performing its obligations under this Agreement, (except for any obligations to make payments), if and to the extent such failure or delay is caused by any circumstances beyond Licensor's reasonable control, including but not limited to: (i) acts of God; (ii) flood, fire, earthquake, other potential disaster(s) or catastrophe(s), such as epidemics, or explosion; (iii) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (iv) government order, law, or actions; (v) embargoes or blockades in effect on or after the date of this Agreement; (vi) national or regional emergency; (vii) strikes, labor stoppages or slowdowns, or other industrial disturbances; and (viii) shortage of adequate power or transportation facilities.

(f) Amendment and Modification; Waiver. No amendment to or modification of this Agreement is effective unless it is in writing and signed by an authorized representative of each Party. No waiver by any Party of any of the provisions hereof will be effective unless explicitly set forth in writing and signed by the Party so waiving.

(g) Severability. If any provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability will not

affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

(h) Governing Law; Submission to Jurisdiction; Jury Trial Waiver; Class Action Waiver. This Agreement shall be governed by and construed in accordance with the choice of law and dispute resolution provisions set forth in the Franchise Agreement, which provisions are incorporated herein. NOTWITHSTANDING ANYTHING TO THE CONTRARY, THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING FROM OR RELATED TO THIS AGREEMENT. LICENSEE ALSO WAIVES ITS RIGHT TO PARTICIPATE IN ANY CLASS ACTION WITH RESPECT TO CLAIMS ARISING OUT OF THIS AGREEMENT, AND LICENSEE AGREES THAT CLAIMS OF ANY THIRD PARTY SHALL NOT BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN LICENSOR AND LICENSEE.

(i) Assignment. Licensee may not assign or transfer any of its rights or delegate any of its obligations hereunder, in each case whether voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of Licensor. Any purported assignment, transfer, or delegation in violation of this Section is null and void. No assignment, transfer, or delegation will relieve the assigning or delegating Party of any of its obligations hereunder. This Agreement is binding upon and inures to the benefit of the Parties hereto and their respective permitted successors and assigns.

(j) Export Regulation. The Software may be subject to US export control laws, including the Export Control Reform Act and its associated regulations. Licensee shall not, directly or indirectly, export, re-export, or release the Software to, or make the Software accessible from, any jurisdiction or country to which export, re-export, or release is prohibited by law, rule, or regulation. Licensee shall comply with all applicable federal laws, regulations, and rules, and complete all required undertakings (including obtaining any necessary export license or other governmental approval), prior to exporting, re-exporting, releasing, or otherwise making the Software available outside the US.

(k) Equitable Relief. Each Party acknowledges and agrees that a breach or threatened breach by such Party of any of its obligations could cause the other Party irreparable harm for which monetary damages would not be an adequate remedy and agrees that, in the event of such breach or threatened breach, the other Party will be entitled to equitable relief, including a restraining order, an injunction, specific performance and any other relief that may be available from any court, without any requirement to post a bond or other security, or to prove actual damages or that monetary

damages are not an adequate remedy. Such remedies are not exclusive and are in addition to all other remedies that may be available at law, in equity or otherwise.

☐ By checking this box, Licensee acknowledges that it has read this Agreement and agrees to abide by this Agreement.

EXHIBIT J

COLLATERAL ASSIGNMENT OF LEASE

ARTHUR MURRAY INTERNATIONAL, INC.
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to Arthur Murray International, Inc., a Delaware corporation ("Assignee"), all of Assignor's right and title to and interest in that certain lease, a copy of which is attached as Exhibit A (the "Lease"), respecting premises commonly known as _____ _____. This assignment is for collateral purposes only, and, except as specified in this document, Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred, and is not otherwise obligated to assign or transfer, any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the Franchise Agreement for an Arthur Murray Dance Studio between Assignee and Assignor (the "Franchise Agreement"), or in the event Assignor defaults under any document or instrument securing the Franchise Agreement, Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event, Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day upon which the option must be exercised, unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing, and upon Assignor's failure to elect to extend or renew the Lease as required, Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNOR:

_____

By: _____
Print Name: _____
Title: _____
Date: _____

ASSIGNEE:

ARTHUR MURRAY INTERNATIONAL, INC.,
a Delaware corporation

By: _____
Title: _____
Date: _____

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of, and upon Assignee's failure to cure, any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within 30 days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that, if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that, upon that assignment, Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as an Arthur Murray Dance Studio.

DATED:_____

_____

_____, Lessor

EXHIBIT K

STATE ADDENDA AND AGREEMENT RIDERS

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ADDITIONAL DISCLOSURES FOR THE
MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF
ARTHUR MURRAY INTERNATIONAL, INC.

The following are additional disclosures for the Franchise Disclosure Document of ARTHUR MURRAY INTERNATIONAL, INC. 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.

HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND

1. The following language is added to the end of the "Summary" section of Item 17(m), entitled **Conditions for our approval of transfer**:

> However, any release required as a condition of assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. The following language is added to the end of the "Summary" section of Item 17(h), entitled "**Cause" defined - defaults which cannot be cured**:

> The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The "Summary" section of Item 17(v), entitled **Choice of forum**, is amended by adding the following language:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of Item 17 of the Franchise Disclosure Document:

> You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.
>
> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION

WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 CALENDAR DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 CALENDAR DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. **Renewal, Termination, Transfer and Dispute Resolution**. The following language is added to the end of the chart in Item 17 of the Franchise Disclosure Document:

NSF checks are governed by Minn. Stat. Section 604.113, which puts a cap of $30 on service charges.

Consistent with Minn. Stat. Section 80C.12 Subd. 1(G), we will protect your rights 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.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 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) of the Franchise Agreement 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.

No action may be commenced pursuant to Minn. State Section 80C.17 Subd. 5 more than three years after the cause of action accrues.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J 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. Those provisions also provide that nothing in the Disclosure Document or Franchise Agreement shall in any way abrogate or reduce any rights provided for in Minn. Stat. Section 80C, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

Consistent with Minn. Rule 2860.4400J, you cannot consent to our obtaining injunctive relief. We may seek injunctive relief, and a court will determine if a bond is required.

Any release required as a condition of transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

VIRGINIA

1. The following language is added to the end of the "Summary" section of Item 17(r) of the Franchise Disclosure Document, captioned "Non-competition covenants after the franchise is terminated or expires":

Effective July 1, 2026, under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

2. The following language is added to the end of the "Summary" section of Item 17(w) of the Franchise Disclosure Document, captioned "Choice of Law":

Effective July 1, 2026, under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

3. The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision

supersedes any other term of any document executed in connection with the franchise.

* * * * * * * * * * *

ASSURANCE OF DISCONTINUANCE
STATE OF WASHINGTON

To resolve an investigation by the Washington Attorney General and without admitting any liability, we have entered into an Assurance of Discontinuance ("AOD") with the State of Washington, where we have agreed to remove from our form franchise agreement a provision which restricts a franchisee from soliciting and/or hiring the employees of our other franchisees, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. We have agreed, as part of the AOD, to not enforce any such provisions in any existing franchise agreement, to request that our Washington franchisees amend their existing franchise agreements to remove such provisions, and to notify our franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against us.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

MARYLAND RIDER TO ARTHUR MURRAY INTERNATIONAL, INC.
FRANCHISE AGREEMENT BETWEEN
ARTHUR MURRAY INTERNATIONAL, INC.
AND
_____

DATED _____

In recognition of the Maryland Franchise Registration and Disclosure Law and its related rules and regulations, the Arthur Murray International, Inc. Franchise Agreement is modified as follows:

1. Paragraphs (a) and (c) of Section 1 of the Franchise Agreement are amended by adding the following language:

> Franchisor's representations in this Section 1 are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Paragraph 17, entitled **ASSIGNMENT OR ENCUMBRANCE OF FRANCHISE**, sub-paragraph (b)(3) of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

> Franchisee shall have executed a general release, in form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, employees and agents, except for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Paragraph (g) of Section 25 is amended by adding the following language:

> Despite the provisions above, a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Except as expressly provided herein, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISEE	**ARTHUR MURRAY INTERNATIONAL, INC.**
By: _____	By: _____
By: _____	Title: _____

MINNESOTA RIDER TO ARTHUR MURRAY INTERNATIONAL, INC.
FRANCHISE AGREEMENT BETWEEN
ARTHUR MURRAY INTERNATIONAL, INC.
AND _____
DATED _____

In recognition of the Minnesota Franchise Act and its related rules and regulations, the Arthur Murray International, Inc. Franchise Agreement is modified as follows:

1. Paragraphs 11 and 19 of the Franchise Agreement are amended by adding the following language:

> Pursuant to Section 80C.14, Chapter 2860.4400, paragraph (J) of the Rules and Regulations promulgated by the Securities Division of the Minnesota Department of Commerce pursuant to the Minnesota Franchise Act, this Franchise Agreement shall not provide for liquidated damages upon the occurrence of any event.

2. The following language is added to the end of Paragraph 17(b)(3) of the Franchise Agreement:

> Any release required as a condition of assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. Section 18 of the Franchise Agreement is amended by adding the following language:

> Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes Section 80C.14, subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

4. Paragraph (g) of Section 25 is amended by adding the following language:

> Nothing in the Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80 C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. This Rider will be of no force and effect unless the jurisdictional requirements of the Minnesota Franchise Act and any related regulations are met independently without reference to this Rider.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated.

FRANCHISEE	**ARTHUR MURRAY INTERNATIONAL, INC.**
By:_____	By:_____
By:_____	Title:_____

VIRGINIA RIDER TO ARTHUR MURRAY INTERNATIONAL, INC.
FRANCHISE AGREEMENT BETWEEN
ARTHUR MURRAY INTERNATIONAL, INC.
AND _____
DATED _____

THIS RIDER IS TO BE SIGNED ONLY IF THE FRANCHISE AGREEMENT TO WHICH IT RELATES IS SIGNED ON OR AFTER JULY 1, 2026.

In recognition of the Virginia Retail Franchising Act and its related rules and regulations, the Arthur Murray International, Inc. Franchise Agreement is modified as follows:

Effective July 1, 2026, the Virginia Retail Franchising Act provides as follows:

> Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.
>
> Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

To the extent the Franchise Agreement includes any provision that is wholly or partially unlawful under Virginia law, the unlawful portions of the provision will be deemed to be severed from, and not to be a part of, the Franchise Agreement to the extent they are unlawful. However, any remaining lawful portions of the provision may be fully enforced.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated.

FRANCHISEE	**ARTHUR MURRAY INTERNATIONAL, INC.**
By:_____	By:_____
By:_____	Title:_____

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 30, 2026 (Exempt)
Hawaii	Pending
Illinois	June 30, 2026 (Exempt)
Indiana	June 30, 2026 (Exempt)
Maryland	Pending (Exempt)
Michigan	June 30, 2026
Minnesota	Pending
New York	June 30, 2026 (Exempt)
Virginia	Pending (Exempt)
Washington	July 2, 2026 (Exempt)
Wisconsin	July 10, 2026

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.

ITEM 23

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 Arthur Murray International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Minnesota requires that we give you this disclosure document at least 7 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If Arthur Murray International, Inc. 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Arthur Murray International, Inc. located at 1077 Ponce de Leon Boulevard, Coral Gables, Florida 33134. Its telephone number is (305) 445-9645.

Issuance date: June 30, 2026

The franchise seller(s) for this offering is(are): ☐ Anthony Padulo, ☐ Rodney Rett, and ☐ _____, 1077 Ponce de Leon Boulevard, Coral Gables, Florida 33134, (305) 445-9645.

We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states. I received a disclosure document from Arthur Murray International, Inc. dated as of June 30, 2026, that included the following Exhibits:

A. List of State Agencies/Agents for Service of Process
B. Financial Statements
C. Franchise Agreement
D. Addenda for Franchise Development Program
E. Expansion Programs
F. List of Franchisees
G. List of Franchisees Who Left System
H. Demand Note
I. Agenda Master - Terms of Use
J. Collateral Assignment of Lease
K. State Addenda and Agreement Riders

Date	Prospective Franchisee [Print Name]
(Date, Sign, and Return to Us)	Prospective Franchise Owner [Signature]

ITEM 23
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K. State Addenda and Agreement Riders

Date	Prospective Franchisee [Print Name]
(Date, Sign, and Keep for Your Records)	Prospective Franchise Owner [Signature]