FRANCHISE DISCLOSURE DOCUMENT

Manduu America, LLC
A Tennessee limited liability company
128 4th Ave. North
Franklin, Tennessee 37064
Phone: (615) 255-7356
Email: info@manduu.com
Website: www.manduu.com

Manduu America, LLC grants franchises for the operation of a boutique fitness studio offering individual or semi-private personal training programs utilizing proprietary state-of-the-art electronic muscle stimulation (EMS) devices under the supervision of EMS-certified personal trainers.

The total investment necessary to begin operation of a Manduu franchise ranges from $262,750 to $724,050. This includes $144,500 to $192,500 that must be paid to us and our affiliates.

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 our Chief Development Officer, Corey Napier, at the address or telephone number above.

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 (the "FTC"). 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: October 25, 2023

How to Use this Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Tennessee. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Tennessee than in your own state.

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

   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 APPLY TO TRANSACTIONS GOVERNED BY 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 document relating to a franchise:

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

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

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

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

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

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

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

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations 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:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number (517) 373-7117

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EXHIBITS:

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Attachment "F" to Franchise Agreement State Addenda

Item 1 THE MASTER FRANCHISOR, THE MASTER FRANCHISEE, AND ANY OF THEIR PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, "we" or "us" means Manduu America, LLC ("MALLC") – the franchisor.

"MEMS" means Manduu EMS, LLC, who is the master franchisor that signed a Master Franchise Agreement with us on March 8, 2018 granting us the right to offer franchises in the United States.

"You" means the person who buys a Manduu franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information – Franchisor (MALLC)

We are a Tennessee limited liability company that was formed on November 29, 2017. We do not do business under any name other than "Manduu" and Manduu America, LLC. Our principal place of business is 128 4th Ave. North, Franklin, Tennessee 37064 and our telephone number is (615) 255-7356. Our agents for service of process are disclosed in Exhibit F.

Business History – Franchisor (MALLC)

We began offering Manduu franchises in May 2018 and area representative franchises in June 2018. We have never previously operated a Manduu studio. We are not engaged in any business other than granting Manduu franchises and area representative franchises. We have never offered franchises in any other line of business. We currently operate Manduu studios in multiple states through affiliated entities.

Area representatives are authorized to solicit, screen and support Manduu franchisees. If you purchase a franchise within an area representative's territory, the area representative may provide you with certain initial and ongoing support. As of December 31, 2022, we have sold 8 area representative franchises (one of which is currently operated as a company-owned area representative business). Area representative franchises are offered under a separate Franchise Disclosure Document.

Parents, Affiliates and Predecessors – Franchisor (MALLC)

We do not have any parent companies or predecessors. We do not have any affiliates that offer, or have ever offered, franchises in this or any other line of business.

Our affiliate, Impulse TN, LLC ("Impulse"), is currently the exclusive designated supplier for certain fitness equipment purchased by franchisees, including consoles, electronic muscle stimulation suits, undergarments, associated cabling, replacement parts, and repair services relating to the equipment. Impulse's principal business address is 128 4th Ave. North, Franklin, Tennessee 37064. Impulse has never operated a Manduu studio.

Our affiliate, Manduu Management, LLC ("Manduu Management"), is currently the exclusive designated supplier for certain inventory items purchased by franchisees, including nutraceuticals, skin cream and retail products. Manduu Management's principal business address is 128 4th Ave. North, Franklin, Tennessee 37064. Although Manduu Management has never owned a Manduu studio, the company has entered into management agreements with certain of our affiliates that own our affiliate-owned Manduu studios. Under the management agreement, Manduu Management is responsible for managing the Manduu studio on behalf of the owner. Manduu Management entered into its first management agreement for a Manduu studio in Memphis, Tennessee in August 2019.

Except for Impulse and Manduu Management, we do not have any affiliates that provide any goods or services to our franchisees.

Corporate Information – Master Franchisor (MEMS)

MEMS is a limited liability company that was organized in Florida on December 21, 2017. MEMS does not do business under any name other than "Manduu" and "Manduu EMS, LLC." MEMS's principal business address

is 601 NE 36th Street, Miami, Florida 33137 and its telephone number is (310) 866-2361. MEMS' agents for service of process are disclosed in Exhibit F.

Business History – Master Franchisor (MEMS)

MEMS was formed solely for purposes of granting master franchise rights to the United States and does not engage in any other business activity. A master franchisee is granted the right to offer and sell subfranchises for Manduu studios and support franchisees within a defined territory. As of the date of this Disclosure Document, MEMS has sold 1 master franchise (which was sold to us).

MEMS has never offered franchises for Manduu studios. MEMS has never offered franchises in any line of business other than the master franchise offering. MEMS does not intend to offer any further master franchises. MEMS has owned and operated Manduu studios since 2012 through affiliated entities (including 2 studios in the United States from 2016 to 2018). Our affiliate acquired ownership and control of the studio owned by MEMS in California in 2018. The second studio owned by MEMS in Florida closed in 2018. As of the date of this Disclosure Document, MEMS does not own or operate any Manduu studios in the United States.

Parents, Affiliates and Predecessors – Master Franchisor (MEMS)

MEMS has no predecessors. MEMS' parent company is Manduu USA, Inc. ("Manduu USA"), which has a principal business address located at 601 NE 36th Street, Miami, Florida 33137. Manduu USA was formed to sell franchises in the U.S., and sold 1 franchise in the U.S. during 2017 (to our affiliate in Tennessee). Manduu USA no longer offers or sells franchises within the United States.

MEMS's affiliate, M.A.N.D.U. one life GmbH ("One Life"), has offered Manduu studio franchises outside of the United States since 2012. It has never offered or sold master franchises. One Life has operated Manduu studios since 2012. Its principal business address is located at Breitwiesergutstrasse 10, 4020 Linz, Austria.

Except as disclosed above, MEMS has no other affiliates that: (i) have offered franchises in this or any other line of business; or (ii) provide any goods or services to our franchisees.

Master Franchise Agreement

As noted above, we signed a Master Franchise Agreement with MEMS on March 8, 2018. The Master Franchise Agreement grants us exclusive master franchise rights to the United States and its territories and possessions. These rights authorize us to offer, sell and support Manduu studio franchises within the United States and administer the Manduu franchise system. The term of the Master Franchise Agreement is 20 years and is subject to renewal for a maximum term of 40 years (subject to additional renewals upon mutual agreement of both parties).

Description of the Franchised Business

The franchise offered under this Disclosure Document is for the operation of a boutique fitness studio operating under the name "Manduu" (together with any other marks or logos that we authorize for use at a Manduu studio, the "Proprietary Marks"). Manduu studios offer personal training programs utilizing proprietary state-of-the-art electronic muscle stimulation (EMS) devices under the supervision of EMS-certified personal trainers. Manduu studios also offer precise body composition measuring and sell nutraceuticals, skin cream and other retail items that we approve from time to time. Manduu studios must offer our the specific workout and nutrition plans that we designate from time to time.

Manduu workouts are led by EMS certified personal trainers. Manduu studios are typically located in smaller studio environments where workouts are offered in a private, semi-private or small group setting where members receive personal attention. From time to time, franchises may also be sold to larger physical fitness or physical rehabilitation centers, or on-site corporate workout facilities.

Manduu studios operate under a membership model. The membership model is described in the Manual, but may need to be modified if necessary to comply with state or local laws. Manduu studios may only offer the

membership model (and associated features) that we specify or approve.

If we award you a franchise, you must sign a Franchise Agreement with us (the "Franchise Agreement"). Our current form of Franchise Agreement is attached to this Disclosure Document as Exhibit C. The franchised business you will operate is referred to as your "Studio". You must develop and operate your Studio in compliance with the Franchise Agreement as well as our policies, procedures, standards and specifications disclosed in our Manduu System Confidential Operating Manual and Confidential Technical Manual (the "Manual").

Market and Competition

The general market for the fitness industry is highly competitive and well developed. We believe Manduu studios have unique attributes that provide a competitive advantage, including utilization of electronic muscle stimulation (which historically has been more commonly utilized and accepted in Europe than in the United States). The fitness market can be seasonal in nature, with peaks in January and September.

You will compete with a variety of other businesses and indirect competitors, including franchised operations, national chains and independently owned companies offering similar or related services. These businesses include gyms, boutique fitness studios, personal trainers, nutritionists and others businesses offering fitness and wellness programs.

Laws and Regulations

As a business owner, you may be subject to general business, employment and other laws and regulations. You should consult with your attorney and local, state and federal government agencies before buying your business to determine all legal requirements and consider their effects on you and cost of compliance. You must investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time.

Manduu studios may only utilize electrical muscle stimulation (EMS) equipment that has been cleared by the United States Food and Drug Administration (FDA). The EMS equipment utilized in Manduu studios has been cleared by the FDA as a prescription medical device. Due to its status as a prescription medical device, the equipment may only be operated a person who either (i) is a licensed medical provider; or (ii) qualifies as an "extension" of the equipment manufacturer, E-Fit. The FDA has reviewed and approved our training system for Manduu trainers. Upon successful completion of the training program, the Manduu trainer qualifies as an "extension" of the equipment manufacturer and is therefore authorized to operate the EMS equipment. As a result, all of your trainers must successfully complete the training program that we require (which has been approved by the FDA) as a condition to operating the equipment. Another component of our system includes the use of an FDA-approved body measurement tool known as "InBody" that is used to measure body mass, including muscle, skeletal, and fat masses.

The electrical muscle stimulation services that are part of the Manduu System are primarily based upon MEMS's exercise and measurement system which has been exclusively licensed to us for use within the United States. However, these techniques may be further developed and supplemented, as may be determined from time to time in conjunction with MEMS and its affiliates.

Item 2 BUSINESS EXPERIENCE

A. Business Experience of Franchisor

Jason Ritzen – Chief Executive Officer:

Mr. Ritzen has served as our Chief Executive Officer in Franklin, Tennessee since November 2017. From August 2019 to present, Mr. Ritzen has served as the CEO and President of Manduu Memphis, LLC located in Franklin, Tennessee. From May 2006 to present, he has also served as President of Ritzen Group, Inc. located in Franklin, Tennessee (formerly located in Nashville, Tennessee).

Robynne S. Napier - Chief Information Officer:

Ms. Napier has served as our Chief Information Officer in Franklin, Tennessee since November 2017. She also acted as our Interim Chief Financial Officer from August 2020 to September 2020. From September 2010 to present, she has served as Chief Financial Officer and Chief Information Officer for Ritzen Group, Inc. and its affiliates, located in Franklin, Tennessee (formerly located in Nashville, Tennessee).

Mandy Oakes – Director of Client Experience:

Ms. Oakes has served as our Director of Client Experience in Franklin, Tennessee since September 2019. From April 2019 to July 2019, she served as Training Program Manager for Fleet Feet in Nashville, Tennessee. From January 2015 to March 2019, she served as an owner of Mandy Oakes Wellness in Franklin, Tennessee.

Tayler Erbach – Director of Training:

Mr. Erbach has served as our Director of Training in Libertyville, Illinois since August 2022. From August 2019 to present, he is an owner and operator of a Manduu franchise in Libertyville, Illinois. From August 2018 to May 2019, he served as a teacher for WPS60 in Waukegan, Illinois.

B. Business Experience of MEMS

Oliver Strauss – Manager:

Mr. Strauss has served as one of MEMS's Managers since December 2017. From March 2017 to present, has has also served as President of Manduu USA in Miami, Florida. From January 2012 to present, he has served as CEO of KaufmannGruppe M.A.N.D.U. one life GmbH in Linz, Austria.

Manfred Ursprunger – Manager:

Mr. Ursprunger has served as one of MEMS's Managers since December 2017. From October 2015 to present, he has been self-employed as an owner of Manduu USA in Miami, Florida. From December 2012 to present, he has been self-employed as a cruise line consultant in Naples, Florida and Paradise Valley, Arizona.

C. Business Experience of Area Representatives

The name and business experience of each of our area representatives are disclosed in Exhibit K.

Item 3 LITIGATION

No litigation is required to be disclosed in this Item.

Exhibit K includes any litigation that is required to be disclosed with respect to our area representatives.

Item 4 BANKRUPTCY

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

Exhibit K includes any bankruptcy information that is required to be disclosed with respect to our area representatives.

Item 5 INITIAL FEES

Background Check Fee

At the time you submit your application to acquire a franchise, you agree to pay us a $500 background check fee. The background check fee is uniformly imposed and nonrefundable.

Initial Franchise Fee

At the time you sign the Franchise Agreement, you must pay us an initial franchise fee of $75,000. The initial franchise fee is uniformly imposed and nonrefundable. However, in 2022 we accepted discounted initial

franchise fees ranging from $30,000 to $60,000 for the second and subsequent franchises purchased by multi-unit franchisees.

Additional Training Fee

You may bring up to 5 individuals to our pre-opening initial training program at no additional charge. Each additional person above this number will require payment of additional $1,500 training fee. We anticipate most franchisees will bring 5 or fewer persons to initial training. We may also charge this fee for any person that attends our pre-opening initial training program at any time other than the scheduled training week that we designate for your initial trainees. The training fee is due prior to training. If you bring fewer than 5 individuals to our pre-opening initial training program, you will not receive a credit against our training fee for future training programs. The training fees are uniformly imposed and nonrefundable.

Equipment Startup Package

You must purchase your E-Fit startup package from our affiliate, Impulse. The "base" startup package includes 1 Inbody machine, 2 consoles, electronic muscle stimulation suits and undergarments and associated cabling. The purchase price for the base equipment package is $65,000, but increases by an additional $22,500 for each additional console that you purchase. We expect most Manduu studios will need between 2 and 4 consoles, resulting in a purchase price ranging from $65,000 (base equipment package with 2 consoles) to $110,000 (equipment package with 4 consoles). You must pay $65,000 towards the equipment package price at the time you sign the Franchise Agreement. If you require more than 2 consoles, you must pay the additional cost ($22,500 per console) at least 45 days prior to your opening date. The purchase price is uniformly imposed and nonrefundable.

Initial Inventory Purchases

You must purchase your initial supply of nutraceuticals, skin cream and other retail items from our affiliate, Manduu Management. You have the option, but not the obligation, to purchase our private label line of skin cream from Manduu Management. We estimate the cost of your initial purchase of inventory items from Manduu Management will range from $4,000 to $7,000. The purchase price is uniformly imposed and nonrefundable.

Item 6 OTHER FEES

Type of Fee [1]	Amount	Due Date	Remarks
Royalty	Greater 8% of monthly Gross Sales or $1,000 per E-fit machine per month [2]	Payable on or before 15th of each month in arrears	Based on Studio's Gross Receipts in prior month.
Brand and System Development Fund Fee	2% of Gross Sales [2]	Same as Royalty Fee	See Note 3.
Training Fees	$1,500 for initial training; $300 per day plus reimbursement of expenses for ongoing training	Prior to training	See Note 4.
Annual Conference & Training Summit Fee	Up to $750 per person per Annual Conference and $500 per person per Annual Training Summit	Prior to Annual Conference or Training Summit	See Note 5.
Renewal of Franchise Agreement	$10,000	At time you sign renewal Franchise Agreement	You must pay the renewal fee in order to renew your franchise.

Type of Fee [1]	Amount	Due Date	Remarks
Assignment or Transfer	25% of then-current franchise fee (reduced to $2,500 for transfer of non-controlling interest)	Prior to transfer	See Note 6.
Relocation Fee	$5,000	Upon demand	See Note 7.
Technology Fee	Varies (currently $740 per month plus additional $300 per month per additional Admin User, or $12 per month per additional Clerical User, of Intacct accounting software)	Same as Royalty Fee (or as otherwise specified by us from time to time)	See Note 8.
Late Fees	Interest at the lesser of 1.5% per month or highest rate permitted by law	Upon demand	Assessed on the 20th day after the date payment is due (including interest accruing from the payment due date until date late fee is imposed).
Audit	All costs associated with the audit. Est. $3,000 to $5,000, plus $250/hour for remediation consulting	Payable within 30 days of billing at the conclusion of audit	See Note 9.
Management Fee	Our direct and indirect costs incurred in managing your Manduu franchise plus 7.5% of Gross Sales	As incurred	See Note 10.
Indemnification	Will vary under the circumstances	As incurred	You must indemnify us, our affiliates, officers, agents and employees against all losses resulting from the operation of your Studio or your breach of the Franchise Agreement.
Insurance	Amount of unpaid premiums	Upon demand	See Note 11.
Start-up and Administration Costs of New Marketing or Loyalty Programs	Varies	Monthly or quarterly	See Note 12.

Notes:

1. All fees are imposed by and payable to us, with the exception of certain payments made to our affiliates Impulse and Manduu Management for purchases of E-Fit equipment/services and inventory items. All fees are nonrefundable. We have the right to collect from you the cost of all sales, excise, trademark, franchise, value added or similar taxes imposed on us on account of collection of any fees or payments that we receive from you as a result of your operation of the Studio. Income tax or any optional alternative to income tax are not among taxes that would be collected.

2. The Franchise Agreement defines "Gross Sales" as "all revenues accrued from all business conducted at or from your Franchised Studio, whether paid by cash, check, credit and/or debit card, barter exchange, trade

credit, Paypal® or other form of online payment, or otherwise, and also includes all proceeds from business interruption insurance, but (a) excludes all federal, state, and municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, (b) is reduced by the amount of any actual, documented refunds and credits the Studio in good faith gives to customers (if those amounts originally were included in calculating Gross Sales).

3. We have established and administer a brand and system development fund to promote public awareness of our brand and improve our system. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution. In addition to your contributions to the brand and system development fund, you must spend at least 3% of your monthly Gross Revenues on local advertising and promotional activities, all of which must be approved by us. If you are opening in a new market with no prior brand recognition, you may be required to spend significantly more than 3% of your Gross Revenues during your first year of operation in order to build brand recognition in your market and drive customers to your Studio.

4. We will provide our initial training program to 5 individuals at no additional charge beyond the initial franchise fee. If you send more than 5 people to training (whether before or after opening), then we may charge you the $1,500 initial training fee for additional person that you send to training. We may also charge the $1,500 initial training fee for any person that attends our pre-opening initial training program at any time other than the scheduled training week that we designate for your initial trainees. The $1,500 initial training fee does not include expenses for travel, lodging, or per diem expenses connected with training. The ongoing training fee of $300 per day applies to all ongoing training that you request following completion of initial training (we are not obligated to provide any additional training that you request). If we agree to provide onsite training at your Studio, you must also reimburse us for all costs incurred by our trainer, including travel, meals and lodging.

5. Your majority owner, your General Manager, and your lead trainer must attend both our annual conference and our separate annual training summit. You are responsible for travel, lodging, per diem, and any other costs associated with attending the conference and the separate training summit.

6. This fee is paid when you sell your franchise or when your ownership changes. In addition to this fee, if your heirs or representatives request us to act as a non-exclusive agent for the sale of your franchise in the event of your death or disability, you must pay us an additional sales fee equal to 25% of our then-current franchise fee. The sales fee paid in relation to the transfer is in addition to the standard transfer fee listed in the table.

7. You are solely responsible for all costs you incur relating to an approved relocation of your Studio. Before you may relocate, you must: (i)de-brand and de-identify the former location at your expense so that it is no longer associated with the Manduu System; and (ii) upfit the new location as required under the then-current version of the Manual.

8. You must acquire and utilize all information and communication technology systems that we specify from time to time (the "Technology Systems"). Our required Technology Systems may include computer systems, point-of-sale system, webcam systems, telecommunications systems, security systems, music systems, electronic fitness equipment system and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The "technology fee" includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid

for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems.

As of the issuance date of this Disclosure Document, we charge a technology fee of $740 per month which covers your email accounts as well as the ongoing fees associated with Intacct financial software (or similar platform), FitSoft Manduu Software and the InBody Machine. The standard technology fee includes 1 license to our integrated Intacct financial software (we will not support or integrate our software with any accounting package besides Intacct). If you need additional users, there is an additional technology fee of $300 per month for each additional Admin User and $12 per month for each additional Clerical User. These software programs and the associated technology are discussed in more detail under "Computer System" in Item 11. If you operate multiple studios, the additional technology fee associated with each additional studio will be approximately 50% of the $740 fee for your 1st studio (based upon the current services, software and fees associated with the technology fee).

9. This fee is payable only if the audit reveals an underpayment of 3% or more of fees owed to us in a given month. These costs include reasonable legal and accounting costs, travel expenses, room and board and wage expenses. In addition to the audit fee, the amount underpaid is payable upon demand and incurs interest from the original due date until the date paid at the lower of 1.5% per month or the maximum rate allowed by applicable law. If the audit is rescheduled because required documentation is not available on the audit date, you must also pay us a $1,000 rescheduling fee. We will select the auditor that conducts the audit.

10. If you default under the Franchise Agreement or the Managing Owner is unable to properly manage your Studio due to death or disability, we have the right, but not the obligation to appoint an individual of our choosing to temporarily manage your Studio until you cure the default or appoint a replacement Managing Owner, as applicable.

11. You must obtain and maintain certain types of insurance coverage. If you fail to obtain and maintain insurance, we may immediately obtain or reinstate insurance on your behalf and you must promptly reimburse us for insurance, including any late payment charges imposed by the insurance company. This fee is payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.

12. You must pay your share of the cost of any new marketing programs (i.e., internet site enhancements, updated and more robust loyalty program, frequent customer or gift card program) that we develop and incorporate as part of our System. If we determine that any such program will benefit the System as well as individual Studios, we may require that all franchisees contribute to the costs associated with the development and ongoing operation of the program. If this happens, we may require that you pay your fair share of these costs. We will provide you with at least 30 days' prior notice before you must begin paying these costs.

Item 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Expenditure [1]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Background Check Fee	$500	Lump Sum	At time you submit application	Us

YOUR ESTIMATED INITIAL INVESTMENT				
Expenditure [1]	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee	$75,000	Lump Sum	On Signing of Franchise Agreement	Us
Real Estate [(2)] (security deposit and initial 3 months' rent)	$12,000 to $38,000	As Arranged	As Incurred	Property Owner/Landlord
Leasehold Improvements [(3)]	$0 to $200,000	As Arranged	At Signing of Lease	Property Owner/Landlord
Architect [(4)]	$0 to $7,500	As Arranged	As Agreed Upon	Architect
Furniture, Fixtures, Equipment and Decor [(5)]	$85,000 to $140,000	As Arranged	At Time Of Purchase	Various Suppliers (including our affiliate)
Signage [(6)]	$8,000 to $15,000	As Arranged	Before Opening	Various Suppliers
Insurance [(7)]	$5,000 to $6,000	Lump Sum	Prior to Opening	Insurance Company
Grand Opening Advertising [(8)]	$25,000 to $50,000	As Arranged	Before Opening	Applicable Vendor
Computer System [(9)]	$6,500 to $10,500	As Arranged	At Time of Purchase	Applicable Supplier(s)
Opening Inventory [(10)]	$4,000 to $7,000	As Arranged	Before Opening	Our affiliate
Uniforms	$600	As Arranged	Before Opening	Various Suppliers
Annual Music License Fee	$300 to $600	Lump Sum	Prior to opening and annually	Suppliers (ASCAP, BMI, Pandora, Spotify, etc.)
Stationery	$350	As Arranged	Before Opening	Various Suppliers
Prepaid Expenses and Deposits [(11)]	$500 to $1,000	As Incurred	Before Opening	Utilities, phone companies, etc.
Training Expenses [(12)]	$3,000 to $10,500	As Incurred	Before Opening	Airlines, hotels, restaurants, etc. associated with your attendance at our training site in Franklin, Tennessee
Business Fees and Licenses	$1,000 to $4,000	As Incurred	Before Opening	Service provider or governmental agency
Professional Fees [(13)]	$1,000 to $7,500	As Incurred	Before and 3 months after opening	Lawyers, bookkeepers and accountants
Additional Funds [(14)] (3 months)	$35,000 to $150,000	As Incurred	As Incurred	Employees and Suppliers

YOUR ESTIMATED INITIAL INVESTMENT				
Expenditure [1]	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Total Estimated Initial Investment	$262,750 to $724,050			

Notes:

1. We do not offer direct or indirect financing for any of these items. None of the fees payable to us are refundable. Amounts paid to third parties are generally non-refundable except that third parties may in certain circumstances issue partial or complete refunds of security deposits, insurance premiums, pre-paid expenses and deposits, and business fees and license fees.

   We may adjust all fees in the Franchise Agreement annually (other than the initial franchise fee and percentage-based fees) based on increases in CPI in accordance with the following formula: the applicable fee shall be multiplied by a fraction, the numerator of which shall be the CPI for the prior calendar year (the "Prior Year") and the denominator of which will be the CPI for the year immediately preceding the Prior Year. For purposes of this calculation, "CPI" means the Consumer Price Index published by the Bureau of Labor Statistics of the U.S. Department of Labor, for All Urban Wage Earners and Clerical Workers, U.S. Cities (1982-84 = 100), "All Items." In any given year we shall have the right to adjust the fees by the greater of: (i) 3% over the then-current fees; or (ii) the CPI Adjustment that took place since the Prior Year. If we, in our sole discretion, determine not to apply the fee increase in a given year, the unapplied fee increase may be carried over and applied to a subsequent year.

2. This estimate assumes you will lease the premises for your Studio. The expense of leasing vary depending upon the size of the premises, its location, landlord contributions, whether the premises is enclosed or free-standing, your credit history, the requirements of individual landlords and other factors. A typical Manduu studio ranges in size from 1,100 to 1,500 square feet. We estimate the rent will range from $3,000 to $9,500 per month for a typical franchisee. However, your actual rent may vary significantly above or below this range depending on your area and the local market conditions. For example, a franchisee may face significantly higher rent in areas such as New York City, San Francisco or Boston. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes 1 months' security plus 3 month's rent. Some franchisees may prefer to own the premises for their Manduu studio. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

3. Leasehold improvements may be furnished by the landlord. If you build the Studio, the cost of the improvements will vary depending on the size, condition and location of the premises, price difference between various suppliers and contractors, shipping distances from suppliers and general economic conditions. These costs are normally payable to third parties before the opening of the Studio or in installments over a period of time, depending on the type of financing arrangement you are able to obtain. In some cases, the landlord may pay for certain buildout costs and add the cost to the monthly rent, meaning you will pay the buildout costs over the term of the lease. If leasehold improvements are required, we estimate the total cost will range from $75,000 to $200,000. In some cases, leasehold improvements may not be required for previously occupied space. The low estimate assumes either no leasehold improvements are required or that the landlord will cover all required leasehold improvements. The high estimate assumes no landlord contributions towards tenant improvements.

4. You may or may not need the services of an architect depending on: the condition, layout and features of the premises; whether the existing premises complies with local building codes and ordinances; and whether the

landlord or property owner assumes responsibility for the buildout of the space.

5. This item estimates the cost to purchase and install your furniture, fixtures, equipment and décor items, other than the equipment that is associated with your computer system and separately disclosed in the table above. Your Studio, including all furniture, fixtures, equipment (including electronic muscle stimulation equipment), trade dress and décor, must satisfy all required brand image requirements and specifications in the Manual. You must purchase the water system that we designate. You must purchase your startup equipment package (which does not include furniture, fixtures, supplies/initial inventory or technology equipment) exclusively from our affiliate, Impulse. The cost of the startup equipment package ranges from $65,000 to $110,000 depending on the number of consoles that you desire. Elevated one-piece technical wear may also be purchased at a separate cost of $1,606.07. The costs to purchase furniture, fixtures, equipment and décor items may vary due to price differences between suppliers and the distance these items must be shipped to your Studio. You must pay for these items before opening. However, if you obtain financing, you may pay these costs over a period of time. The estimate in the table assumes you do not obtain financing for any of these purchases.

6. The signage must conform to our specifications in the Manual. The type and size of the signage you actually install will be based upon the zoning, property use requirements and any landlord imposed restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions. The cost of purchasing signage may vary as a result of price differences between suppliers, materials and shipping distances from suppliers.

7. This item estimates the annual premium for the insurance policies you must purchase.

8. You must spend a minimum of $25,000 on grand opening advertising to promote your new Studio. However, we recommend that you spend $50,000 since opening advertising builds brand awareness and drives initial traffic to the Studio, which is a critical factor in determining the initial success of your Studio.

9. This item estimates the initial cost to acquire your computer system, including "point of sale" system, back office equipment, desktop computer, laser jet printer, music streaming system and related technology and software.

10. Currently, we require that you purchase all of your inventory items (such as nutraceuticals, apparel, skin cream and other retail items) exclusively from our affiliate, Manduu Management.

11. Prepaid phone and utility deposits may vary considerably depending on the size and location of the Studio.

12. This item estimates the costs of transportation, lodging, and per diem expenses you will incur to travel to and attend our 2-week initial training program. These costs vary depending on the distance you must travel to initial training, the method of transportation selected and the accommodations you select. We may, in our discretion, either conduct the entire 2-week training program at one time, or we may break up training into 2 separate 1-week sessions (we will advise you whether it will be a single program or 2 1-week programs before training begins). The high estimate assumes training will be conducted in 2 separate phases, which will result in higher training expenses.

13. Some franchisees choose to hire an attorney to assist them with reviewing our Franchise Disclosure Document and evaluating the franchise opportunity. The attorney may also provide other legal services, such as forming a business entity (i.e., to be the "franchisee" under the Franchise Agreement), negotiating the lease, etc. Unless you have an accounting background, you will need to hire a bookkeeper or accountant to setup your books and track your revenues and expenses. You should expect to pay at least $500 per month for a bookkeeper. You or your bookkeeper/accountant must utilize Intacct, which is our designated financial accounting software that integrates with our Manduu studio management software. This item estimates the costs to hire these professionals. The low estimate assumes you choose not to hire an attorney.

14. This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you) and other miscellaneous expenses and required working capital. Your initial 3

months of rent, and certain other post-opening expenses, are separately stated in the table above. You will need capital to support ongoing expenses such as payroll, record-keeping, transportation, rentals, utilities, employee background checks, additional inventory and supplies, and additional advertisements to the extent these costs are not covered by sales revenue. This does not include sums necessary for living or personal expenses nor payments for debt service. New businesses often generate a negative cash flow. We estimate the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business which we calculate to be 3 months. This is only an estimate, however. You may need additional capital during or after this start-up phase. These estimates are based upon the experience of our affiliate in establishing and operating Manduu studios in Tennessee and Texas.

Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain "source restricted" goods and services for the development and ongoing operation of your Studio. By "source restricted," we mean that the good or service must meet our standards and specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate).

Standards and Specifications

Our standards and specifications are listed in the Manual. We may change these standards and specifications at any time by updating the Manual. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

Suppliers

You must purchase certain goods and services only from suppliers that we designate or approve. Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier as well as the supplier's ability to supply a sufficient quantity of the product or service within the time periods we require. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, design, functionality, reliability, compatibility with our systems, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a new product or purchase a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilities. We reserve the right to disapprove of proposed and existing suppliers, products, equipment and supplies for any reason, including the number of such suppliers or items that have already been approved. We will notify you of our approval or disapproval of a product or supplier that you propose within 90 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must reimburse us for all costs that we incur in reviewing a proposed supplier and testing the products.

We may decline to consider alternative suppliers for certain equipment that is essential to our System, including all E-fit equipment, supplies and services that we designate, including electronic muscle stimulation software (Software Solution), consoles, suits, undergarments, associated cabling equipment and repair services.

Current Source Restricted Items

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: your lease; Studio design; furnishings and fixtures; workout equipment/supplies and accessories; inventory; computer/POS system; uniforms; marketing materials and services; and insurance

policies. We estimate that between 50% and 70% of the total purchases and leases that will be required to establish your Studio and 70% to 90% of your ongoing operating expenses will consist of source restricted goods or services.

Lease

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

Studio Design

We will provide you with our standard renovation and finish plans, specifications and layouts for the interior build-out, mechanical and electrical systems, furniture, equipment, décor and signs for a prototype Studio that we make available to franchisees. We must approve your construction plans before you begin construction. Once approved, you must construct your Studio to comply with our site layout, plans and specifications. Any architect or general contractor you hire must be appropriately licensed and bonded (if required by applicable law).

Furnishings and Fixtures

All of your furnishings and fixtures must meet our standards and specifications. We currently allow you to purchase these items from any supplier that you choose. However, we reserve the right to require that you purchase these items only from suppliers that we designate or approve in the future.

Workout Equipment/Supplies and Accessories

You must purchase the water system that we specify from the supplier we designate. You must also subscribe to a music streaming service that provides licensing for all US music and content copyright from one or more suppliers that we approve. All of your workout equipment and related supplies and accessories must comply with our standards and specifications. Certain equipment may require approval from the U.S. Food and Drug Administration. To maintain the high standards of quality associated with the Manduu EMS Workout, we strictly control the equipment that may be used. You must purchase and exclusively use the E-fit equipment, supplies and services that we designate, including electronic muscle stimulation software (Software Solution), consoles, suits, undergarments, associated cabling equipment and repair services. You must purchase all of these exercise equipment, supplies and services exclusively from the suppliers we designate. Our affiliate, Impulse, is currently the exclusive designated supplier for all of these items. You cannot alter, amend, or modify any of these products or equipment, or use any other products or equipment as substitutions.

Inventory

All of your inventory items must meet our standards and specifications. We must approve all items that you offer for sale at your Studio. You must purchase your entire inventory of nutraceuticals, skin cream and other retail items exclusively from our affiliate, Manduu Management. Manduu Management is the only approved supplier for our private label Manduu skin cream. The purchase of private label Manduu skin cream is currently optional, but we may require that you purchase this product in the future.

Computer / POS System

Your computer system and POS system must meet our standards and specifications. You must acquire and use the POS system and software that we designate. You may purchase your computer and related hardware from any supplier of your choosing. You license the Manduu Studio Management Software (including POS and

scheduling software) and certain other software only from suppliers that we designate or approve. We require that you pay us a technology fee (currently $740 per month plus an additional monthly fee for each additional user license of Intacct ($300 per month for an Admin User or $12 per month for a Clerical User).

Uniforms

Your employees must wear the uniforms that we specify. You must purchase these uniforms only from suppliers that we designate or approve.

Marketing Materials and Services

All of your marketing materials must comply with our standards and requirements. We must approve all of your marketing materials before you use them. You must purchase all branded marketing materials only from us or other suppliers that we designate or approve. And social media you conduct must comply with our social media policy. We reserve the right to require that you utilize a designated supplier to provide social media marketing on your behalf. We will provide you with a local webpage that will be linked to our main website. We are exclusive supplier for website development services. We control all content displayed on your local webpage.

Insurance

You must obtain and maintain, at your expense, the following types of insurance coverage: comprehensive general liability insurance (minimum $1,000,000 single limit per occurrence and $2,000,000 aggregate limit), all-risk property coverage, commercial automobile liability (minimum $1,000,000 combined single limit per occurrence), worker's compensation insurance as required by law, employers' liability insurance (minimum $500,000 per accident and in aggregate), umbrella policy (minimum $1,000,000 per occurrence) and blanket fidelity insurance for employees (minimum $100,000 coverage). All insurance policies must be issued by insurance companies of recognized responsibility and must be approved by us in form, substance, and coverage. All insurance policies must list Manduu America, LLC, Manduu EMS, LLC, and each of our respective officers, directors, members, shareholders, partners and employees as additional insureds on a primary basis for operations of the Studio.

Purchase Agreements

We and/or our affiliates have negotiated purchase arrangements with suppliers (including price terms) for the benefit of franchisees and to promote the overall interests of the Manduu EMS Workout System and our interests as the Franchisor. However, we have no obligation to continue to do so. As of the issuance date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) for the following items that are purchased by franchisees: uniforms, custom cabinetry, flooring laminate, water system and swag items (i.e., promotional items given away for free).

We and our affiliates reserve the right to purchase items in bulk and resell them to you at cost plus a commercially reasonable markup. There are no purchasing cooperatives, although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate.

Franchisor / Affiliate Revenues from Source Restricted Purchases

We are currently the exclusive supplier for the software, technology and related services covered by the technology fee. In some cases, we license the software or technology from third-party suppliers and sublicense it to you. Our affiliate, Impulse, is currently the exclusive designated supplier for all E-fit equipment, supplies and services. Our affiliate, Manduu Management, is currently the exclusive supplier for certain inventory items you must purchase, including nutraceuticals, skin cream and other retail items. We and our affiliates may derive revenues from these purchases.

With the exception of Impulse and Manduu Management and ReGen, no person affiliated with us is currently an approved (or the only approved) supplier. The following officers disclosed in Item 2 of this Disclosure Document currently hold an ownership interest in Impulse: Jason Ritzen, Manfred Ursprunger, Oliver Strauss

and Philipp Kaufmann. Jason Ritzen also holds an ownership interest in Manduu Management. There are no other approved or designated suppliers in which any of our or MEMS' officers owns an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we do not have any supplier relationships involvement the payment of rebates or other material benefits.

Our area representatives do not currently receive any rebates, payments or other material benefits from suppliers based on franchisee purchases.

During the fiscal year ended December 31, 2022, we received $45,970 in revenues as a result of franchisee purchases or leases of goods or services (all of these revenues consist of technology fees), which represents 7.4% of our total revenues of $608,040.07 for the fiscal year ended December 31, 2022.

During the fiscal year ended December 31, 2022, Impulse generated $52,056.00 in revenues as a result of franchisee purchases or leases of goods or services.

During the fiscal year ended December 31, 2022, Manduu Management generated $15,662.55 in revenues as a result of franchisee purchases or leases of goods or services.

The source of the affiliate revenue information is internally prepared financial statements for our affiliates.

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	Item in Disclosure Document
a.	Site selection and acquisition/lease	Sections 2(a), 6(a),(b),(c)	Item 11
b.	Pre-opening purchases/leases	Sections 6(f), 7(c), 8(c), 9(a), (c)	Items 8, 11
c.	Site development and other pre-opening requirements	Sections 6(a), (b), (c), (d), (e), (f), (g) and (h)	Items 7, 11
d.	Initial and ongoing training	Sections 7(a), 8(a)	Item 11
e.	Opening	Sections 6(e), (f), (g) and (h); Attachment "A"	Item 11
f.	Fees	Sections 5(a), (b), (c), (d), (e), (g); Attachment "A", 7(a), 8(a), 15, 22, 27	Items 5, 6, 7
g.	Compliance with standards and policies - Operating Manual	Sections 7(c), (f), 8(a), (b), (c), (d), (e), (f), (g), (h), (i), (j); 9, 10, 13(i), (j)	Item 11
h.	Trademarks and proprietary information	Sections 2(a), 9(g), (h), (i); 13(a), (b), (c), (d), (e), (f)	Items 13, 14
i.	Restrictions on products/ services offered	Sections 7(c), 8(b), (c), (h), 9(c), (d), (f)	Item 8, 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Sections 2(a), (b), 3(a), (b), 6(b)	Item 12
l.	Ongoing product/service purchases	Sections 3(b), 7(c), 8(b), (c)	Item 8

	Obligation	Section in Agreement	Item in Disclosure Document
m.	Maintenance, appearance and remodeling requirements	Sections 8(b), (d), (e), (f), 9(a)	Item 11
n.	Insurance	Section 21	Item 7
o.	Advertising	Sections 3(a), 7(e), 9	Items 6, 11
p.	Indemnification	Section 34	None
q.	Owner's participation/ management/staffing	Sections 2(c), 6(h), 7(a), 8(a), (b), (g)	Item 15
r.	Records and reports	Sections 14, 15	Item 11
s.	Inspections and audits	Section 15	Item 6
t.	Transfer	Sections 22, 23, 25, 26	Items 6, 17
u.	Renewal	Sections 4(b), (c), (d)	Item 17
v.	Post-termination obligations	Section 32	Item 17, Exhibit E
w.	Non-competition covenants	Sections 11, 12	Item 17, Exhibit E
x.	Dispute resolution	Sections 31, 32, 33, 34, 35	Item 17

Item 10 FINANCING

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

Pre-Opening Obligations

1. We must review and approve the site you select for your Studio. You must notify us in writing of each site you propose and send us photographs of the inside and outside the premises together with any other information we request. In determining whether to approve a proposed location, we consider factors such as whether the proposed location is near the center of the Protected Area (defined in Item 12), within easy access to major roads, visibility, accessibility for customers entering the Studio, and the professional appearance of the offices and workout areas. You must find an approved site within 30 days after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to find an approved site within the required period of time. (Franchise Agreement, Sections 6(b) & 6(c))

2. We must also approve your lease (if applicable). You must cause your landlord to sign our required form of Lease Addendum, which is attached to the Franchise Agreement as Attachment E. You and your landlord must sign an approved lease for your Studio premises (and our required Lease Addendum) within 60 days after signing the Franchise Agreement. We may, but need not, extend the 60-day period in our sole discretion. As a condition to approving your lease, and subject to your landlord's consent, you must assign to us certain rights under your lease to enable us to take possession of the Studio and assume your obligations under the lease, effective only upon the occurrence of certain events described in the Lease Addendum. (Franchise Agreement, Section 6(c))

3. We will provide you generalized examples of prior utilized space plans, work flow, and general layout of a

typical Manduu studio. Successfully selecting a site for your Studio and building it out in a timely manner will depend primarily on your own initiative and abilities. (Franchise Agreement, Section 6(d))

4. We will give you access to the Manual for your use during the term of the franchise. The Manual may be in electronic, digital, or other format. (Franchise Agreement, Sections 7(b), 13(i) & (j))

   The table of contents of the current Manual, and the number of pages devoted to each subject, are as follows:

Item	Pages
1. Introduction	2
2. History; Management; Mission	8
3. Support Resources	1
4. Pre-Opening Timetable; Obligations	3
5. Training Requirements	2
6. Staffing	9
7. Studio Administrative and Service Policies	4
8. Studio Operation and Maintenance	8
9. Office Equipment, Computer System, Inventory, and Supplies	3
10. Administration	2
11. Reports, Audits and Inspections	1
12. Marketing	13
13. Sales and Pricing	2
14. Studio Insurance Requirements and Risk Management	1
15. Corporate Structure and Financing	1
16. Trademark and Trade Secrets	2
17. Field Operation	15
18. Resale, transfer, Renewal and Closing	1
19. Expansion and Relocation Requirements	1
20. Surveillance and Security Systems	1
21. Computers, Software, POS System, Back	5

Item	Pages
Office Technology	
22. Website and Apps	1
23. Social Media	2
24. Lease, Signage, Furniture & Floor Plan	1
TOTAL	89

5. One or more of our staff will remotely provide limited advice and assistance the opening of your Studio and in establishing and standardizing procedures and techniques essential to the operation of a Manduu EMS Workout business. There is no fee for this assistance. (Franchise Agreement Section 7(d)).

6. We will conduct a comprehensive initial training program in the management and operation of a Manduu studio. See Section below entitled "Training Program" for additional information. (Franchise Agreement Section 8(a))

Continuing Obligations

1. We will provide a continuing advisory service, which may include consultation on promotional, marketing and advertising techniques, and customer relations. (Franchise Agreement Sections 7(e), (g) & (h))

2. We or a person designated by us (which may be an affiliate of ours or MEMS) will sell various proprietary products and equipment to you, as detailed in the Manual. (Franchise Agreement Section 7(c))

3. We and our agents have the right of entry and inspection of your premises, the right to observe the manner in which you render services, and the right to confer with your employees, customers, and business associates. (Franchise Agreement Section 15)

4. We may offer periodic ongoing training programs. See Section below entitled "Training Program" for additional information. (Franchise Agreement Sections 7(a) & 8(a))

Except as specified in the Franchise Agreement and the Manual, we are not obligated to provide any assistance in conforming the premises to local codes and ordinances, obtaining permits, constructing, remodeling or decorating, hiring or training employees (except for the training described in Section 7.(a) of the Franchise Agreement). We are not obligated to provide any assistance with respect to the delivery and/or installation of your equipment, signs, fixtures, opening inventory or supplies. However, our affiliate, Impulse, will deliver your equipment startup package to you and our affiliate, Manduu Management, will deliver your initial supply of inventory items to you.

Training Program (Franchise Agreement, Sections 7(a) & 8(a))

Overview

We will provide a 2-week initial training program for your general manager, lead trainer and managing owner. We may, in our discretion, either: (i) conduct the entire 2-week training program at one time; or (ii) break up training into 2 separate 1-week sessions. We will notify you in advance whether initial training will be conducted as a single 2-week program or will be broken down into 2 phases.

The initial training program includes the following 3 components: (1) Franchisee Training; (2) Instructor Training; and (3) Manager Training. The classroom portion of the training program will be held at our corporate office while hands-on training will take place at an affiliate-owned Manduu studio or any other location we designate. Both our office and affiliate-owned studio are located in the Nashville metropolitan statistical area.

Your general manager, lead trainer and managing owner must complete the initial training program to our satisfaction at least 2 weeks before you open your Studio.

The use of the E-Fit equipment is strictly governed by FDA certification prerequisites. All trainers are required to pass a certification test that is issued by our approved manufacturer, and each trainer must possess and maintain an up-to-date certification at all times, necessitating an annual renewal through our certification process. The proficiency test, along with all training, is administered by us. Any continuing education will be facilitated by us and subsequently endorsed by our approved manufacturer. Subsequent certification may be required as dictated by us.

Training Topics

The training program may include computerized training modules and currently consists of the following topics:

TRAINING PROGRAM

PART 1: FRANCHISEE TRAINING PROGRAM			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Management and Administration	2	0	Nashville
Preopening Obligations, Procedures and Timetable for Opening	2	0	Nashville
Daily Operations	8	8	Nashville
Advertising and Marketing	2	0	Nashville
Accounting, Bookkeeping, Reporting and Software	6	2	Nashville
Employees/EEOC	2	0	Nashville
Trademarks and Confidential Information	1	0	Nashville
Preparation of Reports to Franchisor	2	0	Nashville
Risk Management	1	0	Nashville
HIPAA/Ethics	1	0	Nashville
Total Number of Hours	27	10	

PART 2: EMPLOYEE TRAINING FOR TRAINERS			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Introduction to EMS	2	0	Nashville
Physiology EMS Device	1	4	Nashville

PART 2: EMPLOYEE TRAINING FOR TRAINERS			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Inbody Device	1	2	Nashville
Hospitality/Customer Service	2	0	Nashville
Safety	1	1	Nashville
Software, Sales and POS	2	2	Nashville
The Manduu Process	2	30	Nashville
Ethics	1	0	Nashville
Risk Management/HIPAA	1	0	Nashville
Total Number of Hours	13	39	

PART 3: MANAGER TRAINING			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Customer Service	1	0	Nashville
EEOC	1	0	Nashville
Ethics	1	0	Nashville
Manduu Management Process	3	0	Nashville
Sales and POS	2	0	Nashville
Safety for Managers	1	0	Nashville
Daily Operations	1	0	Nashville
HIPAA	1	0	Nashville
Total Number of Hours	11	0	

Introductory training, including an overview of products, services and marketing and an orientation to franchising, is held monthly or more frequently if we deem necessary to meet demand. The instructional materials will be provided by us and will consist of the Manual, forms, and other training materials. There is no additional charge for training materials.

Instructors

Our introductory training program will be conducted by instructors that have successfully completed our EMS certification program, which is a prerequisite to operating the EMS equipment. All of our instructors also have at least 1 year of personal training experience.

Our current instructors include Jason Ritzen, Robynne Napier, and Mandy Oakes.

Jason Ritzen is the CEO of Manduu America, LLC (MALLC) and Ritzen Group, Inc. A 22+ year veteran of the real estate industry, he has developed hundreds of millions of dollars of Class A medical office and outpatient surgical space. He is also a non-passive angel investor and has played a significant role in several successful leading-edge technology companies, including Capital Confirmation and SmartVue Corp. Jason is an avid health and wellness proponent who also owns a medical spa. He launched Manduu America in November 2017.

Robynne Napier, MALLC's Chief Information Officer, joined the company at its inception in November 2017. She has been the CFO and CIO for Ritzen Group since September 2010. An entrepreneurial accountant, she has 32 years of financial and information technology experience in both the real estate and hospitality industries.

Mandy Oakes joined us in September 2019 as our Director of Client Experience. She provides training in the areas of client service and retention. With more than 10 years of experience serving as an athlete, fitness motivator and boutique gym owner, Oakes was a managing partner and communications director for ACTIVENOW.com, a national online resource for active and healthy living. Mandy is a competitive long-distance runner and a Certified Running Coach. Mandy holds a B.A. from Rhodes College. She has a total of 13 years of experience in the fitness industry.

Tayler brings over ten years of coaching and teaching to his role of Director of Training at Manduu. Prior to being a part of the Manduu brand, Tayler was a high school PE teacher and strength and conditioning coach. He has now switched his emphasis from training high school athletes to training adults. In his 4 years with Manduu, he has continued to research and implement new processes to deliver a world class workout. As an owner operator of his own Manduu studios, he is able to see firs- hand how the training process can help to build a successful studio. As a trainer himself, he continues to push the envelope on what Manduu fitness can do for a clients' long term health. Tayler has a Bachelor of Science in education, Master of science in leadership, and certified strength and conditioning specialist (CSCS) personal training certificate.

Ongoing Training

From time to time, we may offer ongoing training programs for your general manager, lead trainer and managing owner. We may designate these training programs as mandatory or optional.

We will provide annual continuing education training for you and/or your employees. This training may include free webinars and on-site training at your Studio at your expense. Ongoing training subjects may include: EMS exercise training; equipment usage; sales and marketing; new products, services, and equipment; and other relevant topics.

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

Each year your managing owner, general manager, and lead trainer must attend our annual training summit and separate annual conference at your expense.

Training Fees and Costs

We will provide our pre-opening initial training program to 5 individuals at no additional charge beyond the initial franchise fee. If you send more than 5 people to training (whether before or after opening), then we may charge you the $1,500 initial training fee for additional person that you send to training. If you bring fewer than 5 people to pre-opening training, you will not receive a credit against the training fees imposed for future training programs. We may also charge this fee for any person that attends our pre-opening initial training program at any time other than the scheduled training week that we designate for your initial trainees. The $1,500 initial training fee does not include expenses for travel, lodging, or per diem expenses connected with training. We will only provide a single pre-opening training program so you are responsible for coordinating and ensuring that all of your owners and personnel are available to attend such initial training program at the same

time.

The ongoing training fee of $300 per day applies to all ongoing training that you request following completion of initial training (we are not obligated to provide any additional training that you request). If we agree to provide onsite training at your Studio, you must also reimburse us for all costs incurred by our trainer, including travel, meals and lodging.

We may charge up to $750 per person for attending the annual conference and up to $500 per person for attending the annual training summit.

You are responsible for all travel, food, lodging, and other expenses incurred by you and your staff in attending any training program, conference or summit. These expenses are in addition to the fees paid to us.

Marketing (Franchise Agreement, Sections 9(f) & 16)

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

You must contribute to the fund the amount we specify (not to exceed 2% of Gross Sales). Manduu studios owned and operated by our affiliates or MEMS' affiliates do not contribute to the fund. Amounts not spent in a given year are carried over to the next year. We are not required to spend any amounts from the fund in any franchisee's territory. During the 2022 fiscal year we spent the funds in the following manner: (i) 100% on production; (ii) 0% on media placement; (iii) 0% on administrative expenses; and (iv) 0% on "other".

We will direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the fund. An unaudited financial accounting of the operations of the fund will be prepared annually (within 120 days after the end of each year) and made available to you upon request.

You must conduct local advertising and promotional activities at your own cost. On an ongoing basis, you must spend at least 3% of Gross Sales for local marketing and promotional expenses of the Studio during each fiscal quarter. If you are opening in a new market with no prior brand recognition, you may be required to spend significantly more than 3% of your Gross Revenues during your first year of operation in order to build brand recognition in your market and drive customers to your Studio. Local marketing and promotional expenses include the cost of social media and online advertising, placement of radio and television spots, direct mail solicitations, digital and print newspaper and magazine advertising, public relations activities, community events and sponsorships, and other promotional materials and activities. You are responsible for the costs of any local advertising materials that you produce, as well as the customization of any corporate-provided media assets. Local marketing and promotional expenses do not include amounts spent on paper products, or retail items

which may contain one or more of the Proprietary Marks.

You must conduct all marketing and promotional activities that use the Proprietary Marks or refer to the Studio in a dignified manner and in compliance with our System standards and requirements. You obtain our approval of all advertising and promotional materials that you wish to use. You must submit these materials to us at least 30 days before making any financial commitment to use them. We will notify you of any objections to your proposed materials within 10 days after we receive them. You must immediately discontinue use of any materials that we disapprove. If you fail to discontinue use within 5 days after notice of our disapproval, we may enter your Studio, remove any unapproved materials and hold the materials for proper disposition according to your instructions. Independently produced materials must be approved by us before they can be used.

Any website or other form of online or digital marketing relating to your Studio or bearing the Proprietary Marks qualifies as "advertising" and will be subject to all provisions and restrictions applicable to other advertising. We will provide you with a local webpage that will be linked to our main website. Your webpage may include certain information we authorize pertaining to your Studio, such as contact information, hours of operation, class schedule, etc. You may not establish your own website. You are permitted to market your Studio through approved social media channels in accordance with our social media policy (which we may change at any time).

We do not require that you participate in an advertising cooperative. However, we have the right to form advertising cooperatives in the future. There is no advertising council that advises us on advertising matters.

You must participate in promotional programs we develop for the System in the manner we direct in the Manual or otherwise in writing. Additionally, we may sell or otherwise issue gift cards or certificates (together, "Gift Cards") that have been prepared utilizing the standard form of Gift Card we provide or designate. You must fully honor all Gift Cards that are in the form we provide or approve, regardless of whether a Gift Card was issued by us or another sponsor. You will sell, issue and redeem Gift Cards in compliance with procedures and policies we specify in the Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Manduu studios and for making timely payment to us or other franchisees of Gift Cards issued from your Studio honored elsewhere.

We have the right to photograph the Studio and use the photographs in any of our publicity or advertising programs. You consent to such photography and use, and covenant to cooperate (on a "reasonable efforts, no promises basis") in securing the photographs and the consents of any individuals pictured.

Computer System (Franchise Agreement, Sections 9 & 10)

Required Components

You must purchase and use all Technology Systems (as defined in Note 8 in Item 6) that we designate from time to time. One component of our Technology Systems is your "computer system," which consists of the following items: a desktop computer with high-speed internet access, laser jet printer, cloud-based Manduu management software, cloud-based Intacct financial accounting software, Sonos Play:3, and point of sale (POS system). None of the hardware used in the computer system is proprietary to us. We may change the components of the Technology Systems from time to time, including your computer system.

Email Addresses

We will provide you with Manduu email addresses for use with your Studio. You must exclusively use the email address or addresses that we provide for all communications with us, customers, suppliers and other persons relating to your Studio. You may not use any email address that we provide to you for any purpose unrelated to the operation of your Studio. We will own the email addresses and accounts but allow you to use them during the term of your franchise.

How Computer System Is Used

Your computer system will be used for a variety of purposes. The technology fee paid to us covers the licensing

fees associated with the suite of software and subscription services you must license through us (we license these items from third parties and sublicense them to you). Our suite of software currently includes the following programs:

TECHNOLOGY FEE – COVERED SOFTWARE, TECHNOLOGY AND SERVICES	
Type of Software/ Service	**How Used by Franchisees**
Intacct Cloud Accounting Software (or similar platform)	Used by you, your bookkeeper or account for bookkeeping purposes. This program is designed to integrate with the Manduu software. We will not support or integrate our software with any accounting package besides Intacct. Technology fee includes: (i) setup of all modules (General Ledger, Accounts Payable, Accounts Receivable and Cash Management); (ii) setup, maintenance and integration of API connection between Manduu software and Intacct for purposes of importing data; (iii) training of 1 individual (overview of accounting package and how information is reported from Manduu Software into Intacct); and (iv) monthly licensing fee for 1 Admin User (additional user licenses require additional monthly fee). For training, trainee must have: full charge bookkeeping and/or accounting knowledge; ability to setup books; access to pertinent documents and information (e.g., bank statements, beginning balances, etc.).
Manduu Studio Management Software (FitSoft)	Member management software used for membership/member management, class scheduling, instructor scheduling and payment processing (e.g., point-of-sale). Includes the Manduu App used by members to schedule, cancel or reschedule sessions. Manduu App also syncs with InBody enabling members to monitor their progress.
Email Hosting	We will host the email accounts used by you and your Studio.
InBody Machine	Sophisticated body composition measurement tool that measures a number of key biometrics of your members. Trainers use the results to develop a custom fitness program for each member. Members can access their data through the Manduu App to track progress towards their fitness goals.

In addition to the items listed above, your monthly royalty fee will cover the monthly fees associated with the E-Fit equipment you will use. You must also pay a third-party licensor for the security camera system that we require. The cloud-based security camera system is used by all studios for safety and security purposes. The video feed is accessible to both you and us.

Fees and Costs

We estimate the initial cost of your computer system will range from $6,500 to $10,500. As discussed in more detail in Note 8 in Item 6, you must pay us a monthly technology fee that covers your email addresses and various software and technology services that you will utilize in operating your Studio. Our currently technology fee is $740 per month ($8,880 per year) plus additional monthly fees if you need more than 1 user license for Intacct financial accounting software. The table below identifies the ongoing fees and costs you must pay for your computer system. It also breaks down the various components of the technology fee.

COMPUTER SYSTEM – ONGOING FEES AND COSTS			
Item	**Fee (Monthly)**	**Fee (Annual)**	**To Whom Paid?**
Intacct Cloud Accounting Software (included in Technology Fee)	$350*	$4,200	Us
FitSoft – Manduu Software (included in Technology Fee)	$245 (per Studio)	$2,940 (per Studio)	Us
Manduu Email Accounts (included in Technology Fee)	$25 per email address $50 to $100 per month in total (most studios need 2 to 4 email addresses)	$300 per email address $600 to $1,200 per year in total (for 2 to 4 email addresses)	Us

COMPUTER SYSTEM – ONGOING FEES AND COSTS			
Item	**Fee (Monthly)**	**Fee (Annual)**	**To Whom Paid?**
InBody Machine (included in Technology Fee)	$25 (per Studio)	$300 (per Studio)	Us
Security Camera Monitoring	$12 per camera $36 to $60 per month in total (most studios need 3 to 5 cameras)	$144 per camera $432 to $720 per year in total (for 3 to 5 cameras)	Third-party licensor
Music Streaming License	$25 to $50 (estimate per Studio)	$300 to $600 (estimate per Studio)	Third-party licensor
Total	$731 to $830 (plus any additional Intacct user fees)	$8,772 to $9,960 (plus any additional Intacct user fees)	

* This fee is for 1 user license. There is an additional monthly fee if you need additional user licenses for Intacct. The additional monthly fee is $300 per month ($3,600 per year) for each Admin User or $12 per month ($144 per year) for each Clerical User.

Maintenance, Support, Updates and Upgrades

In exchange for the licensing fees listed in the table above, the third-party licensors for Intacct and FitSoft will provide all required maintenance, support, updates and upgrades. There are no optional or required maintenance and support contracts for these programs.

You may need general tech support during the course of the year to address various technology-related issues, including problems associated with your computer hardware or network system. We estimate that the cost for this additional tech support could range from $1,500 to $3,000 pear.

Except as otherwise disclosed above: (i) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (ii) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Collection and Sharing of Data

Your computer system will generate and store certain data regarding your Studio operations, including member names and addresses, class attendance history, payment history, credit card information and data relating to your inventory. We will have independent access to the information and data that is stored on your computer system, including sales information and member data. There are no contractual limitations on our right to access this information.

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

Computer System Maintenance and Changes

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

Time to Open Your Business (Franchise Agreement, Section 2 of Attachment A)

You must open your Studio upon satisfactory completion of the initial training program, completion of the

tenant improvements and the issuance of a certificate of occupancy for the business premises at the approved location, which must be within 150 days after signing the Franchise Agreement. Most franchisees should open their studio within 120 days after signing the Franchise Agreement. Factors that may affect the time to open include your ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, labor or materials shortages, scheduling of training, and delayed delivery or installation of equipment, fixtures, and signs. If you fail to open within the 150-day period, we may terminate the Franchise Agreement. However, if you are prevented from opening within the required period of time due to a government-imposed economic shutdown, we will extend your opening deadline for the duration of the applicable government-mandated closure period.

Renovations After or During the Term (Franchise Agreement, Sections 4(d), 8(b), (e) & (f))

If your franchise is renewed after the initial 5-year term, you have the obligation at such time to renovate and modernize your Studio, as we may require, including installation of new equipment and renovation of signs, furnishings, fixtures, and décor. We may also either require or encourage you to perform more frequent maintenance of the Studio's furnishings and equipment, if we deem it necessary to maintain or enhance the image and quality of the Manduu brand.

Item 12 TERRITORY

Your franchise is for a specific site selected by you and approved by us. We will designate the boundaries of your protected area (your "Protected Area"). There is no minimum size or population for a Protected Area. However, we do not anticipate granting any territories with less than a 1 mile protected radius. Your Protected Area will be defined by geographic boundaries as determined by us in our sole discretion after giving consideration to relevant demographic information including population density, effective buying income, retail sales, and the number of square feet of office, commercial, and industrial space. The actual boundaries of the Protected Area will be disclosed on an exhibit to the Franchise Agreement that will be signed by both you and us or may be defined by the geographic area within a prescribed radius from your facility (not less than 1 mile).

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Although your Protected Area is not exclusive, you will be granted certain territorial protections. Specifically, during the term of your franchise neither we nor any of our affiliates will operate a Studio within the Protected Area except as otherwise disclosed in this section. The exceptions below relate to placing the Manduu program within another pre-existing business. However, you will have the exclusive right to operate a freestanding dedicated Manduu studio within your territory.

We reserve the right to sell a Manduu EMS Workout franchise or business to larger physical fitness or physical rehabilitation centers, or on-site corporate workout facilities, within your Protected Area. In such case, however, you will be given the opportunity to manage such larger physical fitness, physical rehabilitation, or on-site corporate workout facilities, for a fee. We and our affiliates will have the right to operate franchises and license other persons or entities to operate a Studio at any location outside the Protected Area.

We also reserve the right to operate or license another person to operate a Manduu studio (or offer the Manduu program) within another business or educational establishment located in the Protected Area if access to classes is not open to the public. For example, we may put a Manduu studio within a university if access is only available to students. Similarly, we may put offer the Manduu program at a country club that is only available to members of the country club.

We retain the right to solicit and sell to accounts within the Protected Area that also have locations outside of the Protected Area, including, but not limited to, solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet and other on-line computer networks, without compensating you.

You may relocate your site with our prior approval. If we approve a relocation, you must pay us a $5,000 relocation fee, obtain our approval of your new site within the Protected Area, develop your new Studio according to our then-current standards and specifications and resume operations with no business interruption. If we approve a period of time during which your business is not open due to a relocation, we may require that you pay us an ongoing fee for the duration of the closure. The fee would be calculated based on your average monthly royalties and brand and system development fund contributions over the preceding 12 month period. You would also be required to pay us other ongoing fees during the period of the closure (such as technology fees).

All of your marketing must be directed within your Protected Area. However, you may accept customers regardless of where they reside. You may not market your Studio (whether inside or outside of your Protected Area) through alternative channels of distribution, such as over the Internet, without our prior approval. However, you may market your Studio through approved social media channels in accordance with our social media policy. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Marketing." There are no other restrictions on your right to solicit customers, whether from inside or outside of your Protected Area.

We or our affiliates have the right to use other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within any franchisee's Protected Area using our trademarks (or under different trademarks). We are not required to provide you with any compensation for any sales we make through alternative channels of distribution. You may provide services outside of your Protected Area only if we give you our written consent to provide these services outside your Protected Area.

If we enter into an agreement to provide services to any customer that has a location outside your Protected Area, we may offer you the right to service this account at the location and at the terms upon which we and this account have agreed. We may allocate opportunities to service these accounts outside your Protected Area as we in our sole discretion deem appropriate.

You must submit monthly reports to us, in a form and manner as we may require, which list all of your current customers and which reflect additions to and deletions from the previous report. You must post and maintain on our private extranet, on a monthly basis, a listing of your customer accounts, including the name and address of each customer account.

We do not have any present plan to establish another business offering similar services under a different trade name or trademark, but we retain the right to do so. Our affiliate, Impulse, retains the right to sell the same or similar equipment used at Manduu studios to other types of customers anywhere in the United States, including within your territory. However, Impulse will not sell E-Fit equipment to any direct competitor that is located in your territory during the term of your franchise agreement. MEMS and its affiliates are not permitted to establish or operate, or grant rights to third parties to establish or operate, Manduu studios within the United States unless we elect to grant them such rights.

You do not receive the right to acquire additional franchises within your Protected Area or contiguous territories. If we provide you with leads for potential customers either within or outside of your Protected Area, you do not receive the right to service additional customers in that area.

Item 13 TRADEMARKS

We grant you the right to operate your Studio under the name MANDUU.

MEMS' affiliate, KaBBGmbH ("KaBB"), registered the following trademark with the United States Patent and Trademark Office ("USPTO"):

Description of Mark	Principal or Supplemental Register of the United States Patent and Trademark Office	Registration Date	Registration Number
MANDUU (word mark)	Principal	July 24, 2018	5525199

All required affidavits have been filed.

MEMS's affiliate, KaBBGmbH ("KaBB") entered into a license agreement with MEMS's parent company, Manduu USA, Inc., granting MEMS's parent company the exclusive right and license to use and license the Proprietary Mark within the United States in connection with the operation of Manduu studios and the implementation of a franchise system. Manduu USA, Inc. pays KaBB an annual license fee equal to 3.5% of net sales. MEMS's parent must ensure the Mark is used in a manner that meets KaBB's quality standards. The license agreement may be terminated upon 6 months prior notice, but termination may not occur prior to December 31, 2020. If the license agreement is terminated, all sublicenses granted by Manduu USA Inc. to MEMS will continue in full force and effect until the expiration or termination of the Master Franchise Agreement.

On January 19, 2018, MEMS entered into a license agreement with Manduu USA, Inc. Under the terms of this license agreement, MEMS's parent company granted MEMS the right to use the Mark in the Manduu system and to sublicense the Marks to franchisees. The term of the license agreement automatically renews annually, unless it is terminated in accordance with its terms. Manduu USA, Inc. is permitted to terminate the License Agreement only if MEMS declares bankruptcy or become insolvent, if MEMS and Manduu USA, Inc. mutually agree to terminate the license agreement or if MEMS breaches Manduu USA, Inc.'s quality control standards and fails to cure the breach within a 60 day cure period. If the license agreement is terminated, the agreement states that all sublicenses granted by MEMS to its franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. On March 8, 2018, we entered into a Master Franchise Agreement whereby MEMS granted us the exclusive rights to sell Manduu Studio franchises in the United States under the name MANDUU. This right to sell franchises was granted for a term of 20 years with the right to two (2) additional 10 year renewal terms. If the Master Franchise Agreement is terminated, we must cease all use of the Proprietary Marks, and MEMS will have the right to cause us to assign any or all Franchise Agreements to MEMS or its designee.

KaBB has been assigned a trademark and service mark registration number with the U.S. Patent and Trademark Office for registration of the name MANDUU on the Principal Register. The service mark registration number is 5525199 and the registration was issued on July 24, 2018. All required affidavits have been filed for the mark MANDUU. The initial application was challenged and KaBB agreed to remove class 25 (clothing) from the scope of the application. Since clothing sales are not a material component of our system, we believe the removal of this class will not materially affect your use of the Proprietary Mark in the United States.

You must follow our rules when you use our Proprietary Marks. You cannot use the name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the name MANDUU in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

Except as disclosed in Item 13, there are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; no pending material litigation involving the trademark; and no agreements that materially affect our rights to use and license the Proprietary Marks. Neither we nor MEMS knows of any infringing uses that could materially affect your use of the mark "MANDUU". We or

KaBB have the right to control any administrative proceedings or litigation involving a Proprietary Mark licensed by us to you.

Trademark and Servicemark Protection

If you learn of any alleged infringement of the mark or challenge to your use of the mark under the terms of the Franchise Agreement, you must notify us immediately. You may not settle or compromise any trademark or service mark claim. We or KaBB have the right to defend, compromise or settle these claims in our discretion, and at our or KaBB's sole cost and expense, using attorneys of our or KaBB's own choosing, and you must cooperate fully in the defense of these claims. We will bear your incidental legal expenses to participate in any such action, except for the cost of your separate legal counsel if you elect to be represented by counsel separately.

During the term of the Franchise Agreement, and afterwards, you must not directly or indirectly contest, derogate, disparage or impugn any of our marks.

In the event of any legal actions that are brought against you by a third party alleging that your uses of the Proprietary Marks violate the rights of the third party, we will indemnify you against (and reimburse you for) all directly-related costs (including attorneys' fees) and damages for which you are held liable, so long as (i) you immediately notified us of the claim(s); (ii) your use of our trademarks or service marks was fully authorized by us; (iii) you are not in default of your Franchise Agreement or any other agreement between you and ourselves; and (iv) you sign any and all documents and do whatever is deemed necessary or advisable in our or KaBB's (or our or KaBB's legal counsel's) opinion to protect KaBB's interests in the Proprietary Marks.

Common Law Rights

We have also common law rights in the mark by virtue of using it in interstate commerce. We may have the right, as a matter of common law, to exclude other users from using the same or confusingly similar marks for similar products or services within the area of geographical influence of our company and/or our franchisees. The specific legal rights which you and we have in a particular dispute would depend upon all the facts and circumstances surrounding the dispute.

Modification

MEMS or its affiliates reserve the right, in their sole discretion, to designate one or more new, modified or replacement marks for your use, and upon written notice from us, you must implement such new, modified or replacement marks in addition to or in lieu of any previously designated marks, as prescribed by us. Any expenses or costs associate with your use of any such new, modified or replacement marks will be your sole responsibility.

Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to your business. We are authorized to sell Manduu EMS Workout franchise products and equipment, and you are authorized and must use Manduu EMS Workout products and equipment while providing authorized services under the Manduu EMS Workout System.

We have not filed for federal copyright protection, but we do claim common law copyright protection for the Manual and the content of our intranet, and the information in this manual and intranet is proprietary. You must take all steps that are necessary to protect the proprietary information from publication, communication or other unauthorized disclosure. You cannot disclose any of the proprietary information, use it in any way, or assist any other person to use it either during the term of your franchise or at any later time. The Manual and intranet are owned by us and must promptly be returned to us (or your access terminated, as applicable) upon the expiration, non-renewal, or termination of your franchise.

You must promptly tell us when you learn about unauthorized use of our proprietary information or copyrighted items. We are not obligated to act, but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information or copyrights. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information or copyrights. There are no infringements that are known by us at this time.

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

Unless we agree to the contrary, at least one of your owners (the "managing owner") must be personally involved with the day-to-day operation of the Studio on a full-time basis. The managing owner must attend and complete our initial training program.

You must at all times have at least 1 fully trained general manager. A general manager is not required to be one of the principals of your legal entity. However, if the general manager is not a principal of your legal entity, we have the right to evaluate and approve or disapprove of this general manager. We do not require that your general manager hold any equity or other ownership interest in the franchise. Each general manager must sign the Management Confidentiality and Non-Competition Agreement attached to the Franchise Agreement as Attachment D.

At all times, you must have at least 4 dedicated, part-time, fully trained trainers. All trainers must possess a college degree in exercise science, kinesiology, nursing, human physiology, physical therapy, physical education or in a related healthcare field. Your owners may not serve as trainers unless they meet these educational requirements. All of your trainers must successfully complete our certification training program (including annual recertification training) in order to use the E-Fit equipment.

As a condition of employment of any employee in the management and operation of your Studio, your employees must covenant to maintain and protect proprietary information, including signing of standard covenants. Each person who owns a beneficial interest in your legal entity must sign a personal guaranty (Attachment C to Franchise Agreement) agreeing to be personally bound by the terms of the Franchise Agreement. In addition, the spouse of each owner of a beneficial interest must sign the Spousal Consent attached as Exhibit G.

Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those products and services that are approved by us or that meet the reasonable specifications and standards that we establish. You must offer and sell all of the services that we have approved for your franchise. You must purchase all proprietary products and proprietary equipment from us, our affiliates or our designated suppliers. You may purchase equipment and supply items only from sources approved by us. We may, at any time, require the substitution of newly developed proprietary products for non-proprietary items. We have the right to add additional authorized products and services that you must then offer. There are no limits on our right to do so. You may not become a wholesaler or distributor of proprietary products or proprietary equipment, and you may not re-sell proprietary products or proprietary equipment, except in connection with the provision of services by you. You may not become a wholesaler or distributor of non-proprietary equipment and supplies related to the services to other franchisees or to customers of the Manduu EMS Workout System.

Item 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and other agreements. You

should read these provisions in the agreements attached to this disclosure document.

Provision		Section in Agreement	Summary
a.	Length of the franchise term	Franchise Agreement Section 4(a)	5 years.
b.	Renewal or extension of the term	Franchise Agreement Sections 4(b),(c) and (d)	You may renew the franchise for 3 successive 5-year periods on our then current terms if you have not defaulted and meet the requirements for renewal. If you renew the franchise, you must sign the then-current form of franchise agreement, which may have materially different terms and conditions from your original contract, including a higher royalty fee and promotional fee.
c.	Requirements for you to renew or extend	Franchise Agreement Sections 4(c), (d)	Sign new franchise agreement, which may contain materially different terms and conditions than your initial franchise agreement, comply with current Franchise Agreement, remodel and update your Studio to then-current standards, provide us with requested documentation, give timely notice of desire to renew (or do not give notice not to renew), execute a general release (subject to state law), and complete, at your expense, any retraining program we may require.
d.	Termination by you	Franchise Agreement Section 28	If we substantially fail to perform any of our material obligations to you under the Franchise Agreement, and we fail to cure in the 60 days after notice by you.
e.	Termination by the Company without cause	None	
f.	Termination by the Company with cause	Franchise Agreement Sections 29, 30	We can terminate your franchise if you default.
g.	"Cause" defined-curable defaults	Franchise Agreement Section 30	You have 10 days to cure for monetary default: for non-monetary defaults, you have 30 days to cure, or up to 45 days if reasonable under the circumstances.
h.	"Cause" defined-non-curable defaults	Franchise Agreement Section 29	Defaults which cannot be cured: bankruptcy, foreclosure, inability to pay debts, abandonment, material misrepresentations, charge or arrest for certain criminal conduct, repeated defaults even if cured, unauthorized transfer, failure to timely secure a lease, breach of covenants of confidentiality, breach of non-compete provision, failure to complete training, an adjudicated customer illness attributable to your Studio.
i.	Your obligations on termination/nonrenewal	Franchise Agreement Section 32	Obligations include payment of all amounts due, ceasing to use marks and Proprietary Information, return Manual and other documents, and other obligations.
j.	Assignment of the contract by the Company	Franchise Agreement Section 22(a)	We may assign the franchise. Our obligations to you would continue unless the assignee assumes our obligations.

Provision		Section in Agreement	Summary
k.	"Transfer" by you – definition	Franchise Agreement Section 22(b)	Includes transfer of assets and change in ownership.
l.	The Company's approval of transfer by you	Franchise Agreement Section 22(b)	We are not required to approve transfer requests but may approve transfers if certain conditions are satisfied.
m.	Conditions for Company approval of transfer-	Franchise Agreement Section 22(b)	We have the right to require conditions of transfer to be satisfied, including payment of transfer fee; payment of all amounts owed by you, cure of all defaults by you, new franchisee qualify, pay any applicable training fees, complete training, sign Franchise Agreement, update premises, release signed by you (subject to state law); existing franchisee must pay a transfer fee of 25% of the then-current franchise fee.
n.	The Company's right of first refusal to acquire your business	Franchise Agreement Section 23	We or our designee can match any offer that you receive.
o.	The Company's option to purchase your business	Franchise Agreement Section 32	We may upon termination purchase all the assets of the Studio at fair market value.
p.	Your death or disability	Franchise Agreement Section 25	Franchise must be transferred to a qualified successor within 12 months.
q.	Non-competition covenants during the term of the franchise	Franchise Agreement Section 11	Limits interest in, and employment by, a competing business.
r.	Non-competition covenants after the franchise is terminated or expires	Franchise Agreement Section 11	Limits interest in, and employment by, a competing business for 2 years in the Protected Area or that operates within 5 miles of any other existing studio.
s.	Modification of the agreement	Franchise Agreement Section 50	Requires consent of you and us. The Manual and franchise system may be changed by us.

Provision		Section in Agreement	Summary
t.	Integration/merger clause	Franchise Agreement Section 39	The written Franchise Agreement and documents referred to in it (including but not limited to the Manual) constitute the entire agreement between us and you. Subject to state law, only the terms of the Franchise Agreement and its attachments are binding. Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
u.	Dispute resolution by arbitration or mediation	Franchise Agreement Section 31	Subject to state law, all disputes must be mediated before arbitration except for certain disputes involving compliance with restrictive covenants. If mediation is not successful, then the dispute will be resolved by binding arbitration in Tennessee. The fees and expenses of arbitration, not including attorneys' fees, generally will be borne by the non-prevailing party.
v.	Choice of forum	Franchise Agreement Section 31	Subject to state law, Davidson County, Tennessee.
w.	Choice of law	Franchise Agreement Section 31	Subject to state law, Tennessee law applies.

Item 18 PUBLIC FIGURES

We do not use any public figure to promote the franchise.

Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, and/or Corporate-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise 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 performance at a particular location or under particular circumstances.

As of December 31, 2022, we had 9 Franchised Manduu Studios ("Franchised Locations") and 6 company-owned Manduu Studios ("Corporate Locations") in operation. The table below provides information on the 10 Franchised Locations and 6 Corporate Locations that operated the entire 2022 calendar year (January 1, 2022 to December 31, 2022) ("Reporting Group"). One Franchised Location closed at the end of the 2022 calendar year.

The information in the table below is a historical financial performance representation for the Reporting Group for the 2022 calendar year ("Reporting Period"). The financial information was prepared from internal accounting records and reports, and has not been audited.

The Corporate Locations do not pay royalties, brand and system development fund fees, or technology fees that franchised Manduu Studios pay. The Manduu Studios included in this financial performance representation offer similar services and face a similar degree of competition anticipated for the Manduu Studios offered under this Franchise Disclosure Document.

Table 1

The information provided in Table 1A and Table 1B below consists of the actual performance of the Corporate Locations in the Reporting Group during the Reporting Period.

Table 1A
Monthly Gross Sales for the Corporate Locations in the Reporting Group
During the Reporting Period
January 1, 2022 to December 31, 2022

Corporate Locations[1] Monthly Gross Sales[2]	Studio 1 Franklin	Studio 2 Brentwood	Studio 3 Green Hills	Studio 4 Dallas	Studio 5 Memphis Perkins	Studio 6 Memphis Poplar
January	$33,838.60	$20,463.18	$28,799.45	$18,633.62	$9,391.30	$10,670.00
February	$36,645.20	$17,364.10	$27,139.58	$17,348.45	$9,487.45	$8,696.72
March	$37,214.58	$23,198.70	$28,235.54	$17,445.38	$10,773.45	$10,773.45
April	$40,010.17	$23,021.32	$27,858.12	$17,967.83	$11,594.37	$7,115.25
May	$39,712.23	$22,909.70	$27,640.73	$23,021.06	$12,281.90	$8,431.72
June	$40,063.87	$22,045.67	$28,289.50	$20,860.00	$12,883.00	$8,136.22
July	$46,315.00	$20,774.50	$26,876.81	$20,924.00	$13,544.60	$9,656.47
August	$40,477.97	$23,231.40	$23,067.00	$18,967.60	$14,314.55	$8,660.40
September	$36,649.98	$19,423.85	$20,641.60	$18,561.03	$13,972.30	$9,423.36
October	$34,511.79	$17,891.87	$22,238.01	$18,676.10	$12,135.75	$8,388.35
November	$31,449.30	$18,384.30	$20,756.70	$16,179.76	$12,279.50	$7,959.57
December	$29,028.70	$17,354.08	$19,905.03	$17,282.65	$10,551.15	$10,139.12
TOTAL	$445,917.39	$222,831.27	$301,448.07	$225,867.48	$143,209.32	$108,050.63

Table 1B
Selected Monthly Expenses for the Corporate Locations in the Reporting Group
During the Reporting Period
January 1, 2022 to December 31, 2022

Corporate Locations[1] Selected Monthly Expenses*	Average	Median	Highest Figure in Data Set	Lowest Figure in Data Set	Percent and Number of Studios Meeting Average
Base Rent[3]	$4,967.66	$5,254.59	$7,453.76	$1,540.20	50% / 3
NNN Lease Charges[4]	$1,569.15	$1,096.07	$3,423.34	$714.07	33% / 2
Payroll[5]	$10,668.73	$11,198.54	$16,820.02	$4,879.35	66% / 4
Utilities[6]	$476.97	$360.60	$2,084.49	$170.00	33% / 2

Corporate Locations[1] Selected Monthly Expenses*		Average	Median	Highest Figure in Data Set	Lowest Figure in Data Set	Percent and Number of Studios Meeting Average
Connectivity[7]		$203.76	$169.44	$357.38	$109.98	33% / 2
Franchise Related Adjustments[8] *(illustration only)*	Royalty (8%)	$19,297.66	$17,947.95	$35,673.39	$8,644.05	33% / 2
	Brand Development Fee (2%)	$4,824.41	$4,486.99	$8,918.35	$2,161.01	33% / 2
	Technology Fees ($740/mo.)	$740	$740	$740	$740	N/A

* The figures in Table 1B do not reflect the costs of sales, complete list of operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income and profit.

Table 2

The information provided in Table 2 below consists of the actual performance of the Franchised Locations in the Reporting Group during the Reporting Period.

Table 2
Monthly Gross Sales for the Franchised Locations in the Reporting Group
During the Reporting Period
January 1, 2022 to December 31, 2022

Franchised Locations Monthly Gross Sales[2]	Studio 7 Austin	Studio 8 Houston	Studio 9 Birmingham	Studio 10 Little Rock	Studio 11 Collierville
January	$30,337.00	$12,625.00	$30,859.35	$14,961.37	$4,620.72
February	$32,816.00	$10,214.00	$33,500.12	$14,209.10	$5,815.46
March	$53,724.41	$12,093.00	$32,286.05	$14,024.30	$4,141.60
April	$30,055.90	$11,726.00	$35,483.53	$15,621.51	$4,297.39
May	$28,849.20	$10,363.83	$34,597.00	$17,181.20	$4,375.85
June	$35,725.67	$7,450.00	$32,405.71	$22,208.05	$6,352.26
July	$34,517.80	$13,713.67	$30,649.94	$18,998.23	$5,102.45
August	$32,117.12	$11,261.00	$30,226.20	$17,796.10	$5,203.04
September	$31,486.95	$13,804.58	$31,575.21	$17,845.28	$6,689.14
October	$30,295.63	$14,869.83	$33,735.88	$16,762.18	$5,886.82
November	$27,796.96	$17,384.75	$32,124.71	$16,024.86	$5,540.61
December	$25,009.30	$15,706.00	$32,725.29	$16,844.68	$5,837.20
TOTAL	$392,731.94	$151,211.66	$390,168.99	$202,476.86	$63,862.54

Franchised Locations Monthly Gross Sales[2]	Studio 12 Charlotte	Studio 13 Naples	Studio 14 Chicago – Libertyville	Studio 15 Chicago – Glenview	Studio 16 Chicago – Lakeview
January	$20,368.25	$21,267.50	$26,601.49	$25,024.17	$3,235.35
February	$22,734.83	$18,430.00	$27,742.50	$25,960.73	$4,514.00
March	$20,870.38	$21,618.00	$25,827.25	$24,729.16	$5,937.00
April	$20,603.59	$12,163.17	$24,303.91	$25,458.00	$8,024.17
May	$19,132.87	$2,054.00	$22,115.41	$29,652.00	$7,217.23
June	$15,629.00	$12,188.00	$27,658.18	$29,642.25	$5,474.10

Franchised Locations Monthly Gross Sales[(2)]	Studio 12 Charlotte	Studio 13 Naples	Studio 14 Chicago – Libertyville	Studio 15 Chicago – Glenview	Studio 16 Chicago – Lakeview
July	$18,940.35	$10,571.75	$26,654.57	$33,281.75	$5,925.10
August	$14,687.10	$9,057.00	$26,788.29	$28,046.66	$6,835.90
September	$12,317.10	$8,175.00	$25,081.32	$26,878.91	$5,377.75
October	$13,880.27	$6,913.00	$22,971.05	$26,687.83	$5,760.75
November	$14,236.00	$7,959.27	$19,644.91	$25,099.50	$5,570.75
December	$14,648.00	$7,220.00	$17,979.70	$21,089.38	$3,266.75
TOTAL	$208,047.74	$137,616.69	$293,368.58	$321,550.34	$67,138.85

Notes:

1. Operating History. The Corporate Locations have been in operation since the following dates:

   Studio 1: 07/2017
   Studio 2: 04/2018
   Studio 3: 01/2019
   Studio 4: 02/2020
   Studio 5: 08/2019
   Studio 6: 11/2019

2. "Gross Sales" means all revenues accrued from all business conducted at or from a Studio, whether paid by cash, check, credit and/or debit card, barter exchange, trade credit, Paypal® or other form of online payment, or otherwise, and also includes all proceeds from business interruption insurance, but (a) excludes all federal, state, and municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, (b) is reduced by the amount of any actual, documented refunds and credits the Studio in good faith gives to customers (if those amounts originally were included in calculating Gross Sales).

3. "Rent" includes the amount of base rent per the lease agreement.

4. "NNN Lease Charges" includes total triple net charges including common area maintenance, insurance, property taxes payable on a monthly basis as billed by the landlord.

5. "Payroll" includes all wages paid to managers and hourly staff (owners' salaries are excluded from payroll).

6. "Utilities" include total monthly utility charges, including electricity, gas, and water.

7. "Connectivity" includes total monthly utility connectivity fees for phone and internet).

8. "Franchise Related Adjustments." We have added royalties of 8% of Gross Sales, brand and system development fund fees of 2% of Gross Sales, and a $740 monthly technology fee to reflect fees and costs that franchised Manduu Studios will pay. The illustrative adjustments of subtracting royalties, brand and system development fund fees, and technology fees in the table above present financial projections. These projections are based on historical information. In making the Franchise Related Adjustments, we assumed that any additional expenses would not have a direct or indirect material effect on revenue or other expenses. Any change to this assumption would require material alterations to the projections.

9. The above financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income and profit.

Some Manduu studios have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Manduu America, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jason Ritzen at Manduu America, LLC, 128 4th Ave. North, Franklin, Tennessee 37064, (615) 255-7356, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20 OUTLETS AND FRANCHISEE INFORMATION

A. System Statistics for MEMS (the Master Franchisor):

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022 (MASTER FRANCHISOR)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	0	0	0
	2021	0	0	0
	2022	0	0	0

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

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2019 TO 2021 (MASTER FRANCHISOR)

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

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2019 TO 2021 (MASTER FRANCHISOR)								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
	2022	0	0	0	0	0	0	0

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

* We acquired this outlet from MEMS in 2018 and now operate it as a company-owned outlet.

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022 (MASTER FRANCHISOR)			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
Total	0	0	0

B. System Statistics for us (the Subfranchisor):

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022 (SUBFRANCHISOR)				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2020	2	4	+2
	2021	4	10	+6
	2022	10	9	-1
Company-Owned	2020	6	7	+1
	2021	7	6	-1
	2022	6	6	0
Total Outlets	2020	8	11	+4
	2021	11	16	+5
	2022	16	15	-1

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022 (SUBFRANCHISOR)		
State	**Year**	**Number of Transfers**
Total	2020	0
	2021	0
	2022	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022 (SUBFRANCHISOR)								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Alabama	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	0	2	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	1	2
North Carolina	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	1*	0	1*	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Totals	2020	2	3	1	0	0	0	4
	2021	4	6	0	0	0	0	10
	2022	10	0	0	0	0	1	9

* This Tennessee outlet was an experimental location that was opened within an 850 square foot salon suite within a salon suite facility owned by the area representative. The franchisee voluntarily elected to close the location in 2020 and the parties terminated the associated franchise agreement.

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022 (SUBFRANCHISOR)							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
California	2020	1	0	0	0	0	1
	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
Tennessee *	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5
Texas *	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	6	1	0	0	0	7
	2021	7	0	0	1	0	6
	2022	6	0	0	0	0	6

* We operate 2 outlets in Tennessee and 1 outlet in Texas as joint ventures between our affiliate and other passive investors. We retain the right and responsibility for the development and operation of these outlets.

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022 (MASTER FRANCHISOR)			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
Total	0	0	0

Our fiscal year ends on December 31st. A list of all current Manduu franchisees is attached to this Disclosure Document as Exhibit E (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2021 In addition, Exhibit E (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

No franchisees have signed confidentiality clauses during the last three fiscal years that restrict their ability to speak with you about their franchised business.

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

Item 21 FINANCIAL STATEMENTS

Attached in Exhibit B are the audited financial statements for: (i) the franchisor, Manduu America, LLC, for the fiscal years ended December 31, 2020, December 31, 2021 and December 31, 2022; and (ii) the master franchisor, Manduu EMS, LLC, for the fiscal years ended December 31, 2020, December 31, 2021 and December 31, 2022. In addition, an unaudited balance sheet as of August 31, 2023 and an unaudited profit and

loss statement from January 1, 2023 through August 31, 2023 for the franchisor, Manduu America, LLC are attached to this Disclosure Document as Exhibit B. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Item 22 CONTRACTS

The following Contracts are attached to this Franchise Disclosure Document:

C. FRANCHISE AGREEMENT
D. SECURITY AGREEMENT
G. SPOUSAL CONSENT
H. STATE SPECIFIC ADDENDA
I. TELEPHONE TRANSFER CONSENT AND AUTHORIZATION
K. GENERAL RELEASE

The following agreements are attached to the Franchise Agreement:

B. ACH AUTHORIZATION FORM
C. PERSONAL GUARANTY
E. LEASE ADDENDUM

Item 23 RECEIPTS

Attached as the last two pages of this disclosure document (after the exhibits) are two copies of the Receipt for this disclosure document. Keep one signed and dated copy for your records and return the other signed copy to Manduu.

EXHIBIT A

STATE ADMINISTRATORS

[See Following Page]

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

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

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

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

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360
Agent for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

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

MINNESOTA
Commissioner of Commerce
Director of Registration
85 Seventh Place East, #280
St. Paul, Minnesota 55101-3165
(651) 539-1500

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st fl
New York, NY 10005
(212) 416-8285
Agents for Service of Process:
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231

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

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

SOUTH DAKOTA
Department of Labor and Regulation
Division of Insurance Securities Regulation
124 S Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

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

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760
Mailing Address:
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507

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

EXHIBIT B

FINANCIAL STATEMENTS

MANDUU AMERICA, LLC

[See Following Pages]

Manduu America, LLC
Balance Sheet

As of Date: 08/31/2023

	Year To Date 08/31/2023
Assets	
Current Assets	
Cash and Cash Equivalents	
1110 - Pinnacle Bank - AM Opp	14,031.43
1115 - Pinnacle Bank - Capital Raise Acct	120.00
Total Cash and Cash Equivalents	14,151.43
Accounts Receivable, Net	
Accounts Receivable	
1200 - Accounts Receivable	296,017.57
Total Accounts Receivable	296,017.57
Total Accounts Receivable, Net	296,017.57
Intercompany Receivable	
1250 - Inter Entity Receivable - Manduu TN	12,800.00
1800 - Intercompany Due to/Due From	8,400.00
Total Intercompany Receivable	21,200.00
Total Current Assets	331,369.00
Fixed Assets, Net	
Fixed Assets	
1510 - Computer Equipment	491.67
Total Fixed Assets	491.67
Total Fixed Assets, Net	491.67
Intangible Assets, Net	
Intangible Assets	
1540 - Franchise Rights	7,146,548.00
1640 - Accumulated Amortization	(1,950,521.20)
Total Intangible Assets	5,196,026.80
Total Intangible Assets, Net	5,196,026.80
Total Assets	**$ 5,527,887.47**

Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 - Accounts Payable - Trade	620,743.79
Total Accounts Payable	620,743.79
Deferred Revenue	
2280 - Deferred Revenue Current - Franchise Fees	30,325.26
Total Deferred Revenue	30,325.26
Intercompany Payable	
2151 - Inter Entity Payable - Manduu TN	2,500.00
2152 - Inter Entity Payable - Manduu Management	1,341,620.73
2153 - Inter Entity Payable - Manduu Dallas	2,700.00
2155 - Inter Entity Payable - Manduu Memphis	3,000.00
Total Intercompany Payable	1,349,820.73
Total Current Liabilities	2,000,889.78
Long Term Liabilities	
Note Payable - Long Term	
2805 - Note Payable - SBA IDLE	57,693.79
2810 - Note Payable - C Jason Ritzen	64,000.00
Total Long Term Note Payable	121,693.79
Total Long Term Liabilities	121,693.79
Other Liabilities	
Deferred Revenue	
2880 - Deferred Revenue Long Term - Franchise Fees	187,997.92
Total Deferred Revenue	187,997.92
Total Other Liabilities	187,997.92
Total Liabilities	2,310,581.49
Stockholders Equity	
Partners Equity	
3100 - Owner Equity - Jason Ritzen	1,250,000.00
3130 - CJR - Preferred Units - Contributions	5,233,109.59
3150 - Owner Equity - Premier Medical Cntr LLC	2,000,000.00
3151 - O/E - Contributions - Premier Medical Cntr LLC	888,000.00
3152 - O/E - Distributions - Premier Medical Cntr LLC	(926,410.85)

Total Partners Equity	8,444,698.74
Retained Earnings	
3900 - Retained Earnings	(6,114,150.70)
Total Retained Earnings	(6,114,150.70)
Net Income (Loss)	(12,619.36)
Total Stockholders Equity	2,317,928.68
Total Liabilities and Equity	**$ 4,628,510.17**

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Manduu America, LLC
Profit and Loss

As of Date: 08/30/2023

	01/01/2023 Through 01/31/2023	02/01/2023 Through 02/28/2023	03/01/2023 Through 03/31/2023
Revenue			
Revenue - Sales			
Revenue - Franchise Royalties	18,147.51	18,164.54	18,339.03
Revenue - Brand & System Development Fee	5,541.99	5,600.34	5,994.91
Revenue - Technology Fee	5,780.00	5,780.00	5,780.00
Total Revenue - Sales	29,469.50	29,544.88	30,113.94
Revenue - Licenses			
Revenue - Franchise Sales	8,831.35	8,831.35	8,831.35
Total Revenue - Licenses	8,831.35	8,831.35	8,831.35
Total Revenue	38,300.85	38,376.23	38,945.29
Gross Profit	38,300.85	38,376.23	38,945.29
Expenses			
General and Administrative Expenses			
Administrative Expenses			
Bank Charges	125.00	95.00	91.14
Dues & Subscriptions	0.00	(932.85)	0.00
Insurance - Liability	1,282.85	1,282.85	1,346.99
Marketing & Promotions	0.00	2,680.00	0.00
Office Supplies & Postage	0.00	0.00	0.00
Professional Fees - Legal & Accounting	2,253.21	2,230.59	4,856.53
Total Administrative Expenses	3,661.06	5,355.59	6,294.66
Total General and Administrative Expenses	3,661.06	5,355.59	6,294.66
Depreciation and Amortization Expense			
Amortization			
Amortization Expense	29,778.95	29,778.95	29,778.95
Total Amortization	29,778.95	29,778.95	29,778.95
Total Depreciation and Amortization Expense	29,778.95	29,778.95	29,778.95
Payroll and Related Expenses			
Payroll Taxes			
Labor - Contracted & Consulting	0.00	0.00	225.00
Total Payroll Taxes	0.00	0.00	225.00
Total Payroll and Related Expense	0.00	0.00	225.00
Facilities Cost			
Facilities			
Utilities - Security & Monitoring	0.00	0.00	0.00
Total Facilities	0.00	0.00	0.00
Total Facilities Cost	0.00	0.00	0.00
Operating Expenses			
Operating Expenses			
Computer & Website Services	0.00	481.83	463.91
Software Tech Fees	5,951.27	6,181.14	3,875.00

Credit Card Processing Fees	91.86	92.69	92.48
Franchise Fee Expense	765.00	765.00	765.00
Meals & Entertainment	0.00	0.00	0.00
Travel Expense	0.00	0.00	0.00
Total Operating Expense	6,808.13	7,520.66	5,196.39
Total Operating Expenses	6,808.13	7,520.66	5,196.39
Total Expenses	40,248.14	42,655.20	41,495.00
Other Income (Expense)			
Other Expenses	(7,750.00)	0.00	0.00
Total Other Income (Expense)	(7,750.00)	0.00	0.00
Net Income (Loss)	**$ (9,697.29)**	**$ (4,278.97)**	**$ (2,549.71)**

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Manduu America LLC
Profit and Loss

As of Date: 08/30/2023

	01/01/2023 Through 01/31/2023	02/01/2023 Through 02/28/2023	03/01/2023 Through 03/31/2023	04/01/2023 Through 04/30/2023	05/01/2023 Through 05/31/2023	06/01/2023 Through 06/30/2023	07/01/2023 Through 07/31/2023	08/01/2023 Through 08/31/2023	01/01/2023 Through 08/31/2023
Revenue									
Revenue - Sales									
Revenue - Franchise Royalties	18,147.51	18,164.54	18,339.03	18,375.24	18,524.37	13,215.36	15,493.93	14,325.35	134,585.33
Revenue - Brand & System Development Fee	5,541.99	5,600.34	5,994.91	6,159.25	6,229.81	5,474.67	5,837.51	5,475.31	46,313.79
Revenue - Technology Fee	5,780.00	5,780.00	5,780.00	5,780.00	5,780.00	5,485.00	5,995.00	5,485.00	45,865.00
Total Revenue - Sales	29,469.50	29,544.88	30,113.94	30,314.49	30,534.18	24,175.03	27,326.44	25,285.66	226,764.12
Revenue - Licenses									
Revenue - Franchise Sales	8,831.35	8,831.35	8,831.35	8,831.35	8,831.35	33,831.35	7,581.35	7,581.35	93,150.80
Total Revenue - Licenses	8,831.35	8,831.35	8,831.35	8,831.35	8,831.35	33,831.35	7,581.35	7,581.35	93,150.80
Total Revenue	38,300.85	38,376.23	38,945.29	39,145.84	39,365.53	58,006.38	34,907.79	32,867.01	319,914.92
Gross Profit	38,300.85	38,376.23	38,945.29	39,145.84	39,365.53	58,006.38	34,907.79	32,867.01	319,914.92
Expenses									
General and Administrative Expenses									
Administrative Expenses									
Bank Charges	125.00	95.00	91.14	0.00	0.00	0.00	0.00	0.00	311.14
Dues & Subscriptions	0.00	(932.85)	0.00	0.00	0.00	0.00	0.00	0.00	(932.85)
Insurance - Liability	1,282.85	1,282.85	1,346.99	1,351.99	1,287.85	1,287.85	1,287.85	1,287.85	10,416.08
Marketing & Promotions	0.00	2,680.00	0.00	0.00	0.00	0.00	0.00	0.00	2,680.00
Office Supplies & Postage	0.00	0.00	0.00	0.00	0.00	29.75	0.00	0.00	29.75
Professional Fees - Legal & Accounting	2,253.21	2,230.59	4,856.53	4,881.31	4,927.88	4,757.59	2,567.91	2,567.91	29,042.93
Total Administrative Expenses	3,661.06	5,355.59	6,294.66	6,233.30	6,215.73	6,075.19	3,855.76	3,855.76	41,547.05
Total General and Administrative Expenses	3,661.06	5,355.59	6,294.66	6,233.30	6,215.73	6,075.19	3,855.76	3,855.76	41,547.05
Depreciation and Amortization Expense									
Amortization									
Amortization Expense	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	238,231.60
Total Amortization	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	238,231.60
Total Depreciation and Amortization Expense	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	29,778.95	238,231.60
Payroll and Related Expenses									
Payroll Taxes									
Labor - Contracted & Consulting	0.00	0.00	225.00	0.00	0.00	0.00	0.00	0.00	225.00
Total Payroll Taxes	0.00	0.00	225.00	0.00	0.00	0.00	0.00	0.00	225.00
Total Payroll and Related Expense	0.00	0.00	225.00	0.00	0.00	0.00	0.00	0.00	225.00
Facilities Cost									
Facilities									
Utilities - Security & Monitoring	0.00	0.00	0.00	0.00	0.00	0.00	0.00	134.94	134.94
Total Facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	134.94	134.94
Total Facilities Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	134.94	134.94
Operating Expenses									
Operating Expenses									
Computer & Website Services	0.00	481.83	463.91	135.82	145.13	152.47	448.67	179.65	2,007.48
Software Tech Fees	5,951.27	6,181.14	3,875.00	3,675.00	3,675.00	3,675.00	4,436.58	3,966.92	35,435.91
Credit Card Processing Fees	91.86	92.69	92.48	0.00	0.00	0.00	0.00	0.00	277.03
Franchise Fee Expense	765.00	765.00	765.00	765.00	675.00	675.00	675.00	675.00	5,760.00
Meals & Entertainment	0.00	0.00	0.00	0.00	0.00	93.21	144.27	0.00	237.48
Travel Expense	0.00	0.00	0.00	0.00	0.00	397.99	529.80	0.00	927.79

Total Operating Expense	6,808.13	7,520.66	5,196.39	4,575.82	4,495.13	4,993.67	6,234.32	4,821.57	44,645.69
Total Operating Expenses	6,808.13	7,520.66	5,196.39	4,575.82	4,495.13	4,993.67	6,234.32	4,821.57	44,645.69
Total Expenses	40,248.14	42,655.20	41,495.00	40,588.07	40,489.81	40,847.81	39,869.03	38,591.22	324,784.28
Other Income (Expense)									
Other Expenses	(7,750.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(7,750.00)
Total Other Income (Expense)	(7,750.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(7,750.00)
Net Income (Loss)	**$ (9,697.29)**	**$ (4,278.97)**	**$ (2,549.71)**	**$ (1,442.23)**	**$ (1,124.28)**	**$ 17,158.57**	**$ (4,961.24)**	**$ (5,724.21)**	**$ (12,619.36)**

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Manduu America, LLC

Financial Statements
For the Years Ended December 31, 2022 and 2021

Manduu America, LLC
Financial Statements
For the Years Ended December 31, 2022 and 2021

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BLANKENSHIP

Independent Auditor's Report

Members
Manduu America, LLC

Opinion
We have audited the financial statements of Manduu America, LLC (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, the related statements of operations, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 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 Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
September 21, 2023

Manduu America, LLC
Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash	$ 320	$ 348
Accounts receivable	100,943	116,179
Total current assets	101,263	116,527
Intangible assets, net	5,434,258	5,791,606
Total assets	**$ 5,535,521**	**$ 5,908,133**
Liabilities and Members' Equity (Deficit)		
Current liabilities		
Accounts payable and accrued expenses	$ 183,672	$ 146,976
Deferred franchise fees, current portion	105,976	105,976
Notes payable, current portion	1,242	1,952,880
Due to affiliates, net	1,725,282	1,441,799
Total current liabilities	2,016,171	3,647,631
Deferred franchise fees, net of current portion	205,498	419,806
Notes payable, net of current portion	956,452	56,424
Total liabilities	3,178,121	4,123,861
Members' equity (deficit)	2,357,400	1,784,272
Total liabilities and members' equity	**$ 5,535,521**	**$ 5,908,133**

See notes to financial statements

Manduu America, LLC
Statements of Operations
For the Years Ended December 31, 2022 and 2021

	2022	2021
Franchise Revenues	$ 538,149	$ 340,123
Operating Expenses		
Administrative and professional services	811,784	921,782
Advertising, marketing, and promotion	239	36,285
Bad debt	-	44,141
Other	49,231	33,720
Total operating expenses	861,254	1,035,928
Other Expenses		
Amortization	357,347	357,347
Interest expense	60,419	129,131
Total other expenses	417,766	486,478
Net loss	**$ (740,872)**	**$ (1,182,283)**

See notes to financial statements

Manduu America, LLC
Statements of Changes in Members' Equity (Deficit)
For the Years Ended December 31, 2022 and 2021

	2022	2021
Balance, beginning of year	$ 1,784,272	$ (2,266,555)
Members' contributions	1,314,000	5,233,110
Net loss	(740,872)	(1,182,283)
Balance, end of year	**$ 2,357,400**	**$ 1,784,272**

See notes to financial statements

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

	2022	2021
Cash, beginning of year	$ 348	$ 35,490
Cash flows from operating activities		
Net loss	(740,872)	(1,182,283)
Adjustments to reconcile net loss to net cash provided (used) by operating activities		
Amortization	357,347	357,347
Change in:		
Accounts receivable	15,236	(42,521)
Franchise fee receivable	-	16,667
Prepaid expenses	-	906
Due from affiliates	492,268	55,629
Accounts payable and accrued expenses	36,695	(652,742)
Deferred franchise fees	(214,308)	26,971
Due to affiliates	(208,785)	503,756
Net cash provided (used) by operating activities	(262,418)	(916,270)
Cash flows from financing activities		
Payments on notes payable	(701,610)	(1,351,982)
Proceeds from notes payable	900,000	-
Member contributions	64,000	2,233,110
Net cash provided (used) by financing activities	262,390	881,128
Net change in cash	(28)	(35,142)
Cash, end of year	**$ 320**	**$ 348**
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 52,390	$ 148,324
Payments on revolving loan, related party, through conversion to member's equity	$ 1,250,000	$ 3,000,000

See notes to financial statements

Manduu America, LLC
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1. **Summary of Significant Accounting Policies**

Nature of Business
Manduu America, LLC (the Company) was formed as a Tennessee limited liability company in November 2017. It operates under a master franchise agreement that grants it exclusive master franchise rights to offer and support Manduu studio franchises and administer the Manduu franchise system within the United States and its territories and possessions. The term of the master franchise agreement is 20 years and is subject to renewal for a maximum term of 40 years (subject to additional renewals upon the mutual agreement of both parties).

Basis of Presentation
The accompanying financial statements are prepared in accordance with generally accepted accounting principles in the United States (US GAAP).

Intangible Assets
The Company acquired certain intangible assets in conjunction with the master franchise agreement, which will be amortized over the term of the master franchise agreement.

Franchise Fees
Revenue is recognized when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The five-step model requires the Company to exercise judgment when considering the terms of the contract(s) which include (i) identifying the contract(s) with the customer, (ii) identifying the separate performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the separate performance obligations, and (v) recognizing revenue when each performance obligation is satisfied.

The Company recognizes revenues from individual franchises, net of an allowance for uncollectible amounts, when or as it satisfies a performance obligation by transferring a promised good or service to the franchisee. Deferred franchise fees are recorded when payment is received from a franchisee before the Company has satisfied the performance obligation. Franchise fee receivables are recorded when payment has not been received from a franchisee however, the Company has satisfied the performance obligation.

When a franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program.

Income Taxes
The Company is treated as a partnership for income tax purposes. Consequently, federal income taxes are not payable by, or provided for, the Company. The members are taxed individually on the Company's earnings.

The Company is liable for state income taxes in Tennessee. Members are taxed individually on their share of the Company's earnings in other states. Income taxes are provided for the tax effects of transactions reported on the financial statements and consist of taxes currently due plus deferred taxes for any operating losses that are available to offset future taxable income.

Note 1. **Summary of Significant Accounting Policies**

Income Taxes

Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 740 requires the asset and liability method of computing deferred income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences, by applying future statutory tax rates to differences between the financial statements carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes arise from temporary differences between financial and tax reporting and are not significant.

In accordance with FASB ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

Use of Estimates

The preparation of financial statements in conformity with US 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation.

Note 2. **Cash**

At times, the Company may maintain cash balances in banks in excess of the Federal Deposit Insurance Corporation insured limit of $250,000. At December 31, 2022 and 2021, the Company had no uninsured cash balances.

Note 3. **Intangible Assets**

Intangible assets at December 31 are as follows:

	2022	2021
Master franchise rights	$ 7,146,548	$ 7,146,548
Less: accumulated amortization	(1,712,290)	(1,354,942)
Intangible assets, net	**$ 5,434,258**	**$ 5,791,606**

Note 4. **Due To/From Affiliates**

During 2022 and 2021, the Company advanced amounts to affiliated companies under common control to accommodate expansion and other financing needs of these affiliates. The Company also paid affiliated companies for administrative and professional services performed during the year. The balances with affiliated companies at December 31 were as follows:

	2022	2021
Manduu Tennessee	$ 40,226	$ 575,064
Manduu Memphis	16,540	-
Other affiliates	16,200	-
Manduu Dallas	14,723	4,893
Total due from affiliates	87,689	579,957
Manduu Memphis	(10,400)	
Due to Manduu management	(1,802,571)	(2,021,756)
Total due (to) from affiliates, net	**$ (1,725,282)**	**$ (1,441,799)**

Note 5. **Notes Payable**

Convertible Debt

During 2022, pursuant to a convertible note purchase agreement, the Company issued a series of convertible promissory notes (series 2022) with a total face amount of $900,000.

Interest and Maturity

The notes bear interest at 6% per annum and mature on June 30, 2024 if not earlier converted. Interest is payable at maturity and at the Company's option can be paid in cash or accrued and added to the principal amount of the notes.

Prepayment

The principal amount of the notes may be prepaid by the Company in whole or in part without the prior written consent of the holders.

Conversion

If a qualified financing (sale of equity securities of the Company or its affiliates to new investors on or before the maturity date in an equity financing with total proceeds to the Company of not less than $7,500,000) occurs, each holder will have conversion options as described in the convertible note purchase agreement.

Note 5. **Notes Payable**

Notes payable at December 31 are as follows:

	2022	2021
Convertible debt payable to individuals, original loan amount of $900,000 payable on June 30, 2024 along with accrued interest calculated at a rate of 6% per annum.	$ 900,000	$ -
Note payable to Manduu USA, LLC, a related party, dated March 8, 2018, original loan amount of $5,153,322 (amended to $7,146,548), payable in $750,000 periodic payments, interest free, discounted to reflected imputed interest rate of 5.00%, maturing in 2022. The note was guaranteed by the Company's Founder Member and was paid in full during 2022.	-	$ 1,951,610
Note payable with the US Small Business Administration, payable in monthly installments beginning June 1, 2021 of $283, including interest rate of 3.75%. Due May 2050, secured by general assets.	57,694	57,694
Total notes payable	957,694	2,009,304
Notes payable, current portion	(1,242)	(1,952,880)
Notes payable, net of current portion	**$ 956,452**	**$ 56,424**

Principal payments are due as follows:

Years ended December 31,	
2023	$ 1,242
2024	901,290
2025	1,339
2026	1,390
2027	1,475
Thereafter	50,958
Total	**$ 957,694**

Note 6. **Revolving Loan, Related Party**

The Company maintained a revolving loan with the Founder Member in an amount not to exceed $5,000,000 over the period of time beginning March 1, 2019. Interest was payable semi-annually at a rate of 22.00%. This loan was unsecured. During the year ended December 31, 2022, the revolving loan was considered paid in full with the balance being treated as a member contribution.

Note 7. **Members' Equity**

A total of 1,000 units are held by members of the Company, with the Founder Member holding 850 units and the Class A Member holding 150 units.

Voting Rights
At any time that the Founder Member is a guarantor on a loan to the Company (which is currently the status), the Founder Member shall hold 100% of the governance rights for all purposes. Otherwise, each member shall vote in accordance with its membership interest.

Distributions
Cash flow shall be distributed, in such amounts and at such times, as determined by the manager, in the manager's sole and absolute discretion, and in accordance with the following order of priority: first to the members of the Company who have made loans to the Company; second to the guarantors; third to the Class A Members of the Class A preferred return (described below) accrued and unpaid at the time of distribution until all such outstanding preferred return equals zero; fourth to the other members in accordance with their respective member interests until each member has received distributions equal to the amount necessary to cause each member's capital account balance equal zero; and fifth, any remaining cash flow shall be distributed to the members in accordance with their respective membership interests.

Class A preferred return shall mean, with respect to the Class A Members, an average annual rate of return of 22.00%, calculated using simple interest (i.e., on a non-compounding basis), on the Class A Member's initial capital contribution to the Company. The Class A preferred return shall have been achieved, and no further Class A preferred return shall then or at any future time be due and owing, at such time as the Class A Members have received distributions totaling (1) their initial capital contribution, plus (2) an average of 22% per annum thereon (i.e., prorated to the number of months and years which have elapsed since the date the initial capital contribution was made).

Note 8. **Subsequent Events**

Management has evaluated subsequent events through September 21, 2023, the date on which the financial statements were available for issuance.

Manduu America, LLC

Financial Statements
For the Years Ended December 31, 2021 and 2020

Manduu America, LLC
Financial Statements
For the Years Ended December 31, 2021 and 2020

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BLANKENSHIP

Independent Auditor's Report

Members
Manduu America, LLC

Opinion
We have audited the financial statements of Manduu America, LLC (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, the related statements of operations, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 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 Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
May 3, 2022

Manduu America, LLC
Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash	$ 348	$ 35,490
Accounts receivable	116,179	73,658
Franchise fee receivables	-	16,667
Prepaid expenses	-	906
Total current assets	116,527	126,721
Intangible assets, net	5,791,606	6,148,953
Total assets	**$ 5,908,133**	**$ 6,275,674**
Liabilities and Members' Equity (Deficit)		
Current liabilities		
Accounts payable and accrued expenses	$ 146,976	$ 799,718
Deferred franchise fees, current portion	105,976	102,762
Notes payable, current portion	1,952,880	1,352,928
Revolving loan, related party	-	3,000,000
Due to affiliates, net	1,441,799	882,414
Total current liabilities	3,647,631	6,137,822
Deferred franchise fees, net of current portion	419,806	396,049
Notes payable, net of current portion	56,424	2,008,358
Total liabilities	4,123,861	8,542,229
Members' equity (deficit)	1,784,272	(2,266,555)
Total liabilities and members' equity	**$ 5,908,133**	**$ 6,275,674**

See notes to financial statements

Manduu America, LLC
Statements of Operations
For the Years Ended December 31, 2021 and 2020

	2021	2020
Franchise Revenues	$ 376,066	$ 274,629
Operating Expenses		
Administrative and professional services	921,782	889,406
Advertising, marketing, and promotion	36,285	100,863
Bad debt	44,141	-
Other	69,663	61,545
Total operating expenses	1,071,871	1,051,814
Other Expenses		
Amortization	357,347	357,347
Interest expense	129,131	687,460
Total other expenses	486,478	1,044,807
Net loss	**$ (1,182,283)**	**$ (1,821,992)**

See notes to financial statements

Manduu America, LLC
Statements of Changes in Members' Equity (Deficit)
For the Years Ended December 31, 2021 and 2020

	2021	2020
Balance, beginning of year	$ (2,266,555)	$ (444,563)
Members' contributions	5,233,110	-
Net loss	(1,182,283)	(1,821,992)
Balance, end of year	**$ 1,784,272**	**$ (2,266,555)**

See notes to financial statements

Manduu America, LLC
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash, beginning of year	$ 35,490	$ 230
Cash flows from operating activities		
Net loss	(1,182,283)	(1,821,992)
Adjustments to reconcile net loss to net cash provided (used) by operating activities		
Amortization	357,347	357,348
Change in:		
Accounts receivable	(42,521)	(66,453)
Franchise fee receivable	16,667	(16,667)
Prepaid expenses	906	(906)
Due from affiliates	55,629	(129,182)
Accounts payable and accrued expenses	(652,742)	518,426
Deferred franchise fees	26,971	219,617
Due to affiliates	503,756	703,000
Net cash provided (used) by operating activities	(916,270)	(236,809)
Cash flows from financing activities		
Draws on revolving loan, related party	-	1,500,000
Payments on notes payable	(1,351,982)	(1,285,931)
Proceeds from notes payable	-	58,000
Member contributions	2,233,110	-
Net cash provided (used) by financing activities	881,128	272,069
Net change in cash	(35,142)	35,260
Cash, end of year	**$ 348**	**$ 35,490**
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 148,324	$ 214,293
Payments on revolving loan, related party, through member contributions	$ 3,000,000	$ -

See notes to financial statements

Note 1. **Summary of Significant Accounting Policies**

Nature of Business
Manduu America, LLC (the Company) was formed as a Tennessee limited liability company in November 2017. It operates under a master franchise agreement that grants it exclusive master franchise rights to offer and support Manduu studio franchises and administer the Manduu franchise system within the United States and its territories and possessions. The term of the master franchise agreement is 20 years and is subject to renewal for a maximum term of 40 years (subject to additional renewals upon the mutual agreement of both parties).

Basis of Presentation
The accompanying financial statements are prepared in accordance with generally accepted accounting principles in the United States (US GAAP).

Intangible Assets
The Company acquired certain intangible assets in conjunction with the master franchise agreement, which will be amortized over the term of the master franchise agreement.

Franchise Fees
Revenue is recognized when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The five-step model requires the Company to exercise judgment when considering the terms of the contract(s) which include (i) identifying the contract(s) with the customer, (ii) identifying the separate performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the separate performance obligations, and (v) recognizing revenue when each performance obligation is satisfied.

The Company recognizes revenues from individual franchises, net of an allowance for uncollectible amounts, when or as it satisfies a performance obligation by transferring a promised good or service to the franchisee. Deferred franchise fees are recorded when payment is received from a franchisee before the Company has satisfied the performance obligation. Franchise fee receivables are recorded when payment has not been received from a franchisee however, the Company has satisfied the performance obligation.

When a franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program.

Income Taxes
The Company is treated as a partnership for income tax purposes. Consequently, federal income taxes are not payable by, or provided for, the Company. The members are taxed individually on the Company's earnings.

The Company is liable for state income taxes in Tennessee. Members are taxed individually on their share of the Company's earnings in other states. Income taxes are provided for the tax effects of transactions reported on the financial statements and consist of taxes currently due plus deferred taxes for any operating losses that are available to offset future taxable income.

Note 1. **Summary of Significant Accounting Policies**

Income Taxes

Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 740 requires the asset and liability method of computing deferred income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences, by applying future statutory tax rates to differences between the financial statements carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes arise from temporary differences between financial and tax reporting and are not significant.

In accordance with FASB ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

Use of Estimates

The preparation of financial statements in conformity with US 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. **Cash**

At times, the Company may maintain cash balances in banks in excess of the Federal Deposit Insurance Corporation insured limit of $250,000. At December 31, 2021 and 2020, the Company had no uninsured cash balances.

Note 3. **Intangible Assets**

Intangible assets at December 31 are as follows:

	2021	2020
Master franchise rights	$ 7,146,548	$ 7,146,548
Less: accumulated amortization	(1,354,942)	(997,595)
Intangible assets, net	**$ 5,791,606**	**$ 6,148,953**

Note 4. **Due To/From Affiliates**

During the year ended December 31, 2021 and 2020, the Company advanced amounts to affiliated companies under common control to accommodate expansion and other financing needs of these affiliates. The Company also paid affiliated companies for administrative and professional services performed during the year. The balances with affiliated companies at December 31 were as follows:

	2021	2020
Manduu Tennessee	$ 575,064	$ 615,486
Manduu California	-	20,100
Manduu Dallas	4,893	-
Total due from affiliates	579,957	635,586
Due to Manduu management	(2,021,756)	(1,518,000)
Total due (to) from affiliates, net	**$ (1,441,799)**	**$ (882,414)**

Note 5. **Note Payable**

The note payable at December 31 is as follows:

	2021	2020
Note payable to Manduu USA, LLC, a related party, dated March 8, 2018, original loan amount of $5,153,322 (amended to $7,146,548), payable in $750,000 periodic payments, interest free, discounted to reflected imputed interest rate of 5.00%, maturing in 2022. The note is guaranteed by the Company's Founder Member.	$ 1,951,610	$ 3,303,286
Note payable with the US Small Business Administration, payable in monthly installments beginning June 1, 2021 of $283, including interest rate of 3.75%. Due May 2050, secured by general assets.	57,694	58,000
Total notes payable	2,009,304	3,361,286
Notes payable, current portion	(1,952,880)	(1,352,928)
Notes payable, net of current portion	**$ 56,424**	**$ 2,008,358**

Principal payments are due as follows:

Year ended December 31,	
2022	$ 1,952,880
2023	1,318
2024	1,368
2025	1,421
2026	1,475
Thereafter	50,842
Total	**$ 2,009,304**

Note 6. **Revolving Loan, Related Party**

The Company maintained a revolving loan with the Founder Member in an amount not to exceed $5,000,000 over the period of time beginning March 1, 2019. Interest was payable semi-annually at a rate of 22.00%. This loan was unsecured. The balance was $3,000,000 at December 31, 2020.

During the year ended December 31, 2021, the revolving loan was considered paid in full with the balance being treated as a member contribution.

Note 7. **Members' Equity**

A total of 1,000 units are held by members of the Company, with the Founder Member holding 850 units and the Class A Member holding 150 units.

Voting Rights
At any time that the Founder Member is a guarantor on a loan to the Company (which is currently the status), the Founder Member shall hold 100% of the governance rights for all purposes. Otherwise, each member shall vote in accordance with its membership interest.

Distributions
Cash flow shall be distributed, in such amounts and at such times, as determined by the manager, in the manager's sole and absolute discretion, and in accordance with the following order of priority: first to the members of the Company who have made loans to the Company; second to the guarantors; third to the Class A Members of the Class A preferred return (described below) accrued and unpaid at the time of distribution until all such outstanding preferred return equals zero; fourth to the other members in accordance with their respective member interests until each member has received distributions equal to the amount necessary to cause each member's capital account balance equal zero; and fifth, any remaining cash flow shall be distributed to the members in accordance with their respective membership interests.

Class A preferred return shall mean, with respect to the Class A Members, an average annual rate of return of 22.00%, calculated using simple interest (i.e., on a non-compounding basis), on the Class A Member's initial capital contribution to the Company. The Class A preferred return shall have been achieved, and no further Class A preferred return shall then or at any future time be due and owing, at such time as the Class A Members have received distributions totaling (1) their initial capital contribution, plus (2) an average of 22% per annum thereon (i.e., prorated to the number of months and years which have elapsed since the date the initial capital contribution was made).

Note 8. **Subsequent Events**

Management has evaluated subsequent events through May 3, 2022, the date on which the financial statements were available for issuance.

Manduu America, LLC

Financial Statements
For the Years Ended December 31, 2020 and 2019

Manduu America, LLC
Financial Statements
For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

Members
Manduu America, LLC

Report on the Financial Statements
We have audited the accompanying financial statements of Manduu America, LLC (the Company), which comprise the balance sheets as of December 31, 2020 and 2019, the related statements of operations, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manduu America, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC
Brentwood, Tennessee
May 21, 2021

Manduu America, LLC
Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash	$ 35,490	$ 230
Accounts receivable	73,658	7,205
Franchise fee receivables	16,667	-
Prepaid expenses	906	-
Total current assets	126,721	7,435
Intangible assets, net	6,148,953	6,506,301
Total assets	**$ 6,275,674**	**$ 6,513,736**
Liabilities and Members' Equity (Deficit)		
Current liabilities		
Accounts payable and accrued expenses	$ 799,718	$ 281,292
Deferred franchise fees, current portion	102,762	119,667
Notes payable, current portion	1,352,928	1,285,931
Revolving loan, related party	3,000,000	1,500,000
Due to affiliates, net	882,414	308,596
Total current liabilities	6,137,822	3,495,486
Deferred franchise fees, net of current portion	396,049	159,527
Notes payable, net of current portion	2,008,358	3,303,286
Total liabilities	8,542,229	6,958,299
Members' equity (deficit)	(2,266,555)	(444,563)
Total liabilities and members' equity	**$ 6,275,674**	**$ 6,513,736**

See notes to financial statements

Manduu America, LLC
Statement of Operations
For the Years Ended December 31, 2020 and 2019

	2020	2019
Franchise Revenues	$ 274,629	$ 164,775
Operating Expenses		
Administrative and professional services	889,405	880,466
Advertising, marketing, and promotion	100,863	116,742
Other	61,545	29,568
Total operating expenses	1,051,813	1,026,776
Other Expenses		
Amortization	357,348	357,347
Interest expense	687,460	446,518
Total other expenses	1,044,808	803,865
Net loss	**$ (1,821,992)**	**$ (1,665,866)**

See notes to financial statements

Manduu America, LLC
Statement of Changes in Members' Equity (Deficit)
For the Years Ended December 31, 2020 and 2019

	2020	2019
Balance, beginning of year	$ (444,563)	$ 1,221,303
Net loss	(1,821,992)	(1,665,866)
Balance, end of year	**$ (2,266,555)**	**$ (444,563)**

See notes to financial statements

Manduu America, LLC
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash, beginning of year	$ 230	$ 59,136
Cash flows from operating activities		
Net loss	(1,821,992)	(1,665,866)
Adjustments to reconcile net loss to net cash provided (used) by operating activities		
Amortization	357,348	357,347
Change in:		
Accounts receivable	(66,453)	(7,205)
Franchise fee receivable	(16,667)	-
Prepaid expenses	(906)	-
Due from affiliates	(129,182)	(127,132)
Accounts payable and accrued expenses	518,426	197,670
Deferred franchise fees	219,617	95,861
Due to affiliates	703,000	815,000
Net cash provided (used) by operating activities	(236,809)	(334,325)
Cash flows from financing activities		
Draws on revolving loan, related party	1,500,000	1,500,000
Payments on notes payable	(1,285,931)	(1,224,581)
Proceeds from notes payable	58,000	-
Net cash provided (used) by financing activities	272,069	275,419
Net change in cash	35,260	(58,906)
Cash, end of year	**$ 35,490**	**$ 230**
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 214,293	$ 275,418

See notes to financial statements

Note 1. **Summary of Significant Accounting Policies**

Nature of Business
Manduu America, LLC (the Company) was formed as a Tennessee limited liability company in November 2017. It operates under a master franchise agreement that grants it exclusive master franchise rights to offer and support Manduu studio franchises and administer the Manduu franchise system within the United States and its territories and possessions. The term of the master franchise agreement is 20 years and is subject to renewal for a maximum term of 40 years (subject to additional renewals upon the mutual agreement of both parties).

Basis of Presentation
The accompanying financial statements are prepared in accordance with generally accepted accounting principles in the United States (US GAAP).

Intangible Assets
The Company acquired certain intangible assets in conjunction with the master franchise agreement, which will be amortized over the term of the master franchise agreement.

Franchise Fees
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). ASU 2014-09 provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update creates a five-step model that requires entities to exercise judgment when considering the terms of the contract(s) which include (i) identifying the contract(s) with the customer, (ii) identifying the separate performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the separate performance obligations, and (v) recognizing revenue when each performance obligation is satisfied. The Company adopted the standard on January 1, 2020 utilizing the modified retrospective method. Results for reporting periods beginning January 1, 2020 are presented under Topic 606, while prior-period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. Adoption of the new standard had no impact on the Company's beginning balances or to cash from or used in operating, financing, or investing on the statement of cash flows.

The Company recognizes revenues from individual franchises, net of an allowance for uncollectible amounts, when or as it satisfies a performance obligation by transferring a promised good or service to the franchisee. Deferred franchise fees are recorded when payment is received from a franchisee before the Company has satisfied the performance obligation. Franchise fee receivables are recorded when payment has not been received from a franchisee however, the Company has satisfied the performance obligation.

When a franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program.

Note 1. **Summary of Significant Accounting Policies**

Income Taxes

The Company is treated as a partnership for income tax purposes. Consequently, federal income taxes are not payable by, or provided for, the Company. The members are taxed individually on the Company's earnings.

The Company is liable for state income taxes in Tennessee. Members are taxed individually on their share of the Company's earnings in other states. Income taxes are provided for the tax effects of transactions reported on the financial statements and consist of taxes currently due plus deferred taxes for any operating losses that are available to offset future taxable income.

FASB Accounting Standards Codification (ASC) 740 requires the asset and liability method of computing deferred income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences, by applying future statutory tax rates to differences between the financial statements carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes arise from temporary differences between financial and tax reporting and are not significant.

In accordance with FASB ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

Use of Estimates

The preparation of financial statements in conformity with US 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 2. **Cash**

At times, the Company may maintain cash balances in banks in excess of the Federal Deposit Insurance Corporation insured limit of $250,000. At December 31, 2020 and 2019, the Company had no uninsured cash balances.

Note 3. **Intangible Assets**

Intangible assets at December 31 are as follows:

	2020	2019
Master franchise rights	$ 7,146,548	$ 7,146,548
Less: accumulated amortization	(997,595)	(640,247)
Intangible assets, net	**$ 6,148,953**	**$ 6,506,301**

Note 4. **Due To/From Affiliates**

During the year ended December 31, 2020 and 2019, the Company advanced amounts to affiliated companies under common control to accommodate expansion and other financing needs of these affiliates. The Company also paid affiliated companies for administrative and professional services performed during the year. The balances with affiliated companies at December 31 were as follows:

	2020	2019
Manduu Tennessee	$ 615,486	$ 486,404
Manduu California	20,100	20,000
Total due from affiliates	635,586	506,404
Due to Manduu management	(1,518,000)	(815,000)
Total due (to) from affiliates, net	**$ (882,414)**	**$ (308,596)**

Note 5. **Note Payable**

The note payable at December 31 is as follows:

	2020	2019
Note payable to Manduu USA, LLC, a related party, dated March 8, 2018, original loan amount of $5,153,322 (amended to $7,146,548), payable in $750,000 periodic payments, interest free, discounted to reflected imputed interest rate of 5.00%, maturing in 2022. The note is guaranteed by the Company's Founder Member.	$ 3,303,286	$ 4,589,217
Note payable with the US Small Business Administration, payable in monthly installments beginning June 1, 2021 of $283, including interest rate of 3.75%. Due May 2050, secured by general assets.	58,000	-
Total notes payable	3,361,286	4,589,217
Notes payable, current portion	(1,352,928)	(1,285,931)
Notes payable, net of current portion	**$ 2,008,358**	**$ 3,303,286**

Principal payments are due as follows:

Year ended December 31,	
2021	$ 1,352,928
2022	1,952,805
2023	1,239
2024	1,287
2025	1,336
Thereafter	51,691
Total	**$ 3,361,286**

Note 6. **Revolving Loan, Related Party**

The Company maintains a revolving loan with the Founder Member in an amount not to exceed $5,000,000 over the period of time beginning March 1, 2019. Interest is payable semi-annually at a rate of 22.00%. This loan is unsecured and paid in full upon demand. The balance is $3,000,000 and $1,500,000 at December 31, 2020 and 2019, respectively.

Note 7. **Related Party Transaction**

During the year ended December 31, 2019, the Company entered into a franchise agreement with a related party with a total consideration of $100,000. Revenue is recognized over the term noted in the agreement.

Note 8. **Members' Equity**

A total of 1,000 units are held by members of the Company, with the Founder Member holding 850 units and the Class A Member holding 150 units.

Voting rights
At any time that the Founder Member is a guarantor on a loan to the Company (which is currently the status), the Founder Member shall hold 100% of the governance rights for all purposes. Otherwise, each member shall vote in accordance with its membership interest.

Distributions
Cash flow shall be distributed, in such amounts and at such times, as determined by the manager, in the manager's sole and absolute discretion, and in accordance with the following order of priority: first to the members of the Company who have made loans to the Company; second to the guarantors; third to the Class A Members of the Class A preferred return (described below) accrued and unpaid at the time of distribution until all such outstanding preferred return equals zero; fourth to the other members in accordance with their respective member interests until each member has received distributions equal to the amount necessary to cause each member's capital account balance equal zero; and fifth, any remaining cash flow shall be distributed to the members in accordance with their respective membership interests.

Class A preferred return shall mean, with respect to the Class A Members, an average annual rate of return of 22.00%, calculated using simple interest (i.e., on a non-compounding basis), on the Class A Member's initial capital contribution to the Company. The Class A preferred return shall have been achieved, and no further Class A preferred return shall then or at any future time be due and owing, at such time as the Class A Members have received distributions totaling (1) their initial capital contribution, plus (2) an average of 22% per annum thereon (i.e., prorated to the number of months and years which have elapsed since the date the initial capital contribution was made).

Note 9. **Prior Period Restatement**

During 2020, the Company discovered revenue that had not been properly characterized in prior years. It was also discovered that additional interest expense should have been recorded in accordance with loan agreements. The effect of the Company's previously issued 2019 financial statements is summarized as follows:

Balance sheet as of December 31, 2019:

	Previously reported	Change	Restated
Accounts payable and accrued expenses	$ 151,322	$ 129,940	$ 281,292
Deferred franchise fees	$ 351,723	$ (72,529)	$ 279,194
Members' equity (deficit)	$ (387,122)	$ (57,441)	$ (444,563)

Statement of operations for the year ended December 31, 2019:

	Previously reported	Change	Restated
Franchise revenues	$ 108,913	$ 55,862	$ 164,775
Financial expenses	$ 316,548	$ 129,940	$ 446,518
Net loss	$ (1,591,758)	$ (74,108)	$ (1,665,866)

Statement of changes in members' equity (deficit) for the year ended December 31, 2019:

	Previously reported	Change	Restated
Balance, beginning of year	$ 1,204,636	$ 16,667	$ 1,221,303
Net loss	$ (1,591,758)	$ (74,108)	$ (1,665,866)
Balance, end of year	$ (387,122)	$ (57,441)	$ (444,563)

Statement of cash flows for the year ended December 31, 2019:

	Previously reported	Change	Restated
Net loss	$ (1,591,758)	$ (74,108)	$ (1,665,866)
Accounts payable and accrued expenses	$ 67,700	$ 129,970	$ 197,670
Deferred franchise fees	$ 151,723	$ (55,862)	$ 95,861

Note 10. **Subsequent Events**

Management has evaluated subsequent events through May 21, 2021, the date on which the financial statements were available for issuance.

Manduu America, LLC

Financial Statements
For the Periods Ending December 31, 2019 and 2018

BLANKENSHIP

BLANKENSHIP

Independent Auditor's Report

The Members
Manduu America, LLC

Report on the Financial Statements
We have audited the accompanying financial statements of Manduu America, LLC (the Company), which comprise the balance sheets as of December 31, 2019 and 2018, the related statements of operations, changes in members' equity (deficit) and cash flows for the periods January 1, 2019 to December 31, 2019 and March 12, 2018 to December 31, 2018, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manduu America, LLC as of December 31, 2019 and 2018 and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
September 11, 2020

Manduu America, LLC
Financial Statements
For the Periods Ending December 31, 2019 and 2018

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Manduu America, LLC
Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash	$ 230	$ 59,136
Accounts receivable	7,205	-
Due from affiliates	-	379,272
Total current assets	7,435	438,408
Intangible assets, net	6,506,301	6,863,648
Total assets	$ 6,513,736	$ 7,302,056
Liabilities and Members' Equity (Deficit)		
Current liabilities		
Accounts payable and accrued expenses	$ 151,322	$ 83,622
Deferred franchise fees, current portion	10,417	22,973
Note payable, current portion	1,285,931	1,224,581
Revolving loan, related party	1,500,000	-
Due to affiliates, net	308,596	-
Total current liabilities	3,256,266	1,331,176
Long-term liabilities		
Deferred franchise fees, net of current portion	341,306	177,027
Note payable, net of current portion	3,303,286	4,589,217
Total liabilities	6,900,858	6,097,420
Members' equity (deficit)	(387,122)	1,204,636
Total liabilities and members' equity (deficit)	$ 6,513,736	$ 7,302,056

See notes to financial statements.

Manduu America, LLC
Statements of Operations
For the Periods Ending December 31, 2019 and 2018

	2019	2018
Franchise revenue	$ 108,913	$ -
Operating expenses		
Amortization	357,347	282,900
Professional fees	880,466	131,631
Advertising, marketing, and promotion	116,742	72,752
Other	29,568	25,345
Total operating expenses	1,384,123	512,628
Financial expenses	316,548	239,325
Net loss before income taxes	(1,591,758)	(751,953)
State income taxes	-	(5,000)
Net loss	$ (1,591,758)	$ (756,953)

See notes to financial statements.

Manduu America, LLC
Statements of Changes in Members' Equity (Deficit)
For the Periods Ending December 31, 2019 and 2018

	2019	2018
Balance, beginning	$ 1,204,636	$ 2,000,000
Member distributions	-	(38,411)
Net loss before income taxes	(1,591,758)	(756,953)
Balance, ending	$ (387,122)	$ 1,204,636

See notes to financial statements.

Manduu America, LLC
Statements of Cash Flows
For the Periods Ending December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Net Loss	$ (1,591,758)	$ (756,953)
Adjustments to reconcile net loss to net cash provided by operating activities		
Amortization	357,347	282,900
Changes in assets and liabilities		
Accounts receivable	(7,205)	-
Accounts payable and accrued expenses	67,700	83,622
Due from affiliates	(127,132)	(379,272)
Deferred franchise fees	151,723	200,000
Due to affiliates	815,000	-
Net cash used by operating activities	(334,325)	(569,703)
Cash flows used from financing activities		
Draws on revolving loan, related party	750,000	-
Payments on note payable	(474,581)	(1,332,750)
Member distributions	-	(38,411)
Net cash provided (used) by financing activities	275,419	(1,371,161)
Net change in cash	(58,906)	(1,940,864)
Cash, beginning	59,136	2,000,000
Cash, ending	$ 230	$ 59,136
Supplemental disclosures of cash flow information		
Cash payments for interest	$ 275,418	$ 167,250
Supplemental schedule of noncash financing activities		
Amendment to master franchise agreement and note payable	$ -	$ 2,353,432
Payment on long-term debt through revolving draw, related party	$ 750,000	$ 750,000

See notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of business
Manduu America, LLC (the Company) was formed as a Tennessee limited liability company in November 2017. It operates under a master franchise agreement that grants it exclusive master franchise rights to offer and support Manduu studio franchises and administer the Manduu franchise system within the United States and its territories and possessions. The term of the master franchise agreement is 20 years and is subject to renewal for a maximum term of 40 years (subject to additional renewals upon the mutual agreement of both parties).

Basis of presentation
The accompanying financial statements are prepared in accordance with generally accepted accounting principles in the United States (GAAP).

Intangible assets
The Company acquired certain intangible assets in conjunction with the master franchise agreement, which will be amortized over the term of the master franchise agreement.

Franchise fees
The Company recognizes revenue from individual franchises, net of an allowance for uncollectible amounts, when or as it satisfies a performance obligation by transferring a promised good or service to the franchisee. Deferred franchise fees are recorded when payment is received from a franchisee before the Company has satisfied the performance obligation.

When a franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program.

Deferred franchise fee revenue at December 31, 2019 and 2018 represents that portion of total revenue from initial franchise sales attributable to services required to be provided by the Company that have not yet been performed.

Income taxes
The Company is treated as a partnership for income tax purposes. Consequently, federal income taxes are not payable by, or provided for, the Company. The members are taxed individually on the Company's earnings.

The Company is liable for state income taxes in Tennessee. Members are taxed individually on their share of the Company's earnings in other states. Income taxes are provided for the tax effects of transactions reported on the financial statements and consist of taxes currently due plus deferred taxes for any operating losses that are available to offset future taxable income.

FASB ASC 740 requires the asset and liability method of computing deferred income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences, by applying future statutory tax rates to differences between the financial statements carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes arise from temporary differences between financial and tax reporting and are not significant.

Note 1: Summary of Significant Accounting Policies

Income taxes
In accordance with FASB ASC 740, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: Cash

At times, the Company may maintain cash balances in banks in excess of the Federal Deposit Insurance Corporation insured limit of $250,000. At December 31, 2019 and 2018, the Company had no uninsured cash balances.

Note 3: Intangible Assets

Intangible assets are as follows:

	2019	2018
Master franchise rights	$ 7,146,548	$ 7,146,548
Less: accumulated amortization	(640,247)	(282,900)
Intangible assets, net	$ 6,506,301	$ 6,863,648

Note 4: Due to/from Affiliates

During the periods ending December 31, 2019 and 2018, the Company advanced amounts to affiliated companies under common control to accommodate expansion and other financing needs of these affiliates. The Company also paid affiliated companies for administrative services performed during the period. The balances with affiliated companies at December 31, 2019 and 2018 were as follows:

	2019	2018
Manduu TN	$ 486,404	$ 359,272
Manduu California	20,000	20,000
Total due from affiliates	506,404	379,272
Due to Manduu Management	(815,000)	-
Total due (to) from affiliates, net	$ (308,596)	$ 379,272

Note 5: Note Payable

The note payable is as follows:

	2019	2018
Note payable to Manduu USA, LLC, dated March 8, 2018, original loan amount of $5,153,322 (amended to $7,146,548), payable in $750,000 periodic payments, interest free, discounted to reflected imputed interest rate of 5.00%, maturing in 2022. The note is guaranteed by the Company's Founder Member	$ 4,589,217	$ 5,813,798
Notes payable, current portion	(1,285,931)	(1,224,581)
Notes payable, long-term	$ 3,303,286	$ 4,589,217

Principal payments are due as follows:

Period ended December 31,	
2020	$ 1,285,931
2021	1,351,675
2022	1,951,611
Total	$ 4,589,217

Note 6: Revolving Loan, Related Party

The Company maintains a revolving loan with the Founder Member in an amount not to exceed $5,000,000 over the period of time beginning March 1, 2019. Interest is payable semi-annually at a rate of 22%. This loan is unsecured and paid in full upon demand. The balance is $1,500,000 and $0 at December 31, 2019 and 2018, respectively.

Note 7: Members' Equity

A total of 1,000 units are held by members of the Company, with the Founder Member holding 850 units and the Class A Member holding 150 units.

Voting rights
At any time that the Founder Member is a guarantor on a loan to the Company (which is currently the status), the Founder Member shall hold 100% of the governance rights for all purposes. Otherwise, each member shall vote in accordance with its membership interest.

Distributions
Cash flow shall be distributed, in such amounts and at such times, as determined by the manager, in the manager's sole and absolute discretion, and in accordance with the following order of priority: first to the members of the Company who have made loans to the Company; second to the guarantors; third to the Class A Members of the Class A preferred return (described below) accrued and unpaid at the time of distribution until all such outstanding preferred return equals zero; fourth to the other members in accordance with their respective member interests until each member has received distributions equal to the amount necessary to cause each member's capital account balance equal zero; and fifth, any remaining cash flow shall be distributed to the members in accordance with their respective membership interests.

Class A preferred return shall mean, with respect to the Class A Members, an average annual rate of return of 22%, calculated using simple interest (i.e., on a non-compounding basis), on the Class A Member's initial capital contribution to the Company. The Class A preferred return shall have been achieved, and no further Class A preferred return shall then or at any future time be due and owing, at such time as the Class A Members have received distributions totaling (1) their initial capital contribution, plus (2) an average of 22% per annum thereon (i.e., prorated to the number of months and years which have elapsed since the date the initial capital contribution was made).

Note 8: Subsequent Events

Subsequent events were evaluated through the date of the independent auditor's report.

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, and quarantines in certain areas, and forced closures to certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. It is unknown how long these conditions will last and the ultimate impact of the pandemic on the Company's operations and financial position cannot be reasonably estimated at this time.

MANDUU EMS, LLC

[See Following Pages]

Albert & Whitney, LLC

MANDUU EMS, LLC

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITOR'S REPORT

To The Member of
Manduu EMS, LLC

Opinion

We have audited the accompanying financial statements of **Manduu EMS, LLC**, which comprise the balance sheets as of 2022 and 2021, and the related statements of income, member's deficiency, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Albert & Whitney LLC

Denville, NJ
June 13, 2023

5 EAST MAIN STREET SUITE 16-B · DENVILLE, NEW JERSEY 07834

MANDUU EMS, LLC

BALANCE SHEETS

	DECEMBER 31, 2022	2021
ASSETS:		
Current assets:		
Cash	$ 973,861	$ 45,460
Master franchise note receivable – current portion	-	1,500,000
TOTAL CURRENT ASSETS	**973,861**	**1,545,460**
Noncurrent assets		
Master franchise note receivable	-	1,235,890
TOTAL NONCURRENT ASSETS	**-**	**1,235,890**
TOTAL ASSETS	**$ 973,861**	**$ 2,781,350**
LIABILITIES AND MEMBER'S DEFICIENCY		
Current Liabilities:		
Accrued expenses	$ 3,499	$ 2,999
Deferred revenue	400,000	400,000
TOTAL CURRENT LIABILITIES	**403,499**	**402,999**
DEFFERED REVENUE	**5,700,000**	**6,100,000**
MEMBER'S DEFICIENCY	**(5,129,638)**	**(3,721,649)**
TOTAL LIABILITIES AND MEMBER'S DEFICIENCY	**$ 973,861**	**$ 2,781,350**

See notes to financial statements

MANDUU EMS, LLC

STATEMENT OF INCOME AND MEMBER'S DEFICIENCY

	YEAR ENDED DECEMBER 31, 2022	2021
REVENUES:		
Development fees	$ 400,000	$ 400,000
Royalties	1,456	3,466
TOTAL REVENUES	**401,456**	**403,466**
COSTS AND EXPENSES:		
Operating expenses	66,555	81,050
TOTAL COSTS AND EXPENSES	**66,555**	**81,050**
NET OPERATING INCOME	334,901	322,416
Interest Income	54,444	107,699
NET INCOME	**389,345**	**430,115**
MEMBER'S (DEFICIENCY) EQUITY - BEGINNING OF YEAR	**(3,721,649)**	**1,492,023**
CONTRIBUTIONS	**1,010,000**	**52,500**
DISTRIBUTIONS	**(2,807,334)**	**(5,696,287)**
MEMBER'S DEFICIENCY - END OF YEAR	**$ (5,129,638)**	**$ (3,721,649)**

See notes to financial statements

MANDUU EMS, LLC

STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2022	2021
OPERATING ACTIVITIES:		
Net income	$ 389,345	$ 430,115
Adjustments to reconcile net income to net cash provided by operating activities		
Recognition of deferred revenue	(400,000)	(400,000)
Changes in operating assets and liabilities:		
Increase (decrease) in accrued expenses	500	(9,000)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	**(10,155)**	**21,115**
INVESTING ACTIVITIES:		
Decrease in master franchise note receivable	2,735,890	1,392,302
NET CASH PROVIDED BY INVESTING ACTIVITIES	**2,735,890**	**1,392,302**
FINANCING ACTIVITIES:		
Members' contributions	1,010,000	52,500
Members' distributions	(2,807,334)	(1,502,500)
NET CASH USED BY INVESTING ACTIVITIES	**(1,742,890)**	**(1,450,000)**
INCREASE (DECREASE) IN CASH	928,401	(36,583)
CASH – BEGINNING OF YEAR	**45,460**	**82,043**
CASH – END OF YEAR	**$ 973,861**	**$ 45,460**

See notes to financial statements

MANDUU EMS, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 & 2021

1 BUSINESS DESCRIPTION

Manduu EMS LLC ("the Company") was formed in Florida on December 21, 2017 and maintains its corporate office in Miami, Florida. The Company was formed for the purpose of franchising and operating Manduu studio that offers (i) electric muscle stimulation (EMS) workout that strengthened, toned and build up muscles and fat metabolism boosted, (ii) personal coaching that provides personal support based on individual needs and customized workouts, and (iii) testing that uses a state-of-the-art equipment which provide a detailed analysis of body composition.

On March 8, 2018, the Company signed a Master Franchise Agreement with Manduu America, LLC. The Master Franchise Agreement grants the Company exclusive master franchise rights in the United States and its territories and possessions. These rights authorize the Company to offer and support Manduu studio franchises within the United States and administer the Manduu franchise system. The term of the Master Franchise Agreement is 20 years and is subject to renewal for a maximum term of 40 years (subject to additional renewals upon the mutual agreement of both parties).

Manduu EMS LLC operates and sells franchises. The Company continues to develop marketing strategies to sell franchises and penetrate the U.S. market with its unique operational techniques, service concepts, and proprietary information.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period.

Management bases its estimates on historical experience and on various other assumptions believed to be reasonable under similar circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market instruments and other investments having maturities of three months or less at the date of the acquisition. Cash equivalents are stated at cost, which approximates fair value.

Concentration of Credit Risk

The Company maintains a cash balance at a financial institution where accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Company's account may, at times, exceed the FDIC insured limits. The Company has not experienced any losses in such account.

Revenue Recognition

The following is a description of the principal sources of revenues for the Company's franchising segment. The Company's performance obligations under franchise agreements consist of (i) a franchise license, including a license to use our brands, (ii) initial services, such as pre-opening training and marketing support, and (iii) ongoing services, such as marketing services and operational support. These performance obligations are highly interrelated so we do not consider them to be individually distinct and therefore account for them under ASC 606 as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise.

Development fees - The Company collects development fees when franchise agreements are signed. The development fee is consideration for the grant of Master Franchise Rights. The Company recognizes development fee revenue over the estimated life of the master franchise agreement. The Company had deferred development fee revenue at December 31, 2022 and 2021 of $6,100,000 and $6,500,000, respectively.

Royalties - The Company collects royalties from each Manduu studio within the Territory on a monthly basis, an amount equal to the greater of: (i) 3% of the royalty fee payable pursuant to the applicable Franchise Agreement, or (ii) the minimum royalty fee equal to $45 per month (subject to increase based on CPI adjustments for each Manduu studio. The Company recognizes royalties as revenue when earned. The Company had royalty fee revenue at December 31, 2022 and 2021 of $1,456 and $3,466, respectively.

Income taxes

The Company has elected to be treated as a disregarded entity for federal and state income tax purposes. The Company's taxable income or losses, as well as certain other tax attributes, are passed through directly to the parent company. Accordingly, no provision for income taxes is reflected on the accompanying statement of income.

Recent Accounting Pronouncements

Financial Accounting Standards Board (FASB) issued ASU-2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for revenue recognition that supersedes existing revenue recognition guidance. The ASU's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted ASU 2014-09.

3 MASTER FRANCHISE NOTE RECEIVABLE

The Company treats its investment in marketable securities as available for sale. The fair The master franchise note receivable represents the amounts due under the contract in exchange for the master franchise agreement which was sold to Manduu America, LLC (MAL). In exchange of the development fee, MAL executed a promissory note amounting to $8 million. The note calls for:

- $750,000 – due on the date that all conditions are met under the executed agreement.
- $5,250,000 – In seven (7) bi-annual installments in the amount of $750,000 each, beginning on the date six (6) months after the payment of the initial $750,000 above, and continuing for each bi-annual period thereafter until the total of an additional $5,250,000 has been paid.
- $2,000,000 – due at the beginning on the date six (6) months after the payment of the last $750,000 payment due above has been made.
- The note is interest free and may be prepaid at any time after two (2) years from the date of the initial payment without penalty, and that any such prepayments may be made with a discount to the balance due on the Note equal to ten percent (10%) of the amount of the prepayment.
- The note was assigned by Manduu USA Inc. to Manduu EMS LLC, in which case MAL shall make all subsequent payments under this Note to EMS, and EMS shall be entitled to enforce the terms of the Note against MAL.

The balance of the note receivable for the years ended December 31, 2022 and 2021 was $0 and 2,000,000, respectively.

5 SUBSEQUENT EVENTS

The Company has evaluated events occurring after the date of this balance sheet through June 13, 2023, the date that these financial statements were available to be issued. There were no material subsequent events as of that date which would require disclosure in or adjustments to these financial statements.

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To Whom It May Concern:

Albert & Whitney LLC consents to the use in the Franchise Disclosure Document issued by Manduu EMS LLC ("Franchisor") on June 13, 2023, as it may be amended, of our report dated June 13, 2023, relating to the financial statements of Franchisor for the year ended December 31, 2022.

Albert & Whitney LLC

Denville, NJ
June 13, 2023

5 EAST MAIN STREET SUITE 16-B · DENVILLE, NEW JERSEY 07834

Albert & Whitney, LLC

MANDUU EMS, LLC

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2021 AND 2020

ALBERT & WHITNEY, LLC

INDEPENDENT AUDITOR'S REPORT

To The Member of
Manduu EMS, LLC

We have audited the accompanying financial statements of Manduu EMS, LLC which comprise the balance sheets as of December 31, 2021 and 2020 the related statements of income and member's deficiency and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manduu EMS, LLC as of December 31, 2021 and 2020 the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Albert + Whitney LLC

Denville, NJ
July 20, 2022

MANDUU EMS, LLC

BALANCE SHEETS

	DECEMBER 31, 2021	2020
ASSETS:		
Current assets:		
Cash	$ 45,460	$ 82,043
Note receivable – related party	-	4,193,788
Master franchise note receivable – current portion	1,500,000	1,500,000
TOTAL CURRENT ASSETS	**1,545,460**	**5,775,831**
Noncurrent assets		
Master franchise note receivable	1,235,890	2,628,192
TOTAL NONCURRENT ASSETS	**1,235,890**	**2,628,192**
TOTAL ASSETS	**$ 2,781,350**	**$ 8,404,023**
LIABILITIES AND MEMBER'S (DEFICIENCY) EQUITY		
CURRENT LIABILITIES:		
Accrued expenses	$ 2,999	$ 12,000
Deferred revenue – current	400,000	400,000
TOTAL CURRENT LIABILITIES	**402,999**	**412,000**
DEFFERED REVENUE	**6,100,000**	**6,500,000**
MEMBER'S (DEFICIENCY) EQUITY	**(3,721,649)**	**1,492,023**
TOTAL LIABILITIES AND MEMBER'S (DEFICIENCY) EQUITY	**$ 2,781,350**	**$ 8,404,023**

See notes to financial statements

MANDUU EMS, LLC

STATEMENT OF INCOME AND MEMBER'S (DEFICIENCY) EQUITY

	YEAR ENDED DECEMBER 31, 2021	2020
REVENUES:		
Development fees	$ 400,000	$ 400,000
Royalties	3,466	5,739
TOTAL REVENUES	**403,466**	**405,739**
COSTS AND EXPENSES:		
Operating expenses	81,050	81,055
TOTAL COSTS AND EXPENSES	**81,050**	**81,055**
NET OPERATING INCOME	322,416	324,684
Interest Income	107,699	170,384
NET INCOME	**430,115**	**495,068**
MEMBER'S EQUITY - BEGINNING OF YEAR	**1,492,023**	**996,955**
CONTRIBUTIONS	**52,500**	-
DISTRIBUTIONS	**(5,696,287)**	
MEMBER'S (DEFICIENCY) EQUITY - END OF YEAR	**$ (3,721,649)**	**$ 1,492,023**

See notes to financial statements

MANDUU EMS, LLC

STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2021	2020
OPERATING ACTIVITIES:		
Net income	$ 430,115	$ 495,068
Adjustments to reconcile net income to net cash provided by operating activities		
Recognition of deferred revenue	(400,000)	(400,000)
Changes in operating assets and liabilities:		
Decrease in accrued expenses	(9,000)	6,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	**21,115**	**101,068**
INVESTING ACTIVITIES:		
Increase in note receivable - related party	-	(1,386,640)
Decrease in master franchise note receivable	1,392,302	1,329,616
NET CASH PROVIDED BY (USED) IN INVESTING ACTIVITIES	**1,392,302**	**(57,024)**
FINANCING ACTIVITIES:		
Members' contributions	52,500	-
Members' distributions	(1,502,500)	
NET CASH USED BY INVESTING ACTIVITIES	**(1,450,000)**	-
(DECREASE) INCREASE IN CASH	(36,583)	44,044
CASH – BEGINNING OF YEAR	**82,043**	**37,999**
CASH – END OF YEAR	**$ 45,460**	**$ 82,043**
SUPPLEMENTAL NON-CASH INFORMATION:		
Loan receivable - Related party recharacterized as member's distribution	4,193,788	

See notes to financial statements

MANDUU EMS, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 & 2020

1 BUSINESS DESCRIPTION

Manduu EMS LLC ("the Company") was formed in Florida on December 21, 2017 and maintains its corporate office in Miami, Florida. The Company was formed for the purpose of franchising and operating Manduu studio that offers (i) electric muscle stimulation (EMS) workout that strengthened, toned and build up muscles and fat metabolism boosted, (ii) personal coaching that provides personal support based on individual needs and customized workouts, and (iii) testing that uses a state-of-the-art equipment which provide a detailed analysis of body composition.

On March 8, 2018, the Company signed a Master Franchise Agreement with Manduu America, LLC. The Master Franchise Agreement grants the Company exclusive master franchise rights in the United States and its territories and possessions. These rights authorize the Company to offer and support Manduu studio franchises within the United States and administer the Manduu franchise system. The term of the Master Franchise Agreement is 20 years and is subject to renewal for a maximum term of 40 years (subject to additional renewals upon the mutual agreement of both parties).

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period.

Management bases its estimates on historical experience and on various other assumptions believed to be reasonable under similar circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market instruments and other investments having maturities of three months or less at the date of the acquisition. Cash equivalents are stated at cost, which approximates fair value.

Concentration of Credit Risk

The Company maintains a cash balance at a financial institution where accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Company's account may, at times, exceed the FDIC insured limits. The Company has not experienced any losses in such account.

Revenue Recognition

The following is a description of the principal sources of revenues for the Company's franchising segment. The Company's performance obligations under franchise agreements consist of (i) a franchise license, including a license to use our brands, (ii) initial services, such as pre-opening training and marketing support, and (iii) ongoing services, such as marketing services and operational support. These performance obligations are highly interrelated so we do not consider them to be individually distinct and therefore account for them under ASC 606 as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise.

Development fees - The Company collects development fees when franchise agreements are signed. The development fee is consideration for the grant of Master Franchise Rights. The Company recognizes development fee revenue over the estimated life of the master franchise agreement. The Company had deferred development fee revenue at December 31, 2021 and 2020 of $6,500,000 and $6,900,000, respectively.

Royalties - The Company collects royalties from each Manduu studio within the Territory on a monthly basis, an amount equal to the greater of: (i) 3% of the royalty fee payable pursuant to the applicable Franchise Agreement, or (ii) the minimum royalty fee equal to $45 per month (subject to increase based on CPI adjustments for each Manduu studio. The Company recognizes royalties as revenue when earned. The Company had royalty fee revenue at December 31, 2021 and 2020 of $3,466 and $5,739, respectively.

Income taxes

The Company has elected to be treated as a disregarded entity for federal and state income tax purposes. The Company's taxable income or losses, as well as certain other tax attributes, are passed through directly to the parent company. Accordingly, no provision for income taxes is reflected on the accompanying statement of income.

Recent Accounting Pronouncements

Financial Accounting Standards Board (FASB) issued ASU-2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for revenue recognition that supersedes existing revenue recognition guidance. The ASU's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted ASU 2014-09.

3 MASTER FRANCHISE NOTE RECEIVABLE

The Company treats its investment in marketable securities as available for sale. The fair The master franchise note receivable represents the amounts due under the contract in exchange for the master franchise agreement which was sold to Manduu America, LLC (MAL). In exchange of the development fee, MAL executed a promissory note amounting to $8 million. The note calls for:

- $750,000 – due on the date that all conditions are met under the executed agreement.
- $5,250,000 – In seven (7) bi-annual installments in the amount of $750,000 each, beginning on the date six (6) months after the payment of the initial $750,000 above, and continuing for each bi-annual period thereafter until the total of an additional $5,250,000 has been paid.
- $2,000,000 – due at the beginning on the date six (6) months after the payment of the last $750,000 payment due above has been made.
- The note is interest free and may be prepaid at any time after two (2) years from the date of the initial payment without penalty, and that any such prepayments may be made with a discount to the balance due on the Note equal to ten percent (10%) of the amount of the prepayment.
- The note was assigned by Manduu USA Inc. to Manduu EMS LLC, in which case MAL shall make all subsequent payments under this Note to EMS, and EMS shall be entitled to enforce the terms of the Note against MAL.

Current franchise note receivable totaled $1,500,000 and non-current franchise note receivable totaled $500,000 at December 31, 2021.

Current franchise note receivable totaled $1,500,000 and non-current franchise note receivable totaled $2,000,000 at December 31, 2020.

4 NOTE RECEIVABLE RELATED PARTY

The Company had an unsecured note receivable from Manduu USA Inc. On December 31, 2021, the Company posted an adjustment to reclassify the balance of the related party loan to members' deficiency. The loan balances as of December 31, 2021 and 2020, were $0 and $4,193,788, respectively.

5 SUBSEQUENT EVENTS

The Company has evaluated events occurring after the date of this balance sheet through July 20, 2022, the date that these financial statements were available to be issued. There were no material subsequent events as of that date which would require disclosure in or adjustments to these financial statements.

ALBERT & WHITNEY, LLC

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To Whom It May Concern:

Albert & Whitney LLC consents to the use in the Franchise Disclosure Document issued by Manduu EMS LLC ("Franchisor") on July 20, 2022, as it may be amended, of our report dated July 20, 2022, relating to the financial statements of Franchisor for the year ended December 31, 2021.

Albert & Whitney LLC

Denville, NJ
July 20, 2022

5 EAST MAIN STREET SUITE 16-B · DENVILLE, NEW JERSEY 07834

Albert & Whitney, LLC

MANDUU EMS, LLC

RESTATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITOR'S REPORT

To The Member of
Manduu EMS, LLC

We have audited the accompanying financial statements of Manduu EMS, LLC which comprise the balance sheets as of December 31, 2020 and 2019 the related statements of income and member's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manduu EMS, LLC as of December 31, 2020 and 2019 the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Albert & Whitney LLC

Denville, NJ
June 15, 2021

MANDUU EMS, LLC

BALANCE SHEETS

	DECEMBER 31, 2020	DECEMBER 31, 2019
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 82,043	$ 37,999
Note receivable – related party	4,193,788	2,807,148
Master franchise note receivable – current portion	1,500,000	1,500,000
TOTAL CURRENT ASSETS	**5,775,831**	**4,345,147**
Noncurrent assets		
Master franchise note receivable	2,628,192	3,957,808
TOTAL NONCURRENT ASSETS	**2,628,192**	**3,957,808**
TOTAL ASSETS	**$ 8,404,023**	**$ 8,302,955**
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Accrued expenses	$ 12,000	$ 6,000
Deferred revenue - current	400,000	400,000
TOTAL CURRENT LIABILITIES	**412,000**	**406,000**
DEFFERED REVENUE	**6,500,000**	**6,900,000**
MEMBER'S EQUITY	**1,492,023**	**996,955**
TOTAL LIABILITIES AND MEMBER'S EQUITY	**$ 8,404,023**	**$ 8,302,955**

See notes to financial statements

MANDUU EMS, LLC

STATEMENT OF INCOME AND MEMBER'S EQUITY

	YEAR ENDED DECEMBER 31, 2020	2019
REVENUES:		
Development fees	$ 400,000	$ 400,000
Royalties	5,739	2,986
TOTAL REVENUES	**405,739**	**402,986**
COSTS AND EXPENSES:		
Operating expenses	81,055	81,120
TOTAL COSTS AND EXPENSES	**81,055**	**81,120**
NET OPERATING INCOME	324,684	321,866
Interest Income	170,384	228,274
NET INCOME	**495,068**	**550,140**
MEMBER'S EQUITY - BEGINNING OF YEAR	**996,955**	**446,815**
CONTRIBUTIONS	-	-
DISTRIBUTIONS	-	-
MEMBER'S EQUITY - END OF YEAR	**$ 1,492,023**	**$ 996,955**

See notes to financial statements

MANDUU EMS, LLC

STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2020	2019
OPERATING ACTIVITIES:		
Net income	$ 495,068	$ 550,140
Adjustments to reconcile net income to net cash provided by operating activities		
Recognition of deferred revenue	(400,000)	(400,000)
Changes in operating assets and liabilities:		
Increase in accrued expenses	6,000	6,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	**101,068**	**146,815**
INVESTING ACTIVITIES:		
Increase in note receivable - related party	(1,386,640)	(1,427,467)
Decrease in master franchise note receivable	1,329,616	1,271,726
NET CASH USED IN INVESTING ACTIVITIES	**(57,024)**	**(155,741)**
INCREASE IN CASH AND CASH EQUIVALENTS	44,044	399
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	**37,999**	**37,600**
CASH AND CASH EQUIVALENTS – END OF YEAR	**$ 82,043**	**$ 37,999**

See notes to financial statements

MANDUU EMS, LLC

NOTES TO THE RESTATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 & 2019

1 BUSINESS DESCRIPTION

Manduu EMS LLC ("the Company") was formed in Florida on December 21, 2017 and maintains its corporate office in Miami, Florida. The Company was formed for the purpose of franchising and operating Manduu studio that offers (i) electric muscle stimulation (EMS) workout that strengthened, toned and build up muscles and fat metabolism boosted, (ii) personal coaching that provides personal support based on individual needs and customized workouts, and (iii) testing that uses a state-of-the-art equipment which provide a detailed analysis of body composition.

On March 8, 2018, the Company signed a Master Franchise Agreement with Manduu America, LLC. The Master Franchise Agreement grants the Company exclusive master franchise rights in the United States and its territories and possessions. These rights authorize the Company to offer and support Manduu studio franchises within the United States and administer the Manduu franchise system. The term of the Master Franchise Agreement is 20 years and is subject to renewal for a maximum term of 40 years (subject to additional renewals upon the mutual agreement of both parties).

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period.

Management bases its estimates on historical experience and on various other assumptions believed to be reasonable under similar circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market instruments and other investments having maturities of three months or less at the date of the acquisition. Cash equivalents are stated at cost, which approximates fair value.

Concentration of Credit Risk

The Company maintains a cash balance at a financial institution where accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Company's account may, at times, exceed the FDIC insured limits. The Company has not experienced any losses in such account.

Revenue Recognition

The following is a description of the principal sources of revenues for the Company's franchising segment. The Company's performance obligations under franchise agreements consist of (i) a franchise license, including a license to use our brands, (ii) initial services, such as pre-opening training and marketing support, and (iii) ongoing services, such as marketing services and operational support. These performance obligations are highly interrelated so we do not consider them to be individually distinct and therefore account for them under ASC 606 as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise.

Development fees - The Company collects development fees when franchise agreements are signed. The development fee is consideration for the grant of Master Franchise Rights. The Company recognizes development fee revenue over the estimated life of the master franchise agreement. The Company had deferred development fee revenue at December 31, 2020 and 2019 of $6,900,000 and $7,300,000, respectively.

Royalties - The Company collects royalties from each Manduu studio within the Territory on a monthly basis, an amount equal to the greater of: (i) 3% of the royalty fee payable pursuant to the applicable Franchise Agreement, or (ii) the minimum royalty fee equal to $45 per month (subject to increase based on CPI adjustments for each Manduu studio. The Company recognizes royalties as revenue when earned. The Company had royalty fee revenue at December 31, 2020 and 2019 of $5,739 and $2,986, respectively.

Fair Value Measurements

The Company adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

Marketable securities are carried at their fair values. All other assets and liabilities are carried at their historical cost.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the

measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable

inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

Income taxes

The Company has elected to be treated as a disregarded entity for federal and state income tax purposes. The Company's taxable income or losses, as well as certain other tax attributes, are passed through directly to the parent company. Accordingly, no provision for income taxes is reflected on the accompanying statement of income.

Recent Accounting Pronouncements

Financial Accounting Standards Board (FASB) issued ASU-2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for revenue recognition that supersedes existing revenue recognition guidance. The ASU's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted ASU 2014-09.

3 MASTER FRANCHISE NOTE RECEIVABLE

The Company treats its investment in marketable securities as available for sale. The fair The master franchise note receivable represents the amounts due under the contract in exchange for the master franchise agreement which was sold to Manduu America, LLC (MAL). In exchange of the development fee, MAL executed a promissory note amounting to $8 million. The note calls for:

- $750,000 – due on the date that all conditions are met under the executed agreement.
- $5,250,000 – In seven (7) bi-annual installments in the amount of $750,000 each, beginning on the date six (6) months after the payment of the initial $750,000 above, and continuing for each bi-annual period thereafter until the total of an additional $5,250,000 has been paid.
- $2,000,000 – due at the beginning on the date six (6) months after the payment of the last $750,000 payment due above has been made.

- The note is interest free and may be prepaid at any time after two (2) years from the date of the initial payment without penalty, and that any such prepayments may be made with a discount to the balance due on the Note equal to ten percent (10%) of the amount of the prepayment.

- The note was assigned by Manduu USA Inc. to Manduu EMS LLC, in which case MAL shall make all subsequent payments under this Note to EMS, and EMS shall be entitled to enforce the terms of the Note against MAL.

Current franchise note receivable totaled $1,500,000 and non-current franchise note receivable totaled $2,000,000 at December 31, 2020.

Current franchise note receivable totaled $1,500,000 and non-current franchise note receivable totaled $3,500,000 at December 31, 2019.

4 NOTE RECEIVABLE RELATED PARTY

The Company had an unsecured note receivable from Manduu USA Inc. at December 31, 2020 and 2019, amounting to $4,193,788 and $2,807,148, respectively. The note is non-interest bearing and is payable on demand.

5 SUBSEQUENT EVENTS

The Company has evaluated events occurring after the date of this balance sheet through June 15, 2021, the date that these financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, financial impact could occur, though such potential impact is unknown at this time.

Albert & Whitney, LLC

MANDUU EMS, LLC

RESTATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2019 AND 2018

ALBERT & WHITNEY, LLC

INDEPENDENT AUDITOR'S REPORT

To The Members of
Manduu EMS, LLC

We have audited the accompanying financial statements of Manduu EMS, LLC which comprise the balance sheets as of December 31, 2019 and 2018 the related statements of income and member's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manduu EMS, LLC as of December 31, 2019 and 2018 the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Albert & Whitney LLC

Denville, NJ
August 7, 2020

MANDUU EMS, LLC

BALANCE SHEETS

ASSETS:	DECEMBER 31, 2019	2018 Restated (note 5)
Current assets:		
Cash and cash equivalents	$ 37,999	$ 37,600
Note receivable – related party	2,807,148	1,379,681
Master franchise note receivable – current portion	1,500,000	1,500,000
TOTAL CURRENT ASSETS	**4,345,147**	**2,917,281**
Noncurrent assets		
Master franchise note receivable	3,957,808	5,229,534
TOTAL NONCURRENT ASSETS	**3,957,808**	**5,229,534**
TOTAL ASSETS	**$ 8,302,955**	**$ 8,146,815**
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Accrued expenses	$ 6,000	-
Deferred revenue - current	400,000	400,000
TOTAL CURRENT LIABILITIES	**406,000**	**400,000**
DEFFERED REVENUE	**6,900,000**	**7,300,000**
MEMBER'S EQUITY	**996,955**	**446,815**
TOTAL LIABILITIES AND MEMBER'S EQUITY	**$ 8,302,955**	**$ 8,146,815**

See notes to financial statements

MANDUU EMS, LLC

STATEMENT OF INCOME AND MEMBER'S EQUITY

	YEAR ENDED DECEMBER 31, 2019	2018 Restated (note 5)
REVENUES:		
Development fees	$ 400,000	$ 300,000
Royalties	2,986	1,146
TOTAL REVENUES	**402,986**	**301,146**
COSTS AND EXPENSES:		
Operating expenses	81,120	83,865
TOTAL COSTS AND EXPENSES	**81,120**	**83,865**
NET OPERATING INCOME	$ 321,866	$ 217,281
Interest Income	228,274	229,534
NET INCOME	**550,140**	**446,815**
MEMBER'S EQUITY - BEGINNING OF YEAR	**446,815**	-
CONTRIBUTIONS	-	**100,000**
DISTRIBUTIONS	-	**(100,000)**
MEMBER'S EQUITY - END OF YEAR	**$ 996,955**	**$ 446,815**

See notes to financial statements

MANDUU EMS, LLC

STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2019	2018 Restated (note 5)
OPERATING ACTIVITIES:		
Net income	$ 550,140	$ 446,815
Adjustments to reconcile net income to net cash provided by operating activities		
Recognition of deferred revenue	400,000	(300,000)
Changes in operating assets and liabilities:		
Increase in accrued expenses	6,000	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	**156,140**	**146,815**
INVESTING ACTIVITIES:		
Increase in note receivable - related party	(1,427,467)	(1,379,681)
Decrease in master franchise note receivable	1,271,726	1,270,466
NET CASH USED IN INVESTING ACTIVITIES	**(155,741)**	**(109,215)**
FINANCING ACTIVITIES:		
Member's contributions	-	100,000
Member's distributions	-	(100,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
INCREASE IN CASH AND CASH EQUIVALENTS	399	37,600
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	**37,600**	-
CASH AND CASH EQUIVALENTS – END OF YEAR	**$ 37,999**	**$ 37,600**

NON-CASH TRANSACTIONS	**2019**	**2018**
Increase to deferred revenue	-	8,000,000
Increase to master franchise note receivable	-	(8,000,000)

See notes to financial statements

MANDUU EMS, LLC

NOTES TO THE RESTATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 & 2018

1 BUSINESS DESCRIPTION

Manduu EMS LLC ("the Company") was formed in Florida on December 21, 2017 and maintains its corporate office in Miami, Florida. The Company was formed for the purpose of franchising and operating Manduu studio that offers (i) electric muscle stimulation (EMS) workout that strengthened, toned and build up muscles and fat metabolism boosted, (ii) personal coaching that provides personal support based on individual needs and customized workouts, and (iii) testing that uses a state-of-the-art equipment which provide a detailed analysis of body composition.

On March 8, 2018, the Company signed a Master Franchise Agreement with Manduu America, LLC. The Master Franchise Agreement grants the Company exclusive master franchise rights in the United States and its territories and possessions. These rights authorize the Company to offer and support Manduu studio franchises within the United States and administer the Manduu franchise system. The term of the Master Franchise Agreement is 20 years and is subject to renewal for a maximum term of 40 years (subject to additional renewals upon the mutual agreement of both parties).

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period.

Management bases its estimates on historical experience and on various other assumptions believed to be reasonable under similar circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market instruments and other investments having maturities of three months or less at the date of the acquisition. Cash equivalents are stated at cost, which approximates fair value.

Concentration of Credit Risk

The Company maintains a cash balance at a financial institution where accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Company's account may, at times, exceed the FDIC insured limits. The Company has not experienced any losses in such account.

Revenue Recognition

The following is a description of the principal sources of revenues for the Company's franchising segment. The Company's performance obligations under franchise agreements consist of (i) a franchise license, including a license to use our brands, (ii) initial services, such as pre-opening training and marketing support, and (iii) ongoing services, such as marketing services and operational support. These performance obligations are highly interrelated so we do not consider them to be individually distinct and therefore account for them under ASC 606 as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise.

Development fees - The Company collects development fees when franchise agreements are signed. The development fee is consideration for the grant of Master Franchise Rights. The Company recognizes development fee revenue over the estimated life of the master franchise agreement. The Company had deferred development fee revenue at December 31, 2019 and 2018 of $7,300,000 and 7,700,000, respectively.

Royalties - The Company collects royalties from each Manduu studio within the Territory on a monthly basis, an amount equal to the greater of: (i) 3% of the royalty fee payable pursuant to the applicable Franchise Agreement, or (ii) the minimum royalty fee equal to $45 per month (subject to increase based on CPI adjustments for each Manduu studio. The Company recognizes royalties as revenue when earned. The Company had royalty fee revenue at December 31, 2019 and 2018 of $2,986 and $1,146, respectively.

Fair Value Measurements

The Company adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

Marketable securities are carried at their fair values. All other assets and liabilities are carried at their historical cost.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the

measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable

inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

Income taxes

The Company has elected to be treated as a disregarded entity for federal and state income tax purposes. The Company's taxable income or losses, as well as certain other tax attributes, are passed through directly to the parent company. Accordingly, no provision for income taxes is reflected on the accompanying statement of income.

Recent Accounting Pronouncements

Financial Accounting Standards Board (FASB) issued ASU-2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for revenue recognition that supersedes existing revenue recognition guidance. The ASU's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted ASU 2014-09.

3 MASTER FRANCHISE NOTE RECEIVABLE

The Company treats its investment in marketable securities as available for sale. The fair The master franchise note receivable represents the amounts due under the contract in exchange for the master franchise agreement which was sold to Manduu America, LLC (MAL). In exchange of the development fee, MAL executed a promissory note amounting to $8 million. The note calls for:

- $750,000 – due on the date that all conditions are met under the executed agreement.
- $5,250,000 – In seven (7) bi-annual installments in the amount of $750,000 each, beginning on the date six (6) months after the payment of the initial $750,000 above, and continuing for each bi-annual period thereafter until the total of an additional $5,250,000 has been paid.
- $2,000,000 – due at the beginning on the date six (6) months after the payment of the last $750,000 payment due above has been made.

- The note is interest free and may be prepaid at any time after two (2) years from the date of the initial payment without penalty, and that any such prepayments may be made with a discount to the balance due on the Note equal to ten percent (10%) of the amount of the prepayment.

- The note was assigned by Manduu USA Inc. to Manduu EMS LLC, in which case MAL shall make all subsequent payments under this Note to EMS, and EMS shall be entitled to enforce the terms of the Note against MAL.

Current franchise note receivable totaled $1,500,000 and non-current franchise note receivable totaled $3,500,000 at December 31, 2019.

Current franchise note receivable totaled $1,500,000 and non-current franchise note receivable totaled $5,000,000 at December 31, 2018.

4 NOTE RECEIVABLE RELATED PARTY

The Company had an unsecured note receivable from Manduu USA Inc. at December 31, 2019 and 2018, amounting to $2,807,148 and $1,379,681, respectively. The note is non-interest bearing and is payable on demand.

5 RESTATEMENT

The Company has restated its December 31, 2018 financial statements to classify $229,534 of the principal payment of the master franchise note receivable from Manduu America LLC as imputed interest income.

The restatement results in a $229,534 increase in master franchise note receivable and members' equity. The restatement also affects the statement of cash flows for the year ended December 31, 2018. The restatement also removes the increase in master franchise note receivable and increase in deferred revenue from the operating activities from the franchise agreement since this was a non-cash transaction. The restated cash flow reflects the cash received from the master franchise agreement which was reclassified to investing activities. The restatement also recognizes the deferred revenue as an adjustment to reconcile the net income to net cash provided by operating activities. It also reclassifies the increase in the note receivable – related party from operating activities to investing activities as the note receivable is not from a customer but for a loan to the parent company. This results to a $109,215 increase to cash flow from operating activities and a $109,215 decrease to cash flow from investing activities.

6 SUBSEQUENT EVENTS

The Company has evaluated events occurring after the date of this balance sheet through August 7, 2020, the date that these financial statements were available to be issued. There were no material subsequent events as of the date which would require disclosure in or adjustments to these financial statements.

EXHIBIT C

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

between

Manduu America, LLC,
a Tennessee limited liability company,

and

_____

Studio Location:

_____
_____

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FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is made and entered into as of the Effective Date, by and between Manduu America, LLC, a Tennessee limited liability company ("Manduu," "we," "us" or "our"), as franchisor, and _____, a _____ ("you" or "your"), as franchisee. For good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, the parties mutually agree as follows:

1. Definitions. Words and phrases used in initially-capitalized form in this Agreement have the meanings assigned in Section 51 of this Agreement unless the context indicates otherwise.

2. Grant of Franchise.

(a) Grant. Subject to the terms and conditions in this Agreement and the Master Franchise Agreement between us and Manduu EMS, LLC ("Master Franchisor"), we grant to you the right, license and privilege to operate a single Studio, at the Location, or any approved alternate location, and the right, license and privilege to use and employ the Franchised System, the Proprietary Marks, and the Intellectual Property at that address during the Term, or such other new address as we shall reasonably approve from time to time. The parties acknowledge and agree that: (i) Master Franchisor is not a party to this Agreement; (ii) Master Franchisor has no obligations to you; and (iii) Master Franchisor and bears no liability for our actions. Notwithstanding the foregoing, Mater Franchisor is an express third-party beneficiary of this Agreement with the independent right to enforce the terms and conditions against you as if Master Franchisor was a party to this Agreement.

(b) Reservation of Rights. We and our affiliates reserve the rights to engage or authorize others to engage in any business activity at any location within or outside the Protected Area under the Proprietary Marks or otherwise except as expressly limited under this Agreement. There are no implied covenants or obligations regarding territorial rights arising from this Agreement or any other agreement or arrangement between us and you. You have no right to participate in or benefit from any such other business activity. In addition, we reserve all rights of ownership, control, modification, revision, updating and termination with regard to the Franchised System. Your only rights with regard to the Franchised System are limited to the license as we expressly grant the license to you under this Agreement during the Term, and the parties intend that no implied covenants or rights attach or arise under the license you accept in this Agreement.

(c) Owner Participation and Responsibility. You shall be required to have, at all times: (i) at least one (1) fully trained General Manager; (ii) at least one (1) other dedicated, full time, fully trained "Master Trainer"; and (iii) at least four (4) dedicated part-time fully-trained trainers. All trainers must possess a college degree in exercise science, kinesiology, nursing, human physiology, physical therapy, physical education or in a related healthcare field. Your owners may not serve as trainers unless they meet these educational requirements. All of your trainers must successfully complete our certification training program (including annual recertification training) in order to use the E-Fit equipment. Your General Manager is not required to be a principal of the franchisee. However, if the General Manager is not a principal of the franchisee, we shall have the right to evaluate and approve or disapprove of such General Manager. Both the General Manager and separate Master Trainer must be certified by us as a Manduu Premium Trainer/Coach that can manage the Studio on a daily basis. The General Manager, however, shall be responsible for the management, supervision and operation of the Franchised Studio. Unless we agree to the contrary, you must designate at least one of your owners (the "managing owner") who must be personally involved with the day-to-day operation of the Studio on a full-time basis. The managing owner must attend all training we require. If the franchisee is a legal entity, the owners, shareholders, and members of the franchisee entity agree to bound by all the terms and

conditions of this Agreement to the same extent as the franchisee entity and all of them must execute the Continuing Personal Guarantee attached hereto as **Attachment C.**

3. Protected Area.

(a) You will not receive an exclusive territory. You will, however, be granted a nonexclusive Protected Area in which we and our affiliates will not operate a Studio and will not license any other person to operate a Studio within the Protected Area. We reserve the right, however, to sell a Manduu EMS Workout franchise or business to larger physical fitness or physical rehabilitation centers, or on-site corporate workout facilities, within your Protected Area. In such case, however, you will be given the opportunity to manage such larger physical fitness, physical rehabilitation, or on-site corporate workout facilities, for a fee. Your Protected Area will be defined by geographic boundaries as determined by us in our sole discretion after giving consideration to relevant demographic information including population density, effective buying income, retail sales, and the number of square feet of office, commercial, and industrial space. The actual boundaries of the Protected Area are set forth on Attachment A to this Franchise Agreement. If we have not identified your Protected Area as of the Effective Date, you will receive a Protected Area that includes the area we designated after approving the site for your Studio. The Protected Area will include a minimum area comprised by the geographic area within a one (1) mile radius from the approved site of your Studio. We and our affiliates will have the right to operate, franchise and license other persons or entities to operate a Studio at any location outside the Protected Area.

All of your marketing must be directed within your Protected Area. However, you may accept customers regardless of where they reside. You may not market your Studio (whether inside or outside of your Protected Area) through alternative channels of distribution, such as over the Internet, without our prior approval, or solicit customers from outside your Protected Area. However, you may market your Studio through approved social media channels in accordance with our social media policy. You may provide Services outside of your Protected Area only if we give you our written consent to provide these Services outside your Protected Area.

We reserve the right to operate or license another person to operate a Manduu studio (or offer the Manduu program) within another business or educational establishment located in the Protected Area if access to classes is not open to the general public.

If we enter into an agreement to provide services to any customer that has a location outside your Protected Area, we may offer you the right to service this account at the Location and at the terms upon which we and this account have agreed. We may allocate opportunities to service these accounts outside your Protected Area as we in our sole discretion deem appropriate.

You must submit monthly reports to us, in a form and manner as we may require, which list all of your current customers and which reflect additions to and deletions from the previous report. You must post and maintain on our private extranet, on a monthly basis, a listing of your Customer Accounts, including the name and address of each Customer Account.

The Company or its affiliates have the right to use other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within any franchisee's Protected Area using our trademarks. You may not make sales within or outside of your Protected Area using other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing without our consent.

The Company does not have any present plan to establish another business

offering similar services under a different trade name or trademark, but it retains the right to do so.

You do not receive the right to acquire additional franchises within your Protected Area or contiguous territories.

The Company retains the right to solicit and sell to accounts within the Protected Area that also have locations outside the Protected Area including, but not limited to, solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet and other online computer networks, without compensating you.

(b) Equipment. During the Term, we or our affiliates have the exclusive right to sell E-Fit brand Electrical Muscle Stimulation fitness equipment described in **Attachment A** in the Protected Area. However, neither we nor our affiliate will sell E-Fit brand Electrical Muscle Stimulation fitness equipment to any direct competitor of yours that is located in your Protected Area during the term of this Agreement. In accordance with this Agreement, the use of the specified equipment is strictly governed by FDA certification prerequisites. You must possess and maintain an up-to-date certification at all times, necessitating an annual renewal through our dedicated certification process. Such certification will be evidenced by a certificate furnished by our approved manufacturer. The proficiency test, along with all requisite training, is administered by us. Any obligatory continuing education will be facilitated by us and subsequently endorsed by our approved manufacturer. Subsequent certification may be required as dictated by us.

4. Term. The "Term" consists of the Initial Term and the Renewal Terms described below.

(a) Initial Term. This Agreement shall be effective as of the Effective Date and shall continue for an "Initial Term" of five (5) years from the Opening Date, unless terminated earlier under this Agreement.

(b) Renewal Terms. If this Agreement is the initial franchise agreement for your Franchised Studio, you may enter into a maximum of three (3) successor franchise agreements (each, a "Successor Agreement") as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting Manduu EMS Workout franchises as of the expiration of the Initial Term or renewal term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. Each renewal term will be five (5) years, for a maximum total term of 20 years from the Opening Date. You must pay us a renewal fee of $10,000 prior to the first day of each renewal term. You will have no further right to operate your Franchised Studio following the expiration of the final renewal term unless we grant you another franchise in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the term of this Agreement as well as your remaining renewal rights, if any.

(c) Eligibility. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than one (1) year before the expiration of the Initial Term or renewal term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; and (iii) have satisfied all monetary obligations then due and owing to us and our affiliates."

(d) Additional Conditions. Our consent will be further conditioned on maintaining eligibility to renew through the end of each Term, and on your satisfaction of the following conditions: You and your Owners must, at the times we specify, (1) at our request and after any disclosure required

by law, execute our then current form of franchise agreement and personal guaranty; (2) perform the remodeling, repairs and renovations described below that we may require; (3) complete, at your expense, any retraining program we may require; and (4) execute a general release of any and all claims you, your Owners and any guarantor may have against us, our Affiliates, Master Franchisor and Master Franchisor's affiliates, as of that time, except for such claims as may not be released in advance under applicable law. At the end of the initial term, you must also upgrade your Franchised Studio to our current entry standards and design elements, upgrade to our current equipment package and install our current point-of-sale system and other equipment. At the end of the fifth (5th) year of the initial term, and of each Renewal Term, you must remodel, redecorate and replace or reupholster your seating.

5. Fees.

(a) Initial Franchise Fee. You will pay us a non-refundable franchise fee and training fee when you sign this Agreement in the amount specified on **Attachment A**.

(b) Royalty Fee. No later than ten (10) days after the end of each Reporting Period, you will pay us a royalty in an amount equal to the greater of: (a) eight percent (8%) of the Gross Sales of the Franchised Studio during the preceding Reporting Period; or (b) $1,000 per month multiplied by the total number of E-fit machines that you purchase for the Studio.

(c) Marketing Contribution. You also will pay us, when you pay your royalty fee, a Brand and System Development Fund Contribution of two percent (2%) of the Gross Sales of the Franchised Studio during the preceding reporting period. You will pay the Brand and System Development Fund Contribution to us in addition to the amounts you must spend under Sections 16 and 17 of this Agreement. See Section 19 for more information about the Marketing Fund.

(d) Technology Fee. You agree to pay us the technology fee we specify from time to time as further described within or contemplated by Section 9.

(e) Interest and Late Payment Fee. Any late payments that you make pursuant to this Agreement will bear interest from their due date until paid at a rate equal to the lower of: (1) 1.50% per month; or (2) the maximum interest rate allowed by applicable law.

(f) Taxes. You will pay us an amount equal to any federal, state, provincial or local sales, gross receipts, use, value added, excise or similar taxes assessed against us on the Royalty and Marketing Contributions by the jurisdictions where your Franchised Studio is located, but not including any income tax, franchise or other tax levied on us for our privilege of doing business in your Location. You will pay taxes to us when due.

(g) EFT Payment. You will pay all amounts due to us after your Franchised Studio opens by electronic means under the Automated Clearing House Payment Authorization attached as **Attachment B**, or under any substitute form of authorization that we may require during the Term so that your fees will be paid by means of electronic funds transfer without the necessity of your transmitting a paper check to us.

(h) We require that you pay a monthly accounting fee for all necessary accounting software used in the business. The current accounting fee is $350 per month for the "base fee" for one (1) Amin User plus an additional $300 per month for each additional Admin User plus an additional $12 per month for each Clerical User.

6. Franchised Studio Development.

(a) Development Oversight. Except as specified in this Agreement and the Operations Manual, we are not obligated to provide any assistance in locating a site, negotiating the lease, conforming the premises to local codes and ordinances, obtaining permits, constructing, remodeling or decorating, hiring and training employees (except for the training we provide described in Section 7.(a) below), or providing for necessary equipment, signs, fixtures, opening inventory and supplies.

(b) Location Selection. We will consult with you in the selection of a site for the Franchised Studio. If the Location is not set when you sign this Agreement, we will review the information you submit for each proposed site for the Location, conduct any investigation of the proposed site we deem appropriate to evaluate the site, and accept or reject the site within ten (10) days after your submission of all initial and supplemental information we request regarding a proposed site. If we accept the site, we will give you notice of any remaining conditions to that acceptance. We must accept a site proposed by you within 30 days after signing this Agreement. You may not relocate your Studio without our written consent. Any relocation will be at your own expense and you will be required to de-brand and de-identify the former location so that it is no longer associated with the Franchised System as well as upfit the new location as required under the then-current version of the Operations Manual. You would also be required to pay us a $5,000 relocation fee for the assistance we provide relating to site selection and development of your new location. There may be no closure of the business during the relocation process. If we agree to a temporary closure, we may require that you pay us an ongoing minimum royalty fee and brand and system development fund contribution during the period of closure that will be equal to the monthly royalty fee and fund contributions during the preceding 12-month period.

FRANCHISOR'S APPROVAL AND/OR ACCEPTANCE OF THE SITE FOR THE STUDIO DOES NOT IN ANY WAY CONSTITUTE A REPRESENTATION, PROMISE, OR GUARANTEE BY FRANCHISOR THAT A STUDIO OPERATED AT THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL, AND FRANCHISEE REMAINS ULTIMATELY RESPONSIBLE FOR SITE SELECTION WHICH FRANCHISOR MAY ACCEPT OR REJECT.

We may have delivered our written review and evaluation of any proposed sites you propose. You have had the opportunity to obtain independent advice on the site for your Franchised Studio and are not relying on our review and evaluation.

(c) Lease. You must own or lease the Location at all times during the Term and provide us with a copy of the deed or lease of the Location before commencing development of the Franchised Studio. We do not review the terms of the lease but you must provide us with a copy of the lease and all modifications thereto. You must obtain as part of the lease documentation a signed Lease Addendum with the landlord in substantially the form attached as **Attachment E** when you provide us with a copy of the signed Location lease (the "Lease"). You must deliver a signed Lease or purchase contract for an approved site within sixty (60) days after the Effective Date. The grant of any extension of time to complete this phase of pre-opening is at our sole discretion.

(d) Plans. We will provide you with generalized examples of prior utilized space plans, work flow, and general layout of a typical Manduu studio. We will review your site plan and final plans and specifications for conformity to System Standards. We will not unreasonably withhold or delay our approval, which is intended only to test compliance with System Standards, and not to detect errors or omissions in the work of your architects, engineers, contractors or the like. Our review does not cover technical, architectural or engineering factors, or compliance with federal, state or local laws, regulations or code requirements. We will not be liable to your lenders, contractors, employees, customers, others or you on account of our review or approval of your plans, drawings or specifications, or our inspection of

the Franchised Studio before, during or after renovation or construction.

(e) Construction of Franchised Studio. You must complete the construction or remodeling of the Franchised Studio within the time specified on **Attachment A**. You must construct or remodel the Franchised Studio in material conformity with the site layout, plans and specifications we approve. If we determine (before the Opening Date) that you have not constructed or remodeled the Franchised Studio in material conformity with the site layout, plans and specifications we approved, we may terminate this Agreement for cause, or obtain an injunction from a court of competent jurisdiction against the opening of the Franchised Studio and to compel you to specifically perform your obligation to construct or remodel the Franchised Studio in material conformity with the approved site layout, plans and specifications, in addition to any other remedies available to us at law or in equity, without any obligation to furnish any bond or security. You will bear the expense of all engineering and architectural services incurred for your final construction plans and for obtaining approvals by the appropriate governmental authorities required under applicable law to construct, remodel and occupy the Franchised Studio.

(f) Furnishings, Fixtures, Equipment, and Other Personal Property. You will install in and about the Franchised Studio equipment, POS and computer system, software, fixtures, furnishings and other personal property that materially conform to System Standards, and specifications we specify in the Operations Manual or otherwise. You will purchase the InBody Machines and Electrical Muscle Stimulation equipment in the amounts specified on **Attachment A**. You will not display any other sign or advertising at the Franchised Studio without our consent other than as permitted under the Operations Manual.

(g) Technical Services. You may engage any architect, construction manager or contractor to assist you in developing the Franchised Studio as long as the party you engage is duly licensed in the state of the Location. You shall secure for us and our agents the right to inspect the construction site and related materials stored off site at any reasonable time. You shall correct, upon our reasonable request and at your expense, any material deviation from the approved site plans and specifications. You shall furnish to us a copy of any certificate of occupancy and (if applicable) any certificate from any architect that the Franchised Studio was improved in accordance with the approved final plans and specifications, and in compliance with all applicable building codes and in compliance with all applicable local, state and federal laws, ordinances and regulations, including but not limited to the Americans with Disabilities Act and related regulations.

(h) Opening. The Franchised Studio shall be opened to the public at the Location on the Opening Date only after you receive our authorization to do so, which you must request in writing on or after the date you receive the certificate of occupancy and at least seven (7) days in advance of the desired date for such opening. In addition to and not in lieu of your other advertising obligations, you will conduct local advertising and promotion for the Franchised Studio's grand opening (the "Grand Opening Advertising Program") that we specify in the Operations Manual or otherwise in writing. You will not open the Franchised Studio without our prior written authorization. We will have the right to withhold that authorization until: (1) you complete (to our satisfaction) the construction or remodeling of the Franchised Studio and furnish copies of all governmental approvals required before opening under applicable law; (2) you complete preparation of the Franchised Studio for the commencement of operations per the Operations Manual; and (3) your management personnel and Studio personnel to be employed on the Opening Date complete the Manduu program as required in this Agreement. You will notify us when you open for business. We will confirm the Opening Date in writing for the purpose of fixing the expiration date of the Initial Term.

7. Our Obligations. During the Term, we will provide you with the following services:

(a) Training.

(1) We will provide our two (2) week initial training program for up to five (5) individuals, which must include your General Manager, lead trainer and managing owner. Our current initial training program (which we may change at any time) consists of: (1) Franchisee Training; (2) Instructor Training; and (3) Manager Training. We may, in our discretion, either: (i) conduct the entire two-week training program at one time; or (ii) break up training into two (2) separate one (1) week sessions. We will only provide a single pre-opening training program so you are responsible for coordinating and ensuring that all of your owners and personnel are available to attend such initial training program. We will not charge you any fees for our pre-opening initial training program except under the limited circumstances described in Section 8(a). Your General Manager, lead trainer and managing owner must complete the initial training program to our satisfaction a minimum of two (2) weeks prior to the Franchised Studio Opening Date. Upon the final week of the Manduu program, our Training Director and/or Operations Director will conduct a thorough evaluation of the trainees as outlined in the Manduu manual. Each Manduu Personal Coach/Trainer trainee must score 90% or better on the evaluation to be "certified." We may modify an Opening Date you propose based upon the projected date of successful completion of the Manduu program by the General Manager. The initial training program will take place at our corporate headquarters and an affiliate-owned Manduu studio located within the Nashville metropolitan statistical area (or at any other location that we designate).

(2) We require that you must always have a certified Manduu Personal Coach/Trainer in the Franchised Studio and/or be in the process of having a Manduu Personal Coach/Trainer certified by attending and passing the Manduu program. We will provide training at the times and places and for the duration we may designate for replacement Manduu Personal Coach/Trainers. We may charge tuition that reflects our costs for training for replacement Manduu Personal Coach/Trainers. You must pay the tuition for training in advance, and we will not refund the tuition if the replacement Manduu Personal Coach/Trainer does not attend the training session.

(3) We provide webinars free of charge to all Franchised Studio employees to provide the latest information about the Franchise System, including science and news updates. In addition, your majority owner, General Manager, and lead trainer must attend one annual summit and separate annual conference at your expense. There are fees associated with these, currently $750 per person per annual conference and $500 per person per annual training summit.

(4) We may charge you reasonable tuition and reimbursement of our expenses if we provide additional training at your request in your Franchised Studio, or an Additional Training Fee plus expenses as described in Section 8(a). We currently do not charge for training material, but we may do so in the future. We are not required to provide any additional training that you request. If we agree to do so, we will provide the training at a mutually agreed upon time and location.

(b) Operations Manual. We will loan you one copy of the Operations Manual, or may grant access rights on our secure website for franchisees.

(c) Approved Products, Services and Suppliers. We will publish a list of approved suppliers and their respective approved products and services in the Operations Manual and/or in other written or electronic communications to you. As new suppliers, products and services become available, we will amend that list. We may also publish in the Operations Manual the procedures and fees for obtaining approval of any supplier you wish to nominate to become an approved supplier. We may deny approval of

any nominee in our sole discretion. We or an Affiliate may be the sole approved suppliers for proprietary goods or services, or for goods and services we deem to be integral parts of the Franchised System that must be supplied on a consistent, uniform basis to all franchisees. We or our Affiliates may earn a profit from providing purchasing and procurement services, including receipt of fees from third party suppliers. Our affiliates are currently the only approved suppliers for: (i) nutraceuticals, skin cream and other retail items sold at Manduu studios, including our apparel and promotional items bearing the Proprietary Marks, including t-shirts and hats; and (ii) the E-Fit fitness equipment and related supplies and services.

(d) Opening Assistance. We will provide you with the services of one or more trainers for a period of five (5) days to assist you with the opening of the Franchised Studio at no additional fee to you. You must reimburse us for reasonable travel and living expenses of the trainers while performing this service. Subject to availability, we will provide the trainer services for additional days to continue to assist you with the opening of the Franchised Studio at a per diem charge per trainer that we establish, which will be no more than the Additional Training Fee described in Section 8(a) then in effect. These services may be provided remotely or in person, at our sole option.

(e) Marketing Assistance. We will provide you with the merchandising, marketing and advertising research data and advice that we develop from time to time and deem helpful in the operation of a Studio using the Franchised System.

(f) Evaluation Program. We will conduct periodic field evaluations and standards assessment inspections and reviews of the Franchised Studio to test and promote its compliance with System Standards and quality control. We may implement customer evaluation and feedback programs, mystery shopper programs, and independent inspection programs. We may publish the results of our tests and evaluations.

(g) Advice and Communications. We will provide you with periodic individual or group advice, consultation and assistance by personal visit, by telephone, electronic communication, or by newsletters or bulletins that we may make available to our franchisees from time to time. We will provide you with any other materials in any medium that we may develop to communicate new developments, techniques, and improvements in the Franchised System and our plans, policies, research, developments and activities to franchisees.

(h) Other Assistance. We will provide you with the other resources and assistance that we may develop and make generally available to all of our other franchisees.

8. Your Obligations. During the Term, your obligations are as follows:

(a) Training. You will not open or operate the Franchised Studio without having at least one individual working full time at the Franchised Studio who has completed our Manduu training program. If a certified Manduu Personal Coach/Trainer or General Manager leaves your employment for any reason, you must hire a replacement Manduu Personal Coach/Trainer or General Manager within thirty (30) days who must attend the next Manduu training program slot we make available. You must pay any tuition and additional fees for materials we charge for training of additional operators after the first five (5) attendees, at a rate of up to $1,500 per person. If you bring fewer than five (5) attendees to our pre-opening initial training program, you will not receive a credit against training fees imposed for future training programs. You must also pay the $1,500 additional training fee for any trainee that attends our pre-opening initial training program at any time other than the scheduled training week that we designate for your initial trainees. As of the Effective Date, we charge an Additional Training Fee of $300 per day plus travel, lodging and meals for trainers we provide at your request for additional training at your Franchised Studio. We may change this rate at any time in the Operations Manual. You are

responsible to pay all compensation, benefits, travel expenses, living expenses, and any other personal expenses for your designees enrolled in the Manduu program. You must furnish proof of: (1) bachelor's degree in exercise science, kinesiology, or a related field, or a nursing degree and a current nursing license; (2) a current and in force personal trainer certification for the State in which the Location is situated; and (3) worker's compensation insurance coverage for such persons before their training begins. Your trainees will not be considered borrowed servants of ours or our Affiliates for any purpose, and they will at all times remain under your control and supervision. Any of your employees who attend our operators training must sign a Management Confidentiality and Non-Competition Agreement before such training starts in substantially the form attached as **Attachment D**.

(b) Operation of Franchised Studio. You will maintain and operate the Franchised Studio under the Franchised System in material conformity with System Standards and policies, all as amended. You will maintain the Location and the Franchised Studio in clean, safe and sanitary condition, consistent with sound health and sanitation practices. You also will maintain and operate the Franchised Studio in compliance with all applicable governmental laws, rules, regulations and ordinances, including, but not limited to, all required FDA certifications. Any conflict between System Standards and any applicable governmental requirement will be resolved in favor of the more stringent standard. You will pay when due all obligations to vendors of products or services to the Franchised Studio. You may not offer or sell personal training services for off-site training without our prior written consent. You will not engage in any business or offer any products or services at the Franchised Studio not a part of the Franchised System without our consent. You will obtain as and when needed all governmental permits, licenses and consents required by law to construct, acquire, renovate, operate and maintain the Franchised Studio and to offer all products and services you advertise or promote. You will pay when due all federal, state and local payroll, withholding, unemployment, beverage, permit, license, property, ad valorem and other taxes, assessments, fees, charges, penalties and interest, and will file when due all governmental returns, notices and other filings. You will comply with all applicable federal, state and local laws, regulations and orders applicable to you and/or the Franchised Studio, including those combating terrorism such as the USA Patriot Act and Executive Order 13224.

(c) Approved Products, Services and Suppliers. You will follow the System Standards and specifications we establish for goods, products and services procured for the operation of the Franchised Studio. We will have the right to require you to obtain any product or service used in the operation of the Franchised Studio from us, our Affiliates, or suppliers we approve. We may in the future, on at least 60 days' prior written notice, require that you enter into and perform the agreement we require with us, an affiliate or a designated supplier for technology services at a cost to you that is consistent with the market for such services. You acknowledge that this agreement allows the System to maintain uniformity and consistency in Franchised Studio technology, support and management information systems. We may discontinue or terminate the System requirement to use these vendors and allow such agreements to expire without renewal or be terminated consistent with their respective terms, at our discretion.

(d) Telephone Listings, Domain Names, and Web Pages. You will establish and maintain a published telephone listing, Google Places web page and Facebook web page for the Franchised Studio in all telephone books or web sites that we designate. You will not register, acquire or maintain control over any domain name or web page that describes or advertises the Franchised Studio or otherwise contains uses or displays our Proprietary Marks or Intellectual Property, or links to our websites, without our prior consent.

(e) Franchised Studio Condition. If the Franchised Studio suffers physical damage, you will restore the Franchised Studio to reflect the then current image, design and specifications of a Studio. If a casualty substantially destroys the Franchised Studio, you may elect to terminate this

Agreement in lieu of restoring the Franchised Studio unless your financing obligates you to restore and operate the Franchised Studio.

(f) Upgrades of Franchised Studio. We may require you to upgrade your Franchised Studio to conform to changes in our System Standards, which may include new signage, image, décor, equipment, technology and image standards for new Studios. Before the end of the Initial Term (if you have not given us proper notice of non-renewal), you must also upgrade your Studio to our current entry standards and design elements, complete any retraining we require, upgrade to our current equipment package and install our current point-of-sale system and other equipment. You must also remodel, redecorate and replace your Studio's furniture to our specifications. We may encourage you at any time to make a voluntary upgrade because of economic circumstances, competition, technological advances, brand imaging opportunities, or other compelling events or circumstances. Your voluntary agreement to perform an upgrade in those cases will not constitute a required upgrade under this paragraph.

(g) Your Employees. You must recruit, hire, train, schedule, equip, dress, discipline, manage and supervise a competent, conscientious staff to meet our System Standards, compliant with such uniforms and/or dress code as we may prescribe in the Operations Manual, and take such steps as are necessary to ensure that your employees preserve good customer relations and the goodwill of the Franchised System. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

(h) Life Safety. You must operate and maintain the Franchised Studio to meet the health and life safety standards and ratings applicable to the operation. You must furnish to us, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Franchised Studio. The Franchised Studio's failure of any health, sanitation or life safety inspection is a material breach of this Agreement and must be remedied within the time frame specified in the applicable regulations or code.

(i) Material Contracts. You must timely comply with your obligations under the Lease and any note, indebtedness, mortgage, deed of trust, security deed, equipment lease, supply agreement, utility contract, service agreement and other material contracts ("Material Contracts") applicable to you or the Franchised Studio and necessary to operate the Franchised Studio in compliance with System Standards. You shall furnish to us, within ten (10) days after your receipt, a copy of all notices, letters, warnings, or any other communications from the counterparty of any Material Contract regarding any default under or termination of any Material Contract. You must furnish a copy of any amendment, modification, replacement or supplement to the Lease.

(j) Membership Programs. The Manduu System is a membership model for client training using personal coach-trainers certified and training by us to provide personal training in group and individual sessions using the Manduu techniques and plans for fitness and nutrition specified in the Operations Manual. Your Franchised Studio will offer membership plans as set forth in the Operations Manual, modified as necessary to comply with state and local laws. You are responsible for informing us about modifications to effect state and local law compliance. We may modify this membership structure (on a franchisee-wide basis) and/or fee structure at any time in the Operations Manual. We will provide guidance and guidelines for membership plans, events and their pricing, but each Franchised Studio will set its own rates and prices for monthly membership fees, individual training events, authorized products and other services. All Franchised Studios will honor corresponding membership credentials from all other

Franchised Studios in the United States. The Operations Manual will set a reciprocity fee per visit that will be charged to and paid monthly to us by the home Studio of a member who visits another Studio for a class or session. We will disburse the reciprocity fee to the visited Studio or provide a credit against the next monthly Royalty equal to the reciprocity fee. We may establish a clearinghouse for credits and debits of reciprocity fees so each Studio receives credit for the amount that is net of its reciprocity fee charges incurred for its members.

9. Technology, Communications And Internet.

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

(b) Use and Access. You must utilize your Technology Systems in accordance with the Operations Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure that your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to enable us to have independent and unlimited access to the operational data collected through your Technology Systems, including information regarding your Gross Sales for purposes of calculating fees owed. Upon our request, you agree to provide us with the user IDs and passwords for your Technology Systems, including upon termination or expiration of this Agreement.

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

(d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs: (i) you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon our request, you agree to enter into a license agreement with us (or our affiliate) in a form that we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The "technology fee" includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the

technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems. The technology fee is due on each royalty payment due date, or as otherwise specified by us from time to time. As of the issuance date of the Franchise Disclosure Document you received, we charge a technology fee of $740 per month which covers your email accounts as well as the ongoing fees associated with Intacct financial software, FitSoft Manduu Software and the InBody Machine. The standard technology fee includes 1 license to our required Intacct financial software. If you need additional users, there is an additional technology fee of $300 per month for each additional Admin User and $12 per month for each additional Clerical User.

(e) Ownership and Protection of Data. We are the exclusive owner of all data that you and/or we collect relating to your members. We hereby grant you a license to utilize such data solely for purposes of operating your Studio in compliance with this Agreement. You may not lease, sell or rent such data to others. You shall provide to us such reports as we may reasonably request from the data so collected and maintained. You must provide to us in the format we require copies or original files of such data at our request. You will maintain your cash register and management systems on-line so that we may access them remotely at our discretion, copy stored data, update software, and view all records, files and reports available on or from those systems. You shall not purge data unless so permitted under the Operations Manual. You must protect all member data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy laws with respect to data, which if compromised, could have a negative impact on our image or consumer confidence. You shall abide by all applicable laws and payment card industry standards pertaining to the privacy and security of consumer, employee and transactional information ("Privacy Laws"). You shall comply with our System Standards and policies pertaining to Privacy Laws. If there is a conflict between our Standards and policies pertaining to Privacy Laws and applicable law, you shall: (1) comply with the requirements of applicable law; (2) immediately give us written notice of said conflict; and (3) promptly and fully cooperate with us and our counsel to determine the most effective way, if any, to meet our System Standards and policies pertaining to Privacy Laws within the bounds of applicable law. You shall not publish, disseminate, implement, revise or rescind a data privacy policy without our prior written consent. You shall encrypt personally identifiable information about customers and employees as required by Privacy Laws or the Operations Manual and follow all notification requirements, with a copy of all of your outbound notices to us, if any data breach, hack or unauthorized access event occurs.

(f) Customer Facing Technology. We may mandate that you offer free wireless Internet access or other accepted means of communication for customers of the Franchised Studio if we determine that such services are necessary to meet competitive market conditions. We may also mandate customer facing technology to accept and process merchandise orders, payments, entertainment options and other means of providing service and an attractive environment to customers.

(g) Extranet. We may, but are not required to, establish a dedicated website with secure access for communication with and among franchisees and to offer information content relevant to operation of the Franchised Studio (the "Extranet"). If we establish an Extranet, then you shall comply with our requirements set forth in the Operations Manual or otherwise in writing for connecting to the Extranet and utilizing the Extranet in the operation of the Franchised Studio. The Extranet may include, without limitation, and if so, will satisfy our obligations under this Agreement to provide to you, the Operation Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall pay any fee imposed from time to time by us, or a third party service provider, in connection with hosting such Extranet, as set forth in the Operations Manual.

(h) Websites. Unless we otherwise approve in writing, you shall not establish a separate Website (the term "Website" is defined to mean a group of related documents that can be accessed through a common internet address), but shall only have one or more references or webpage(s), as we designate and approve in advance, within our Website.

(i) Online Use of Marks and E-mail Solicitations. You shall not use the Proprietary Marks or any abbreviation or other name associated with the Franchised System or us as part of any e-mail address, domain name and/or other identification of you or your Owners in any electronic medium. You will not transmit or cause any other party to transmit on your behalf advertisements or solicitations by e-mail or other electronic media without first obtaining our written consent as to: (1) the content of such e-mail advertisements or solicitations; and (2) your plan for transmitting such advertisements. You shall be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as "CAN-SPAM").

(j) Internet & Social Media Use. We reserve the right to establish, modify and terminate policies and procedures about Internet marketing, publicity, social media, blogging and other activity as part of System Standards included in the Operations Manual. You shall not register, purchase or obtain the right to control content that includes any Proprietary Mark offered under any domain name or web site except as authorized under our marketing program then in effect or with our consent. You may generate, post, modify and withdraw content for social media accounts at your discretion and without our specific consent so long as the content is consistent with our marketing program then in effect and the applicable System Standards. All of your social media marketing must comply with our then-current social media policy. We reserve the right to establish policies and to control your access to social media for accounts related to the Franchised Studio, including without limitation the right to hold administrative privileges and rights for password and access control and to post and remove all photographs on such accounts. We may deny, suspend or revoke your access to such accounts if you are in default under this Agreement or you violate our System Standards regarding social media content and use. Under no circumstances shall you use social media accounts associated with the Franchised Studio to defame or disparage us, any of our Affiliates, any other franchisee or their Affiliates, any supplier or any customer or patron of your Franchised Studio, or engage in any publication or activity that is unlawful or detrimental to the goodwill of the Proprietary Marks, the Manduu brand or the Franchised System.

(k) Prohibitions. You are prohibited from using the Proprietary Marks, including "Manduu" to: (1) incur any obligation or indebtedness on behalf of yourself or us; and (2) be all or part of your entity name or other legal name after this Agreement terminates or expires for any reason, or as part of any e-mail or other electronic media address, domain name, URL, social media identifier, user name or other identification of you or your Owners in any electronic medium, or as a metatag, paid search term, or in any search engine optimization program, except as we expressly authorize in writing, in the Operations Manual or in any policy we issue regarding Internet advertising, marketing, social media, email and other on-line activity. Within five business days after the termination or expiration without renewal of this Agreement, you will change your legal name to remove the word "Manduu" and replace it with another word that is not confusingly similar to or the phonetic equivalent of any Mark.

(l) No Outsourcing without Prior Written Approval. You shall not hire third party or outside vendors other than our Affiliates to perform any services or obligations related to the Technology Systems or any other of your obligations under this Section, without our prior written approval. We may condition our consideration of any proposed outsourcing vendor(s) upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form we provide.

(m) Support. We may maintain during the Term a consumer response service that may involve voice, social media, chat or similar communications, to be responsive to inquiries from consumers and members. We may also maintain a help desk for Studio staff to contact us about equipment and technology used in the Franchised Studio.

(n) Changes to Technology. The parties acknowledge that technology used in the Studio business is dynamic and not subject to predictable patterns of development and change. To keep pace with technological needs and opportunities and to support the competitiveness of the Franchised System, you acknowledge that we shall have the right to establish, in writing, new and revised System Standards for the implementation of technology as part of the System. You shall abide by those new or revised System Standards as implemented on a System-wide basis.

10. E-Mail Communication. We will provide you with Manduu email addresses for use with your Studio. The cost for these email addresses and accounts is included as part of our technology fee. You must exclusively use the email address or addresses that we provide for all communications with us, members, suppliers and other persons relating to your Franchised Studio. You may not use any email address that we provide to you for any purpose unrelated to your Franchised Studio. We will own the email addresses and the account but will allow you to use them during the Term of this Agreement. You acknowledge that we are entitled to rely upon e-mail to communicate with you as part of the economic bargain underlying this Agreement. You authorize the transmission of e-mail from and to us, vendors and our affiliates on matters pertaining to the business contemplated under this Agreement. You shall immediately notify us of any technical problems with the e-mail account of you and your Owners that would make communications delayed or impossible. If any such e-mail account becomes disabled for any reason, you shall immediately provide us with an alternative e-mail address. You will cause your officers, directors, members and employees (as a condition of their association or position with you) to give their consent (in an e-mail, electronically, or in a pen-and-paper writing, as we may reasonably require) to transmission of our e-mails to them, and such persons shall not opt-out, or otherwise ask to no longer receive e-mails from us during the time that such person works for or is affiliated with you. You acknowledge that if you opt-out, or otherwise ask to no longer receive e-mails from us during the Term you will be in material breach of this Agreement.

11. Covenants Not to Compete. During the Term, you may not engage, either directly or indirectly through any financial or beneficial interest in any other Person, in any Competing Business, other than a Studio licensed by us. For a period of two (2) years after the termination or expiration of this Agreement for any reason, you may not engage in any Competing Business, other than a Studio licensed by us, within your Protected Area and within five (5) miles from any existing Studio, as then listed on our website or any directory we provide to you. We may reduce the duration and/or geographic scope of this provision by written notice to you for applicable law.

12. Confidential Information. You acknowledge you have no interest whatsoever in the Franchised System except the license in this Agreement. You acknowledge that the Franchised System constitutes our proprietary information including some Confidential Information and that the use or duplication of the Franchised System other than as permitted under this Agreement will constitute an unfair method of competition. You will not use the Franchised System in any business or any capacity for the benefit of any Person except as permitted under this Agreement or another written agreement with us. You will take all appropriate actions to preserve the confidentiality of all Confidential Information. Access to Confidential Information should be limited to persons who need the Confidential Information to perform their jobs and are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed a confidentiality agreement in the form attached to this Agreement, included in the Operations Manual or otherwise acceptable to us. You will not permit copying of Confidential Information (including, as to computer software, any translation, decompiling, decoding, modification or other alteration of the source code

of such software). You will use Confidential Information only for the Franchised Studio and to perform under this Agreement. Upon termination (or earlier, as we may request), you shall return to us all originals and copies of the Operations Manual, policy statements and Confidential Information "fixed in any tangible medium of expression," within the meaning of the U.S. Copyright Act, as amended. Your obligations under this subsection commence when you sign this Agreement and continue for trade secrets (including computer software we license to you) as long as they remain secret and for other Confidential Information, for as long as we continue to use the information in confidence, even if edited or revised, plus three years. We will respond promptly and in good faith to your inquiry about continued protection of any Confidential Information.

13. Franchised System Management.

(a) Ownership. We represent with respect to the Proprietary Marks that we have contractual rights and interests in and to the Proprietary Marks sufficient to license the Proprietary Marks to you for use in your Studio. We will take all reasonable commercial steps to preserve and protect such rights and interests in our rights in and use of the Proprietary Marks.

(b) Display of Marks. Your use and display of the Proprietary Marks will be subject to the following: (1) You shall use only the Proprietary Marks we designate, and use such Proprietary Marks only in the manner we authorize and permit; (2) you shall use the Proprietary Marks only for the operation of the Franchised Studio and only at the Location authorized under this Agreement, or in advertising for the Franchised Studio; (3) unless we otherwise authorize or require, you shall operate and advertise the Studio only under the name "Manduu," without prefix or suffix; (4) during the Term, you shall identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Studio when you make any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Studio as we may designate in writing; (5) your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement and the Operations Manual, and any unauthorized use thereof shall constitute an infringement of the rights of the owner of the Proprietary Marks; and (6) you shall execute any documents deemed necessary by us or our counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

(c) Infringements. You shall promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks we license to you. You acknowledge that we or Manduu EMS, LLC shall have the sole right to direct and control any civil, administrative or other proceeding involving the Proprietary Marks, including any settlement. We or Manduu EMS, LLC shall also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If we or Manduu EMS, LLC undertake the defense or prosecution of any litigation relating to the Proprietary Marks, you shall execute any and all documents and do such acts and things as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution, including, without limitation, becoming a nominal party to any legal action, and you will be reimbursed for any legal fees and expenses you incur in complying with this obligation.

(d) Our Defense of You. If you use the Proprietary Marks in compliance with this Agreement, we will defend you at our expense against any third party claim, suit or demand involving the Proprietary Marks arising out of your proper use thereof. We will reimburse you for your out-of-pocket costs in doing what we request under this Section, excluding the compensation costs of your employees, and we will pay the costs of any judgment or settlement. If such litigation is the result of your use of the Proprietary Marks in a manner not in compliance with this Agreement, you shall reimburse us for the costs

of such litigation, including, without limitation, our attorney's fees and the cost of any judgment or settlement.

(e) Reservation of Rights. You expressly understand and acknowledge that: (1) we and our licensors are the owners of all rights, title and interests in and to the Proprietary Marks and the goodwill associated with and symbolized by them; (2) the Proprietary Marks are valid and serve to identify the Franchised System and those who are authorized to operate under the Franchised System; (3) neither you nor any of your Owners shall directly or indirectly contest the validity or the ownership of the Proprietary Marks, nor shall you, directly or indirectly, seek to register the Proprietary Marks with any government agency, except with our express prior written consent; (4) your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement; (5) any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted under this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Proprietary Marks; and (6) the right and license of the Proprietary Marks granted to you is not exclusive, and we have and retain the rights, among others:

(1) To use the Proprietary Marks ourselves to offer and sell products and services;

(2) To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and

(3) To develop and establish, or to become affiliated with other systems using the same or similar Proprietary Marks, or any other Proprietary Marks, and to grant licenses or franchises thereto without providing rights therein to you.

(f) Substitute Marks. We reserve the right to substitute different Proprietary Marks for use in identifying the Franchised System and the Studio businesses operating thereunder if our currently owned Proprietary Marks no longer can be used, or if we determine that substitution of different Proprietary Marks will be beneficial to the Franchised System.

(g) Control of Franchised System. We will control and establish requirements for all aspects of the System. We may, in our discretion, change, delete from or add to the Franchised System, including any of the Proprietary Marks or Standards, in response to changing market conditions. We may, in our discretion, permit deviations from System Standards, based on local conditions and our assessment of the circumstances.

(h) Improvements. All present and future distinguishing characteristics, improvements and additions to or associated with the Franchised System by us, you or others, including, without limitation, all present and future service marks, trademarks, copyrights, and service mark and trademark registrations used and to be used as part of the Franchised System, and the associated goodwill, shall be our property or that of Manduu EMS, LLC and will inure to our benefit. You acknowledge that non-functional trade dress is an integral part of the System, and you covenant that you will not, directly or indirectly through an affiliate, use the trade dress in any structure that is not the Franchised Studio. You also acknowledge that such Intellectual Property includes any ideas, inventions, concepts, instructions, techniques of personal training and exercise, or other know-how developed, marketed, or licensed as part of the Franchised System, whether created by us, an Affiliate, a predecessor, licensor or by you with our approval as outlined in the Operations Manual. You grant to us a non-exclusive, perpetual, royalty-free worldwide license of all concepts, instructions, ideas, inventions, techniques of personal training and

exercise, or other know-how, advertising materials and trade secrets created by or for you for use in, by or for the Franchised Studio, and you acknowledge that we and our Affiliates may incorporate, modify, supplement, sublicense or otherwise commercialize such information as part of the Franchised System or in any other manner. At our request and expense, we may require you to execute and deliver an assignment of the ownership rights to any such Intellectual Property or such other writing as we may request to transfer ownership to us, or pursue registration or other legal protection for such Intellectual Property.

(i) Operations Manual. During the Term, we will provide you with access to the Operations Manual, one copy of which you acknowledge having received on loan from us, in a format we choose (including, without limitation, paper, CD/DVD or online). We may from time to time revise the contents of the Operations Manual, and you will follow our instructions to make corresponding revisions to all of your copies of the Operations Manual and to comply with each change in any System Standard. If there is any dispute as to the contents of the Operations Manual, the master copy of the Operations Manual we maintain in our home office shall be controlling.

(j) Manual Controls. The Operations Manual shall at all times remain our sole property regardless of format and shall at all times be kept, and the access codes and procedures for electronic versions shall be kept, in a secure place on the Franchised Studio premises. You shall at all times treat the Operations Manual, any other written material created for or approved for use in the operation of the Franchised Studio and the information contained therein as confidential and shall use all reasonable efforts to maintain such information as proprietary and confidential. Except for those portions of the Operations Manual that we designate in writing as appropriate for copying and use at the Franchised Studio, you shall not at any time copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

14. Reports and Records. Not later than ten (10) days after each Reporting Period, you will deliver to us a statement of the Gross Sales of the Franchised Studio for the preceding Reporting Period. Within twenty (20) days after the end of each calendar quarter, you will deliver to us a complete profit and loss statement for the Franchised Studio in a form prescribed by us (and any other statistical reports which we may require under the Operations Manual) for the previous quarter. You will also send us a copy of each monthly profit and loss statement showing a loss for the month within ten (10) days after the end of the Reporting Period. You also will send us a copy of all sales tax returns filed for the Franchised Studio as and when filed with each appropriate taxing authority. Within ninety (90) days after the end of each fiscal year, you will deliver to us a complete profit and loss statement covering the operations of the Franchised Studio for the preceding fiscal year and a balance sheet dated as of the close of that fiscal year. You will keep all records of the Franchised Studio for at least seven (7) years after the end of the fiscal year in which they are created in a manner and form satisfactory to us and will deliver any additional financial, operating and other information and reports which we may request on the forms and in the manner we prescribe in the Operations Manual. We will have the right to assemble and disseminate to third parties financial and other information regarding you and other franchisees to the extent required by law or to the extent necessary or appropriate to further the interests of the Franchised System as a whole. We will have the right to disclose your business name, address and telephone number as they appear in our records in our franchise disclosure documents and to any Person making inquiry as to the ownership of the Franchised Studio.

15. Inspection and Audit. We will have the right to inspect your Franchised Studio at any time during or immediately before or after regular business hours during the Term, with or without notice to you as part of our evaluation and quality assurance programs. We may test your fitness equipment for operational condition and alteration. We also will have the right to audit your accounts, books of original entry, records and tax returns (including, without limitation, state and local sales tax reports and federal,

state and local income tax returns) at all times during and after the Term. You will make copies of those items available for audit at our corporate offices at your cost on the date that we require. You will be charged an audit non-prepared fee if the dates of our audit have to be rescheduled. If the audit discloses that Gross Sales actually exceeded the amount you reported, you immediately must pay us any additional fees required by Section 5 plus interest at the rate specified in Section 5. Over-reported Gross Sales shall result in a refund or credit to you. If the audit discloses that Gross Sales actually exceeded the amount reported by an amount equal to or greater than three percent (3%) of the originally reported Gross Sales or more, you also must reimburse us for our reasonable out-of-pocket costs incurred for the audit and its enforcement, and undertake our remediation consulting program for which we will charge you a fee (currently $250/hour).

16. Local Marketing. On an ongoing basis, you spend at least three percent (3%) of Gross Sales for local marketing and promotional expenses of the Franchised Studio during each fiscal quarter. If you are opening in a new market with no prior brand recognition, you may be required to spend significantly more than three percent (3%) of your Gross Revenues during your first year of operation in order to build brand recognition in your market and drive customers to your Franchised Studio. Local marketing and promotional expenses include the cost of social media and online advertising, placement of radio and television spots, direct mail solicitations, digital and print newspaper and magazine advertising, public relations activities, community events and sponsorships, and other promotional materials and activities. You are responsible for the costs of any local advertising materials that you produce, as well as the customization of any corporate-provided media assets. Local marketing and promotional expenses do not include amounts spent on paper products, or retail items which may contain one or more of the Proprietary Marks. You will conduct all marketing and promotional activities that use the Proprietary Marks or refer to the Franchised Studio in a dignified manner and in compliance with the System Standards and requirements we specify. You will submit for our approval samples of all advertising and promotional materials that you wish to use at least thirty (30) days before making any financial commitment to use the materials. We will give you notice of any objections to the proposed materials within ten (10) days after their receipt. If you fail to discontinue the use of any unapproved materials within five (5) days after notice from us, we may enter the Franchised Studio, remove any unapproved materials and destroy the unapproved materials.

17. Intentionally Omitted.

18. Marketing Enhancements; Gift Cards. You shall participate in promotional programs we develop for the Franchised System in the manner we direct in the Operations Manual or otherwise in writing. These may include internet site enhancements and more robust loyalty programs. Additionally, we may sell or otherwise issue gift cards or certificates (together, "Gift Cards") that have been prepared utilizing the standard form of Gift Card we provide or designate. You shall fully honor all Gift Cards that are in the form we provide or approve, regardless of whether a Gift Card was issued by us or another sponsor. You will sell, issue and redeem Gift Cards in compliance with procedures and policies we specify in the Operations Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Franchised System Studios and for making timely payment to us or other franchisees of Gift Cards issued from your Franchised Studio honored elsewhere.

19. Brand and System Development Fund . You must pay a Brand and System Development Fund Contribution to us in an amount equal to two percent (2%) of the Gross Sales of the Franchised Studio during the preceding Reporting Period. We will account for all Brand and System Development Fund Contributions we collect in a separate account. We also may deposit the marketing, promotional and other payments we receive from suppliers into the Brand and System Development Fund. We will administer the fund. We may use the fund to pay for any of the following in our discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials,

promotions and programs; (ii) public awareness of any of the Proprietary Marks (defined in Item 13); (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. Any moneys in the Brand and System Development Fund not spent at the end of each fiscal year will remain in the Marketing Fund, provided that amounts contributed to the Brand and System Development Fund may be used to pay taxes associated with unspent amounts on deposit in the Marketing Fund. We will have the sole and exclusive discretion to direct all activities and programs funded by the Marketing Fund. You acknowledge that we have no obligation to expend Brand and System Development Fund amounts for your benefit equivalent or proportionate to your Marketing Contributions, and we do not warrant or guaranty that you will receive or derive any direct benefit from Brand and System Development Fund activities. We will make all studies and reports produced by the Brand and System Development Fund available to you at no cost as Confidential Information. We will make copies of all materials produced by the Brand and System Development Fund for franchisee use available to you at your expense. We may suspend, terminate and reinstate the Brand and System Development Fund at any time. The Brand and System Development Fund will not terminate, however, until we have spent all moneys in the Brand and System Development Fund for the purposes set forth above.

20. Publicity and Promotional Materials. We will have the right to photograph your Franchised Studio and to use the photographs in any of our publicity or advertising programs. You consent to such photography and use, and covenant to cooperate (on a "reasonable efforts, no promises basis") in securing the photographs and the consents of any individuals pictured.

21. Insurance.

(a) Before opening the Franchised Studio, you must obtain and thereafter maintain during the Term the following minimum amounts and policy forms of insurance from a responsible carrier or carriers authorized to write coverage in your state having an A.M. Best rating of at least A-VI and that we find acceptable. The type of coverage includes:

(1) Commercial General Liability coverage ($1 million single limit per occurrence; $2 million general aggregate limit, for both general liability and products/ completed operations liability) for personal injury and property damage, including premises, independent contractors, products and completed operations, contractual, personal and advertising liability, on an occurrence basis, with coverage on a 1986 or later ISO commercial general liability form policy;

(2) "All Risk" property coverage including a property damage limit for the full cost of replacement of the Franchised Studio and business interruption coverage for up to twelve months of projected earnings;

(3) Business Automobile Liability covering liability arising out of any auto (including owned, hired and non-owned autos), with a minimum of $1 million combined single limit each accident;

(4) Workers' Compensation or legally appropriate alternative covering all employees and contractors working at the Franchised Studio for statutory limits and Employers Liability with minimum limits of $500,000 bodily injury for each accident, $500,000 bodily injury by disease for each employee and $500,000 bodily injury disease aggregate;

(5) A $1 million Umbrella Policy on an occurrence basis covering excess of the underlying insurance described in (1), (3) and (4) above which is at least as broad as each and every underlying policy, provided that you may purchase more underlying coverage and less umbrella coverage under such policies as long as you maintain the total amount of the limits specified for each coverage area;

(6) Other insurance as may be required by the state or locality of the Franchised Studio;

(7) (Optional) Employment practices liability insurance with a limit of $500,000; and

(8) Employee Dishonesty/Fidelity insurance with a limit of $100,000.

(b) Other Provisions. All of the liability insurance policies, other than Workers' Compensation, must name us, Manduu America, LLC, Manduu EMS, LLC, and both of our respective officers, directors, members, shareholders, partners and employees as additional insureds on a primary basis for operations of the Franchised Studio. If the additional insured has other insurance applicable to a loss, it will be on an excess or contingent basis. The additional insured's insurance coverage will not be reduced by the existence of such other insurance. Your policies must constitute primary policies of insurance with regard to other insurance, must contain a waiver of subrogation provision in favor of us as it relates to the operation of the Franchised Studio, and must provide for at least thirty (30) days' notice to us prior to cancellation, non-renewal or amendment. Your policies may provide the minimum limits set forth above through a single policy or through the combination of primary and umbrella policies. We may modify the policy limits, policy requirements and coverage types during the Term in the Operations Manual.

(c) Certificate of Insurance. Before you commence renovation or construction of the Franchised Studio, you must furnish us with certificates of insurance evidencing that you have obtained the required insurance in the forms and amounts as specified above. You must deliver evidence of the continuation of the required insurance policies at least thirty (30) days prior to the expiration dates of each existing insurance policy. If you fail to acquire and maintain the required insurance coverage, we will have the right (but not the obligation), at your expense, to acquire and administer the required minimum insurance coverage on your behalf. We may end all of our duties with respect to the administration of any required insurance policies by giving you ten (10) days' notice.

(d) Remedial Insurance. If you, for any reason, shall fail to procure or maintain the insurance required by this Agreement and the Operations Manual, we shall have the right and authority (without any obligation to do so) immediately to procure such insurance and to charge the cost to you, together with a reasonable fee for acquiring each policy. You shall pay the same to us immediately upon notice.

22. Assignments & Transfers.

(a) Our Assignments. We may assign, delegate or subcontract all or any part of our rights and duties under this Agreement, including by operation of law, without notice and without your

consent. We may dissolve, terminate and wind up our business under applicable law but we will transfer the System and this Agreement to a party that will perform the franchisor's obligations and that will assume this Agreement in writing. We will have no obligations to you after you are notified that our transferee has assumed our obligations under this Agreement except those that arose before we assign this Agreement.

(b) Your Assignments. This Agreement is personal to you (and your Owners if you are an entity). We are relying on your experience, skill and financial resources (and that of your Owners and the guarantors, if any) to sign this Agreement with you. You may not directly or indirectly engage in a Transfer, without our prior consent, which we may withhold or condition in our sole discretion, except as expressly permitted under this Agreement. We may condition our consent on satisfaction of one or more of the following: (i) the proposed transferee must satisfy all of the requirements and conditions then being used to qualify as a new franchisee of ours; (ii) the proposed transferee must comply with Section 24; (iii) you must satisfy all of your monetary obligations then due and owing to us and our Affiliates; (iv) you must cure all existing defaults under this Agreement; (v) you and your guarantors must execute and deliver a general release of all claims and causes of action against us and our Affiliates; (vi) the transferee must execute and deliver our then current form of franchise agreement with the same Royalty Fee and the same expiration date and remaining renewal term (if any) as set forth in this Agreement and update the Studio to then-current standards; and (vii) you must pay us a transfer fee in the amount of 25% of our then-current franchise fee if you transfer this Agreement or the Franchised Studio, or in the event of an ownership change involving control of 50% or more of your equity interests, or effective control over the management of your business by modification of your Core Agreement (defined below). A transfer fee may still be required for transfer of an interest not involving control of a fifty percent (50%) or more equity interest in franchisee. A proposed transferee is not eligible for our consideration if the transferee or any of its owners has had a Franchise Agreement with us or any affiliated franchise system terminated for cause, is affiliated with a competitor, or would be in breach of Section 11 immediately upon closing of the transaction. However, a Transfer that is an initial transfer of the Franchised Studio and this Agreement from an individual to an entity owned by the individual does not require our consent. If you are an individual, then in the event of your death, permanent disability or appointment of a guardian for you, this Agreement will terminate 90 days after your death, permanent disability or appointment of a guardian unless we give our consent within that 90-day period to the assignment of this Agreement to a successor in compliance with this paragraph. You will notify us in writing of any change in the information stated on **Attachment A** before or within 10 days after such events.

23. Rights of First Refusal and Purchase Option.

Prior to the sale or transfer of any interest that constitutes Control (the "Offered Interest") of the Franchised Studio or of you, you must notify us of the proposed sale or transfer and deliver to us a term sheet or letter of intent, containing the name and address of the proposed purchaser or transferee, the proposed purchase price, and all other material terms and conditions of the proposed sale or transfer of the Offered Interest. In addition, to the extent they exist at the time the term sheet or letter of intent is executed, you will deliver to us one photocopy of the term sheet/letter of intent, and copies or electronic access to all diligence, offering and other materials furnished to the proposed purchaser as part of the selling process. Within fifteen (15) days after we receive the foregoing notice and materials, we will have the right and option to send notice to you that we intend to acquire the Offered Interest on the same terms and conditions as contemplated by the third party. If we do not send notice of our intent to acquire the Offered Interest within the 15-day period, you may proceed with the sale or transfer as disclosed to us, subject to our rights as set forth in this Agreement, as long as the terms and conditions of the sale or transfer stay identical to those as originally disclosed to us. Our failure to exercise our right of first refusal will not constitute a waiver of any other provision of this Agreement, or our right of first refusal as to any subsequent proposed sale or transfer. Any material change in the terms of the proposed sale or transfer prior to closing will constitute a new sale or transfer, subject to the same right of first refusal by us as for the initial sale or

transfer. Any sale or transfer attempted without first giving us the right of first refusal specified in this Section 23 will render the attempted sale or transfer null and void. We may utilize the remedy of specific performance to enforce this right.

24. Business Entity Franchisee. Your certificate of incorporation, shareholders' agreement, partnership agreement, trust agreement, operating agreement, or other similar agreement (a "Core Agreement") must provide that your purpose will consist only in the development, ownership, operation and maintenance of Studios. The Core Agreement must prohibit the issuance of any additional equity ownership interests or the transfer, assignment or pledge of any issued equity ownership interests without our consent and must provide that each certificate or document issued to evidence any equity ownership interest will contain a legend disclosing the foregoing restriction. In giving our consent under Section 22 to any issuance or transfer of your equity interests, and notwithstanding any other provisions in this Agreement, we may in our discretion impose one or more conditions, including (without limitation) the requirement that the individual beneficial owner of the equity ownership interest must demonstrate financial strength and business experience reasonably satisfactory to us (as to competency to operate the Studio) and execute the form of Guaranty Agreement attached as **Attachment C** or a supplement to the original such Agreement acceptable to us in form and substance adding such person as a guarantor. You must deliver to us all of the documents demonstrating compliance with this Section when we so request. In addition, the Transferee must not be owned and/or controlled by any Person or Affiliate of such Person who or which is in known competition with us in a Competing Business.

25. Death or Appointment of Guardian or Conservator of a Principal. Upon the death of the majority Owner, or the appointment of a permanent guardian or conservator to manage the majority Owner's affairs, the majority Owner's trustee, conservator or other personal representative may hold the deceased's equity interest in the franchisee entity for up to one year and may only transfer the deceased's interest from the estate, a testamentary trust or inter vivos trust or asset preservation trust to a third party we approve under the procedures set forth in this Agreement. If the Owner was the General Manager, then we may treat the personal representative, trustee or conservator as the General Manager if qualified, or require someone else to qualify to be the General Manager. You will pay us a fee of 25% of our then-current franchise fee in the event of your death or disability and your heirs or representatives request us to act as a non-exclusive agent for the sale of your franchise.

26. Temporary Disability of An Owner. If a physician, court or administrative agency determines that an Owner that is also the General Manager owning a controlling interest in you has become temporarily disabled and incompetent to manage his or her own affairs, we have the right to require that a General Manager (or the functional equivalent) be appointed until the Owner's permanent status is determined. If we determine, in our Reasonable Business Judgement, that we need to manage your franchise until a General Manager is appointed, you will pay us our direct and indirect costs incurred in managing your franchise, plus 7.5% of Gross Sales. We may require that the Owner's equity interest be transferred to a third party acceptable to us following the assignment conditions and procedures in this Agreement if the temporary disability does not resolve within six months after the temporary disability is determined.

27. Intentionally Omitted.

28. Termination by You. If we substantially fail to perform any of our material obligations to you under this Agreement, you must give us written notice of non-performance and at least sixty (60) days to cure the failure. If the failure continues at the end of such sixty (60) day cure period, you may terminate this Agreement on written notice to us delivered at any time before we cure the failure. You may not withhold the payment of any fees due under this Agreement during the pendency of the cure period, and any payment by you of fees accruing after the expiration of the cure period will be deemed a

waiver of our default by you.

29. Termination by Us for Incurable Defaults. We may terminate this Agreement effective immediately (or at the earliest time allowed under applicable law) upon written notice to you for any of the following events:

(a) You close or abandon the Franchised Studio for a period of three (3) or more days in any seven (7) day period except for any remodeling or vacation we approve in advance;

(b) You or any of your Owners request the appointment of a receiver or have a receiver appointed for the Franchised Studio, you or any of your or their assets;

(c) You or any of your Owners become insolvent or make a general assignment for the benefit of your or their creditors;

(d) You or any of your Owners commence a case for relief or have an order for relief entered for you or them under the United States Bankruptcy Code or any foreign equivalent;

(e) You or any of your Owners suffer a conviction for, or plead guilty or *nolo contendere* to a crime involving moral turpitude or any other offense, or an incident occurs at or involving the Franchise Studio or an off-premises service provided by the Franchise Studio, reasonably likely, in our opinion, to have an adverse effect on the goodwill of the Proprietary Marks or name and reputation with the consuming public of Studios;

(f) We discover a material inaccuracy in any of your representations in this Agreement or in any application you submitted to us to become a franchisee;

(g) You maintain false or materially inaccurate books or records, including tax records;

(h) You breach the same provision of this Agreement on two (2) occasions within any twelve (12)-month period, with our having given you the required notice of the first breach (whether or not timely cured by you);

(i) You fail to secure a lease within sixty (60) days of the Effective Date or do not open for business within the time period required in **Attachment A**;

(j) You or any of your Owners violate or otherwise breach any covenants concerning confidentiality contained in this Agreement including, but not limited to, those referred to in Section 12 hereof;

(k) You or your owners, managers, or employees breach the covenants against competition described in Section 11 or **Attachment D** hereof;

(l) Your General Manager and three (3) additional individuals fail to complete the Manduu Personal Coach Trainers program at least two (2) weeks prior to the Franchised Studio Opening Date;

(m) You commit a breach which, by its nature, you cannot cure or with regard to which you notify us that you do not intend to cure;

(n) A court, administrative tribunal, health department having jurisdiction over the Franchised Studio or an independent laboratory determines that a preventable incident of illness is

attributable to the Franchised Studio, and we determine in good faith that such incident resulted from your breach of System Standards or this Agreement; or

(o) You or your Owners engage in or suffer a Transfer in violation of Section 22.

30. Termination by Us for Curable Defaults. We may terminate this Agreement if you fail to cure any monetary default after at least ten (10) business days' notice of the monetary default. Except for these events listed in Section 29 for which we may terminate this Agreement immediately, we may terminate this Agreement if you fail to cure any non-monetary default after at least thirty (30) days' notice of the non-monetary default, or such longer period of time as is reasonable under the circumstances (not to exceed forty-five (45) days), so long as you make continuous reasonable efforts to cure the default. Examples of non-monetary defaults that could require more than thirty (30) days to cure: reinstating a lapsed permit; remittance of a late filed tax return or other reports required hereunder; obtainment of a Lease Addendum or estoppel due to landlord failure to respond. A monetary default means your failure to make any payments as and when due to us or to Affiliates or suppliers, or to maintain the insurance required under this Agreement. A non-monetary default means: (a) any default in the performance of any of your other obligations under this Agreement or any other agreement with us, our Affiliates or suppliers, other than the failure to make any payments as and when due to us, our Affiliates or to suppliers; or (b) any condition which makes the continued operation of the Franchised Studio more likely than not a danger to public health or safety.

31. Certain Waivers.

(a) You and we waive the right to pursue and receive any exemplary and punitive damages against the other party in any dispute arising under this Agreement or relating to the franchise relationship, whether asserted as a related or independent tort, as a breach of contract, or as any other claim or cause of action based on constitutional, statutory or common law.

(b) **THE PARTIES WAIVE THE RIGHT TO A JURY TRIAL IN ANY ACTION RELATED TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE FRANCHISOR, THE FRANCHISEE, ANY GUARANTOR, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS. ANY CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES IS EXPRESSLY WAIVED EXCEPT WHERE FRANCHISOR SEEKS INJUNCTIVE RELIEF OR ANY OTHER PROVISIONAL REMEDY (e.g. REPOSSESSION/REPLEVIN). ALL DISPUTES SHALL BE MEDIATED WITHIN THIRTY (30) DAYS' NOTICE BY EITHER PARTY. THE PARTIES SHALL AGREE ON A MEDIATOR WITHIN TEN (10) DAYS OF A MEDIATION NOTICE AND SHALL EACH PAY FIFTY PERCENT (50%) OF THE MEDIATOR'S FEES. DISPUTES NOT RESOLVED BY MEDIATION SHALL BE ARBITRATED IN DAVIDSON COUNTY, TENNESSEE, PURSUANT TO THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA"), WITHIN NINETY (90) DAYS OF NOTICE FROM EITHER PARTY. TO THE EXTENT APPLICABLE, TENNESSEE LAW SHALL APPLY. THERE SHALL BE ONE ARBITRATOR CHOSEN BY AAA, BUT ACCEPTABLE TO BOTH PARTIES.**

32. Obligations Upon Termination or Expiration.

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

(a) Cessation of Operations. You shall immediately cease to operate the Studio and shall not thereafter, directly or indirectly, hold itself out as a present or former franchisee of ours.

(b) Termination of Right to Use System and Marks. You shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the Marks, and all other distinctive signs, symbols and devices associated with the System.

(c) Franchisor's Rights to Premises. We shall have the right, exercisable upon written notice to you within thirty (30) days after such expiration or termination is effective, to require you to assign all of your rights and obligations under any lease for the Studio premises to us and to immediately surrender possession of the Studio premises, including all fixtures and leasehold improvements, to us. If we exercise that right, we have an additional right, to be exercised within thirty (30) days after taking possession of the Studio premises, to purchase all of your fixtures, furnishings, signs, equipment, decorations, advertising materials, inventory and other assets used in connection therewith at fair market value. If the parties cannot agree on the fair market value, then within fifteen (15) days after notice by us to you of our intention to designate an appraiser to determine the fair market value, we and you shall each designate by written notice to the other, its choice of an appraiser; and the appraisers so chosen by us and you shall select a third appraiser. If either party fails to so designate its choice of an appraiser within such fifteen (15) day period, then the appraiser designated by the other party within such period shall be the sole appraiser. All selections of appraisers shall be completed within thirty (30) days after notice by us of its intention to designate an appraiser, and the appraisers shall agree upon the fair market value of the items mentioned above within fifteen (15) days after the appointment of the last of the appraisers to be so appointed. A decision by the majority of the appraisers shall be final. The closing of the purchase and sale shall not be later than twenty (20) days after the date the parties agree upon the fair market value or the date of the appraisers' decision, whichever is applicable. Appraisal costs shall be borne equally by us and you. The acquisition price, less any sums otherwise due us from you, shall be payable at closing, which shall take place at our offices. If we elect not to purchase the items mentioned above, you shall, at your own expense and under our supervision, remove those items from the Studio premises within ten (10) days after such final election or ten (10) days after expiration of the option period, whichever is earlier. If you fail to remove all such property from the Studio premises within such period, we shall be entitled to do so, or to authorize a third party to do so, all at your expense.

(d) Changes to Premises. In the event we do not exercise our option to acquire the lease for the Studio premises pursuant to Section 32(c) above, or if such option is not applicable, you shall within thirty (30) days after termination or expiration of this Agreement make such modifications or alterations to the Studio premises as may be necessary to distinguish the appearance of such premises from that of other studios in the System, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In addition, you shall remove all items bearing our Marks or Confidential Information.

In the event you fail or refuse to comply with the requirements of this Section 32, we shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at your expense, which expense you agree to pay upon demand.

(e) No Use of Marks. You agree, in the event you continue to operate, or subsequently begin to operate, any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us.

(f) Payment of Obligations. You shall promptly pay all sums owing to us and our subsidiaries and affiliates. In the event of termination for any default of you, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, signs, fixtures, equipment and inventory owned by you and on the premises operated hereunder at the time of default.

(g) Payment of Expenses. You shall pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section 32.

(h) Return of Materials. You shall immediately deliver to us all Manuals, records, files, instructions, correspondence, brochures, agreements, invoices, and any and all other materials relating to the operation of the Studio in your possession, and all copies thereof (all of which are acknowledged to be our property), and shall not retain any copies or records of any of the foregoing, except your copy of this Agreement and any documents you reasonably need for compliance with any provision of law.

(i) Purchase of Materials. If we do not exercise the option to purchase pursuant to Section 32(c) or such option is otherwise not applicable, we shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase any or all items constituting the distinguishing characteristics of the System, including any or all items bearing our Marks, including without limitation fixtures, furnishings, signs, equipment, advertising materials and inventory, at fair market value. If the parties cannot agree on fair market value within a reasonable time, the fair market value shall be determined in accordance with the procedures set forth at Section 32(c) hereof. If we elect to exercise any option to purchase as herein provided, we shall have the right to set off all amounts due from you under this Agreement, if any, against any payment therefor.

(j) Change of Name. You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark Manduu or any other service mark or trademark of ours. You shall furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

(k) Confidential Information. You and your Principals shall comply with the covenants contained in Section 12 of this Agreement. Any other person required to execute covenants pursuant to Section 12 shall also comply with such covenants.

(l) Telephone Numbers. You, at our option, shall assign to us all rights to the telephone numbers of the Studio and execute all forms required by any telephone company to transfer such service and numbers to us, and you shall thereafter use different telephone numbers at or in connection with any subsequent business conducted by you.

33. Injunctive Relief. Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction. You acknowledge that money damages may not be sufficient to compensate us for the irreparable harm caused by loss of certain rights, property, benefits and privileges reserved to us under this Agreement as a result of your breach of this Agreement, including with limitation your breach of Sections 6(h), 8(c), 8(d), 8(h), 9, 11, 12, 13, 15, 22, 23, 27, and 32. If you breach or we reasonably anticipate that you may breach any of these provisions or any other provision of this Agreement, then you covenant, acknowledge and agree that we have the right to seek and obtain injunctive relief in any court of competent jurisdiction to enforce, observe and preserve the terms, conditions and procedures specified in this Agreement without

posting any bond or security. If the court shall require bond or security, you agree that the principal sum of $1,000 posted as a bond or security is sufficient. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

34. Indemnification by Franchisee.

(a) You will, at all times, indemnify and hold harmless to the fullest extent permitted by law, us, the Master Franchisor, our affiliates, the respective shareholders, members, directors, officers, employees, agents and representatives of each of them, and their respective successors and assigns, from all Losses and Expenses incurred in any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

(1) Your infringement, alleged infringement or any other violation or alleged violation of any trademark, copyright or other proprietary right owned or controlled by third parties;

(2) Your violation, breach or alleged violation or breach: (i) of any contract, federal, state or local law, regulation, ruling, standard or directive; or (ii) arising out of your business activities hereunder;

(3) Libel, slander or any other form of personal injury by you or arising out of your business activities hereunder;

(4) Your violation or breach of any warranty, representation, agreement or obligation in this Agreement; or

(5) Acts, errors or omissions of you or any of your agents, servants, employees, contractors, Owners, partners, affiliates or representatives.

(b) Notice of Claims. You will give us notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At your expense and risk, we may elect to assume (but under no circumstance are obligated to undertake), the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish your obligations under this Section.

(c) Risk of Loss. All Losses and Expenses incurred under this Section shall be chargeable to and paid by you as your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity or defense.

(d) No Assumption of Liability. The persons or parties indemnified do not assume any liability whatsoever for acts, errors, or omissions of those with whom you may contract, regardless of the purpose. Your hold harmless and indemnity obligation shall include all losses and expenses that may arise out of any acts, errors or omissions of these third parties.

(e) Remedial Action. In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we, in our Reasonable Business Judgment deem appropriate, order, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to any action, suit, proceeding, claim, demand, inquiry or investigation if, in our sole judgment, there are reasonable grounds to believe

that:

(1) Any of the acts or circumstances enumerated in this Section have occurred; or

(2) Any act, error or omission of yours may result directly or indirectly in damage, injury or harm to any person or any property.

(f) Survival. This Section shall survive expiration or earlier termination of this Agreement without regard to the cause of termination.

35. Force Majeure. If an act of nature prevents a party from performing any obligation under this Agreement despite the party's exercise of reasonable diligence, the act of nature will toll the due date for the performance of that obligation for the duration of the act of nature and for a reasonable time thereafter. No force majeure shall excuse the timely payment of amounts due under this Agreement. Should the Franchised Studio close for any reason relating to natural disaster, accident or other unforeseeable events, you will vigorously pursue reopening at the same or a new location in the Protected Territory that we first approve. If you have not resumed operations within one hundred eighty (180) days after closing, we may terminate this Agreement without penalty to you so long as you have paid us a royalty on your business interruption insurance proceeds and otherwise not breached any of the covenants of this Agreement.

36. Relationship of Parties.

(a) Limitations. Neither this Agreement nor the performance of the obligations set forth in this Agreement will operate to make you our partner or agent. Neither party will have the authority to act or contract on behalf of the other. Neither party will have any responsibility for the obligations of the other party. The relationship created by this Agreement is that of an independent contractor, and no fiduciary relationship is created or intended. You agree to use the Marks as the sole identification of your Studio; provided, however that you must identify yourself as the independent owner of your business in the manner that we prescribe. During the term of the franchise relationship, you must conspicuously identify yourself at your base of operations (and at any other location we prescribe), and in all dealings with third parties, as a franchisee of ours and the independent owner of your Studio. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time.

(b) Reserved Rights. Whenever we reserved in this Agreement a right to take or withhold an action, or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our rights, on the basis of the information readily available to us and our judgment of what is in our best interests and/or in the best interests of the our franchise network, at the time the decision is made, without regard to whether: (1) other reasonable alternative decisions or actions could have been made by us; (2) our decision or action will promote our financial or other individual interest; (3) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (4) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties acknowledge that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from

taking actions not inconsistent with your rights and obligations hereunder.

(c) Reasonable Business Judgment. You and we agree that we may use our Reasonable Business Judgment in the exercise of our rights, obligations and discretion under this Agreement except where otherwise indicated. "Reasonable Business Judgment" means that our determination shall prevail even in cases where other alternatives are also reasonable so long as we intend to benefit or its actions or omissions could benefit the Franchised System. Examples of benefits to the Franchised System would include, without limitation, protecting or enhancing the value of the Proprietary Marks, promoting economic efficiency or gain for the Franchised System Studios, increasing customer satisfaction, increasing brand identification, or minimizing possible customer brand or location confusion. We shall not be required to consider your particular economic or other circumstances when exercising our Reasonable Business Judgment. At no time are you or any third party (including, but not limited to other franchise owners or any trier of fact) entitled to substitute your or its judgment for a judgment, which has been made by or on behalf of us which meets the definition of Reasonable Business Judgment. You and we agree that the long-term goals of a franchise system, and the long-term interests of both us and all the franchisees, taken together, require that we have the latitude to exercise our Reasonable Business Judgment.

(d) Time. Time is of the essence of this Agreement.

37. Employment Decisions. You have and will continue to have sole responsibility for recruitment, selection, training, supervision, discipline and termination of your employees, all acts and omissions of your employees, and all employment related decisions involving compensation, benefits, hours of work, scheduling, record keeping, and all other terms and conditions of employment.

38. Holidays. If the due date for any payment of funds under this Agreement falls on a legal holiday, the due date for the payment will extend until the next business day.

39. Entire Agreement. This Agreement (including all attachments, exhibits and schedules) constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other prior written, electronic and oral agreements and statements of the parties relating to the subject matter of this Agreement. Neither party is relying on any writing to enter into this Agreement other than as set forth in this Agreement and the Franchise Disclosure Document delivered to you. Nothing in this Agreement or any related agreements is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

40. Approvals and Waivers. You must request any prior approval or consent required under this Agreement from us by means of a timely written request. Any such approval or consent must be obtained in writing. No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you under this Agreement shall constitute a waiver by us to enforce any right, option, duty or power as against you, or shall apply as to subsequent breach or default by you. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of this Agreement. The failure of a party to insist in any one or more instances on the performance of any term or condition of this Agreement will not operate as a waiver of any future performance of that term or condition.

41. Notice. Except as otherwise provided in this Agreement, when this Agreement requires notice, the sending party must deliver or address the notice to the other party by certified mail, telecopy, or delivery service with receipted delivery, or by electronic mail followed by transmittal of the original by first class United States Mail, to the following address or telecopy number:

Us: Manduu America, LLC

128 4th Ave. North

Franklin, Tennessee 37064

Attention: Jason Ritzen

Email: cjr@ritzengroup.com

You: _____

_____

_____

Attn: _____

Email: _____

All notices will be deemed delivered and received if transmitted to the proper address on the earlier of: (a) the date that the other party receives or refuses delivery of the notice; or (b) three (3) business days after the party places the notice in the United States mail, first class postage prepaid. Each party may change the party's address by giving written notice to the other party.

42. Cumulative Rights. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The parties retain all rights and remedies available at law or in equity.

43. Survival. The provisions of this Agreement which, by their terms, survive the termination or expiration of this Agreement will survive the termination or expiration of this Agreement for any reason.

44. Governing Law. This Agreement shall be governed by the laws of Tennessee (without regard to any conflicts of law principles).

45. Venue. Except for any third party dispute in which the Parties may be involved subject to Section 34, the proper, and except for mandatory mediation and arbitration pursuant to Section 31, sole and exclusive venue and forum for any action arising out of or in any way related to this Agreement shall in the federal and state court districts in which we then have our principal place of business. As of the Effective Date, the proper venue is in the United States District Court for the Western District of Tennessee situate in Davidson County, Tennessee and the state courts situate in Davidson County, Tennessee. Each party to this Agreement hereby consents to any of those courts' exercise of personal jurisdiction over the party in that type of action and expressly waives all objections the party otherwise might have to that exercise of personal jurisdiction.

46. Legal Fees. If either party succeeds in any arbitration or legal action to enforce this Agreement, the losing party will reimburse the prevailing party for its outside and inside attorneys' fees

and costs related to the action, in addition to any other relief obtained by the prevailing party.

47. Construction. The rule of construction requiring the resolution of any ambiguities in this Agreement against the drafting party will not apply to the construction of this Agreement.

48. Severability. If any provision of this Agreement (other than Section 5) is held to be invalid or ineffective with respect to any Person or circumstance, the holding will not affect the remainder of this Agreement or the application of this Agreement to any other Person or circumstance.

49. Counterparts. The parties may execute this Agreement in counterparts, each of which will constitute an original and all of which, when taken together, will constitute one and the same instrument.

50. Amendment. No amendment to this Agreement will become effective or binding on the parties, unless it is in writing and signed by all of the parties; provided, that we may modify or change the Franchised System or Operations Manual unilaterally at any time, effective 30 days after notice of the change or modification is sent to you, unless health and safety concerns compel us to provide a shorter notice period.

51. Definitions. Unless the context of their use in this Agreement requires otherwise, the following words and phrases have the following meanings when used in initially-capitalized form in this Agreement.

(a) "Affiliate" means: (1) any Person who Controls, is Controlled by, or is under common Control with a Person; and (2) any Owner of any Person.

(b) "Competing Business" means any fitness concept that offers personal training involving products or services utilizing electronic muscle stimulation.

(c) "Confidential Information" means any trade secrets we own or protect and other proprietary information not generally known to the boutique fitness studio industry including confidential portions of the Operations Manual and information we otherwise impart to you and your representatives in confidence. Confidential Information includes exercise program plans and instructions, proprietary software and other valuable property.

(d) "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

(e) "Effective Date" means the date we enter immediately below our signature block on this Agreement as the date on which you and we are legally bound under this Agreement, provided that if no such date is entered, then the Effective Date shall be the date on which we execute and deliver this Agreement.

(f) "Franchised Studio" means a Studio that you establish and operate at the applicable Location.

(g) "Franchised System" or "System" means the distinctive, unique and proprietary marks and trade dress, products, presentation styles and services, know-how, methods of operation, identification, décor, furnishings, equipment, training, service, production, technology, marketing, advertising, promotion and development that we may designate in written or electronic form or through

usage from time to time that define and distinguish a Studio, including (without limitation) (1) plans and specifications for interior and exterior signs, designs, layouts and color schemes; (2) methods, techniques, formats, systems, exercise and fitness programs, personal training tests, plans, evaluations, instructions, routines and specifications, procedures, information, trade secrets, sales and marketing programs; (3) methods of business operations and management; (4) System Standards; (5) the Operations Manual; and (6) knowledge and experience regarding the operation and franchising of Studios.

(h) "General Manager" means the on-premises Manduu Personal Coach/Trainer who will be primarily responsible for the day-to-day operation and supervision of the Franchised Studio.

(i) "Gross Sales" means all revenues accrued from all business conducted at or from your Franchised Studio, whether paid by cash, check, credit card, charge account, barter exchange or otherwise, without deduction for bad debt, credit card fees or other costs of collection or processing, but (a) excluding all federal, state and municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority, and (b) reduced by the amount of actual documented refunds and credits the Studio in good faith gave to customers if those amounts originally were included in Gross Sales.

(j) "Intellectual Property" means the Proprietary Marks, patents, copyrights, copyrightable material, ideas, concepts, inventions, know-how, trade secrets, Confidential Information, and other proprietary information that we designate in written or electronic form or through usage from time to time as part of or prescribed for use with the Franchised System.

(k) "Losses and Expenses" means, without limitation, all losses, compensatory, exemplary or punitive damages, penalties, fines, charges, costs and expenses of investigation, defense and resolution, lost profits, attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to our and our Affiliates' reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matter described.

(l) "Location" means the address identified in **Attachment A** as the site of your Franchised Studio.

(m) "Manduu Personal Coach/Trainer" or "Master Trainer" means a person who has successfully completed our Manduu program, is employed at a Certified Training Studio and who has their qualifications measured quarterly by a "Manduu's Standard Assessment" in which they must maintain high level of operational excellence to sustain their training certification, as well as having received a nationally recognized personal training certification.

(n) "Opening Date" means the date on which you open your Franchised Studio for business, after receiving our consent to open.

(o) "Operations Manual" means the manual or collection of materials in written or electronic form which we designate from time to time as containing the System Standards, specifications, procedures, policies, methods of operating the Franchised Studio, other elements of the Franchised System and any information designated in this Agreement for inclusion or modification in the Operations Manual.

(p) "Owner" means any Person that holds a direct or indirect equity ownership interest (including beneficial and record interests) in you.

(q) [Reserved]

(r) "Person" means any individual or business entity, including (without limitation) corporation, joint venture, general partnership, limited partnership, limited liability company, or trust.

(s) "Proprietary Marks" or "Marks" means the registered and unregistered distinctive and characteristic trade names, domain names, trademarks, service marks, logotypes, and trade dress elements that we designate in written or electronic form or through usage from time to time as prescribed for use with the Franchised System.

(t) "Protected Area" means the geographic area described on **Attachment A**.

(u) "Reporting Period" means a calendar month. We reserve the right to establish a fiscal year and reporting period structure that reflects accepted industry practices and may not end on December 31.

(v) "System Standards" means the standards for the Franchised Studio and using the Franchised System published in the Operations Manual and elsewhere, including but not limited to standards for design, furnishings, fixtures and equipment, use and display of the Proprietary Marks, operations, technology and any other standards, policies, rules and procedures we promulgate about Franchised System operation and usage.

(w) "Studio" means a Studio operating under the Franchised System using Manduu name and mark, or such other name and mark as we may specify under the Operations Manual, as amended.

(x) "Transfer" means, for the purposes of Section 22, any transaction that is or results in (i) an assignment of this Agreement or delegation of any of your rights and obligations under this Agreement, (ii) grant of a security interest, pledge, lien or encumbrance on this Agreement, (iii) a change in ownership of an equity interest, or any issuance of additional equity interests to new persons or entities not listed on Attachment A, (iv) any merger, consolidation or sale of substantially all assets, if you are an entity, (v) any sale or lease of the Franchised Studio, or a sale of the Location if you own it, or any eviction, detainer, foreclosure or deed in lieu of foreclosure that results in the loss of possession of and control over the Franchised Studio, (vi) any delegation of management rights or responsibilities of the Franchised Business, or (vii) any distribution, gift or donation of any interest in the Franchised Studio. The creation of any profits interest, synthetic equity, phantom equity or similar interest that does not create ownership economic rights or voting rights is not a transfer.

52. Your Representations. You represent to us as follows:

(a) Independent Investigation. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that it involves substantial business risks, making the success of the venture largely dependent on your management skills and resources. You have not received from us or our Affiliates, any oral or written, express or implied projection, representation, warranty or guaranty regarding the potential sales, revenues, income, profits or success of the business venture contemplated by this Agreement. You have had the opportunity to consult with independent advisors of your own selection such as a lawyer or accountant before making your decision to sign this Agreement and develop and operate a Studio.

(b) This Transaction. You and the persons signing this Agreement for you have full power and authority and have been duly authorized, to enter into and perform or cause performance of

your obligations under this Agreement. You have obtained all necessary approvals of your Owners, Board of Directors, Members, Partners, and/or lenders. No executory franchise, license or affiliation agreement for the Location exists other than this Agreement. **Attachment A** accurately states your Owners. Your execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which you or any of your Owners is a party or is subject or to which the Location is subject. Neither you nor the Location is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date you execute this Agreement and was not within the three years preceding such date, except as disclosed in your franchise application. To the best of your knowledge, neither you, your Owners, your officers, directors, contractors, or employees or anyone else affiliated or associated with you, whether by common ownership, by contract, or otherwise, has been designated as, or are, a terrorist, a "Specially Designated National" or a "Blocked Person" under U.S. Executive Order 13224, in lists published by the U.S. Department of Treasury's Office of Foreign Assets Control, or otherwise.

(c) No Misrepresentations or Implied Covenants. All written information you submit to us about the Location, you, your Owners, any guarantor, or the finances of any such person or entity, was or will be at the time delivered and when you sign this Agreement, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between we and you except as expressly stated in this Agreement.

(d) No Guarantees of Success. We and our representatives have made or communicated to you no claims of assured or guaranteed success of the business contemplated by this Agreement prior to signing this Agreement. You voluntarily enter into this Agreement and undertake all the terms and conditions thereof without any such inducements, promises, or representations. Without limiting the foregoing, we expressly disclaim the making of, and you acknowledge that you have not received any representations, warranties or guarantees, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement, or as to the suitability of any selected or proposed Location as a successful location for the Franchised Studio.

[*Signature Page Follows*]

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby, have duly executed, and delivered this Agreement the day and year first written above. Franchisee acknowledges receipt of the Franchise Disclosure Document, or state variation thereof, at least fourteen (14) calendar days prior to the date hereof, and receipt of the execution copy of this Agreement, with all material terms filled in, at least seven (7) calendar days prior to the date hereof.

FRANCHISOR	FRANCHISEE
Manduu America, LLC	
_____	_____
By: _____	By: _____
Its: _____	Name Printed: _____
Date: _____	Date: _____
_____	_____
Witness	Witness

Franchisee's Principals hereby agree to be bound by the terms and conditions of this Agreement.

In the presence of:	SHAREHOLDERS, MEMBERS, PARTNERS, AND OTHER ULTIMATE BENEFICIAL OWNERS OF FRANCHISE:	Ownership Percentage:
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Attachment A

Transaction Details

1. Location of Franchised Studio:

2. Time to complete and open Franchised Studio: 150 days after the Effective Date. However, if you are prevented from opening within the required period of time due to a government-imposed economic shutdown, we will extend your opening deadline for the duration of the applicable government-mandated closure.

3. InBody Machines and Electronic Muscle Stimulation Equipment Purchased:

4. Protected Area:

5. Address and Contact Information of Franchisee:

6. Initial Franchise Fee: $75,000.00.

7. Your Owners:

Name	Address	Telephone	Email	Percentage Ownership

* Person designated as Owner-Operator.

Attachment B

Automated Clearing House Payment Authorization

ACH Authorization Form

This form **MUST** be accompanied by a **Printed Voided Check or Bank Letter**

Add ☐ Delete ☐ Change ☐

Company Name:_____

Address:_____

City:_____State:_____Zip:_____

Phone:_____

Funds Settlement Information

Bank Name:_____

Account Owner:_____

Account Name:_____

Address:_____

City:_____State:_____Zip:_____

Routing # (9 digits)_____

Account #_____

_____ (hereinafter referred to as User) authorizes Manduu America, LLC to initiate ACH transfer entries and to credit and/or debit the account identified herein. This authorization shall remain in effect unless and until Manduu America, LLC receives written notification from User that this authorization has been terminated in such time and manner to allow Manduu America, LLC to act. Undersigned represents and warrants to Manduu America, LLC that the person executing this form is an authorized signatory on the Account referenced above and all information regarding the Account and Account Owner is true and correct.

/ /

Account Owner Signature Date

Print Name and Title

ATTACH PRE-PRINTED VOIDED CHECK

OR

BANK LETTER

Attachment C

Guarantee

CONTINUING PERSONAL GUARANTEE

As an inducement to Manduu America, LLC, a Tennessee limited liability company ("MALLC"), to enter into that certain Franchise Agreement of _____, 202___ (the "Franchise Agreement") by and between MALLC and _____ ("Franchise Owner"), the undersigned Guarantors absolutely and unequivocally personally guarantee the performance by Franchise Owner of all obligations of Franchise Owner to MALLC on a joint and several basis, including, without limitation, royalty fees, advertising fees, other fees, costs of supplies, credit sales in the form of trade receivables, performance of all other covenants pursuant to the Franchise Agreement and any extensions, amendments, or renewals thereof, any other equipment leases or sales, and all other obligations now due MALLC or hereafter incurred in favor of MALLC should Franchise Owner fail to perform. My obligations under this Continuing Personal Guarantee are not transferable.

I waive any right to require MALLC to (a) proceed against Franchise Owner; (b) proceed against or exhaust any security held for any obligation of Franchise Owner; or (c) pursue any other remedy in MALLC's power whatsoever. I shall not have any right of subrogation until all indebtedness of Franchise Owner to MALLC shall be paid in full. I waive any right to collateral and waive any right to participate in any collateral, until all indebtedness of Franchise Owner to MALLC shall have been paid in full.

I shall pay reasonable attorneys' fees and all other costs and expenses which may be incurred by MALLC in the enforcement of this Continuing Personal Guarantee.

In the event of any default by Franchise Owner or by Guarantors, Guarantors acknowledge and agree that MALLC may exercise all rights of offset to recoup any obligations owed to MALLC.

I subordinate any debts and obligations of Franchise Owner to me to all the debts and obligations of Franchise Owner to MALLC.

Should any one or more provisions of this Continuing Personal Guarantee be determined to be illegal or unenforceable, all other provisions shall nevertheless remain effective.

This Agreement shall inure to the benefit of and bind, as the case may require, MALLC, its successors and assigns, including the assignees of any credit guaranteed hereby, and my heirs, executors, administrators, successors and assigns.

I specifically acknowledge that I have read all the terms of this Continuing Personal Guarantee, have received a true copy of it and agree to be bound by its terms.

Dated: _____, 202___ at _____

(City/State)

_____

Signature of Individual

_____

Signature of Individual

Attachment D

Management Confidentiality

and Non-Competition Agreement

MANAGEMENT CONFIDENTIALITY

AND NON-COMPETITION AGREEMENT

The undersigned Studio on-premises manager ("Manager"), in consideration of the access to training and confidential information he or she has received or will receive from Manduu America, LLC, a Tennessee limited liability company (collectively, the "Company") in connection with Manager's employment with the Company's franchisee named below (the "Franchisee"), hereby covenants and agrees as follows:

1. Confidentiality Agreement. Manager acknowledges that, while employed by the Franchisee, Manager has and will receive certain confidential information and knowledge concerning business of the Company which the Company wishes to protect, including (without limitation) information, knowledge, know-how, personal training and exercise routines, formulae, materials, equipment, techniques, systems, and other data relating to or comprising Manduu franchise system. Confidential information includes the Operations Manual and other materials and information supplied by Company to the Franchisee that is identified as confidential at the time of disclosure or before. Manager shall not reveal that confidential information to any other party, except the Company's or the Franchisee's independent public accountants, Manager's legal counsel (if that counsel also agrees to maintain the confidentiality of the confidential information), or as otherwise required by law. Manager shall not use or disclose the confidential information at any time for the purpose of competition with the Company, its successors and assigns, or Franchisee. When Manager's employment with Franchisee terminates for any reason, the Manager promptly shall surrender to Franchisee all papers, documents, writings and other property produced by Manager or coming into Manager's possession by or through Manager's employment with the Franchisee containing confidential information or related in any way to confidential information. All of the foregoing materials shall remain the property of the Company, its successors, or its assigns.

2. Covenant Not to Compete. During the term of Manager's employment with the Franchisee and for a period of twenty-four (24) months after the end of Manager's employment with the Franchisee regardless of which party ends the employment relationship and regardless of the reason why the employment relationship ends, Manager shall not engage in, directly or indirectly as a principal, agent, trustee, employee, consultant, independent contractor or through any corporation, partnership, association, or other entity, any business or be employed in a fitness center that is similar to a Studio at any location within a 5-mile radius of any Studio location at which Manager worked or within a 5-mile radius of any then-existing Studio location.

3. Indemnification and Injunctive Relief. Manager shall indemnify and hold the Company and the Franchisee harmless against any losses, damages, costs, expenses, claims or actions, including attorneys' fees and costs, proximately caused by any breach of this Agreement by Manager. Manager shall pay to the Company any compensation, profits or economic benefits realized by the Manager resulting from any breach of this Agreement. The Company shall have the right to injunctive and other equitable relief prohibiting the Manager from any violation or threatened violation of this Agreement, without posting any bond or security. Manager acknowledges that the restrictions in this Agreement are reasonable and necessary to protect the legitimate business interests of the Franchisee, and that the violation of the foregoing restrictions will lead to immediate and irreparable harm, for which injunctive relief is necessary.

4. Governing Law. The laws of Tennessee shall govern this Agreement.

5. Entire Agreement. This Agreement constitutes the entire agreement of the parties with

regard to the subject matter of this Agreement and replaces and supersedes all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement.

6. Limitations. This is not a contract of employment and this creates no employment relationship between Manager and the Company. Manager is not a third party beneficiary of any contract between the Company and the Franchisee. Franchisee remains the sole employer of Manager and is solely responsible for the recruitment, selection, training, supervision, compensation, benefits, insurance, worker's compensation, discipline and termination of Manager. During any period of on the job training of Manager by the Company, Franchisee shall remain the sole employer of Manager and shall be responsible for controlling all aspects of Manager's employment.

Executed and delivered this _____ day of _____, 202___.

Manager:

_____

Signature

_____

Printed Name

Franchisee: _____

By:_____

Title:_____

Attachment E

Lease Addendum

Lease Addendum

THIS AGREEMENT dated this ___ day of _____, 2020 among MANDUU AMERICA LLC, a Tennessee limited liability company with principal offices at 128 4th Ave. North, Franklin, Tennessee 37064 (the "Franchisor"), _____, a(n)_____, with principal offices located at _____ (the "Landlord"), and _____, a(n)_____, with principal offices located at _____ (the "Tenant/Franchisee").

Introduction

A. On _____ ___, 2020 the Tenant/Franchisee and the Franchisor entered a Manduu Franchise Agreement (the "Franchise Agreement"). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate a Manduu franchised business (the "Franchised Business") at the Premises (defined below).

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

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

Agreement

The parties, therefore, agree as follows:

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

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

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

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

5. Expiration or Termination of Franchise Agreement. The Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving the Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee's interests under the Lease in accordance with Section 2 above.

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

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

8. Miscellaneous.

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

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

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

d. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

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

FRANCHISOR:

MANDUU AMERICA LLC,
a Tennessee limited liability company

By:_____
Name:_____
Its:_____

LANDLORD:

_____, (a)n _____
_____

By:_____
Name:_____
Its:_____

TENANT/FRANCHISEE:

_____, (a)n _____
_____

By:_____
Name:_____
Its:_____

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

_____

_____

_____

Attachment F

State Addenda

California State Addendum to Franchise Agreement

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document.

2. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. The franchise agreement requires binding arbitration. The arbitration will occur at Davidson County, Tennessee with the costs being borne by non-prevailing party.

8. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

9. The franchise agreement requires application of the laws of Tennessee. This provision may not be enforceable under California law.

10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

11. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

13. Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.

[Signature Page Follows]

FRANCHISOR	**FRANCHISEE**
Manduu America, LLC, a Tennessee limited liability company	_____
By:_____	[Signature]
Name:_____	_____
Title:_____	[Print Name]
_____	_____
[Date]	[Date]

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (the "Addendum") is made and entered into as of this _____ day of _____, 202___ (the "Effective Date"), by and between Manduu America, LLC, a Tennessee limited liability company**,** with its principal business address at 128 4th Ave. North, Franklin, Tennessee 37064 ("we" or "us"), and _____, whose principal business address is _____ ("you").

RECITALS

WHEREAS, we and you are parties to that certain Franchise Agreement dated _____, 202__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Addendum;

WHEREAS, the Illinois Franchise Disclosure Act (the "Act") applies to the franchise relationship between you and us because the following apply: (i) you are a resident of Illinois; and (ii) the franchise that you will operate under the Franchise Agreement will be located or operated in Illinois;

WHEREAS, the Act imposes certain requirements and limitations on franchise agreements that are subject to the Act and these requirements and limitations are set forth in this Addendum; and

WHEREAS, you and we agree to amend the Franchise Agreement to comply with the Act.

NOW, THEREFORE, you and we agree that the Franchise Agreement shall be amended in accordance with the terms of this Addendum.

1. Amendments to Franchise Agreement. The Franchise Agreement is hereby amended to incorporate the following provisions:

(a) Illinois law governs the franchise agreement.

(b) In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

(c) In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

(d) Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

(e) ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 85 ILCS 15/2, 5 (West 2014); Medical Practice Act of 1987, 225 ILCS 60/ (West 2014); and Prohibition Against Fee Splitting at 225 ILCS 60/22.2 (West 2014).

(f) The Illinois Physical Therapy Act is set forth in Illinois law at: 225 ILCS 90 (West 2016).

(g) The Illinois Occupational Therapy Practice Act is set forth in Illinois law at: 225 ILCS 75 (West 2016).

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

2. Miscellaneous.

(a) Modification. This Addendum and the Franchise Agreement when executed constitute the entire agreement and understanding between the parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the parties and relating to the subject matter contained in this Addendum and the Franchise Agreement, whether written or verbal, other than as contained within the executed Addendum and Franchise Agreement, are void and have no force and effect. In order to be binding between the parties, any subsequent modifications must be in writing signed by the parties.

(b) Effect on Agreement. Except as specifically modified or supplemented by this Addendum, all terms, conditions, covenants and agreements set forth in the Franchise Agreement shall remain in full force and effect.

(c) Inconsistency. In the event of any inconsistency between the executed Franchise Agreement and this Addendum, this Addendum shall prevail.

(d) Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum effective on the date stated on the first page above.

FRANCHISOR	**FRANCHISEE**
Manduu America, LLC, a Tennessee limited liability company	
	_____
	[Signature]
By:_____	
Name:_____	_____
Title:_____	[Print Name]
Date:_____	Date:_____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (the "Addendum") is made and entered into as of this _____ day of _____, 202___ (the "Effective Date"), by and between Manduu America, LLC, a Tennessee limited liability company**,** with its principal business address at 128 4th Ave. North, Franklin, Tennessee 37064 ("we" or "us"), and _____, whose principal business address is _____ ("you").

RECITALS

WHEREAS, we and you are parties to that certain Franchise Agreement dated _____, 202__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Addendum;

WHEREAS, the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law") applies to the franchise relationship between you and us because one or more of the following apply: (i) you are a resident of Maryland; (ii) the franchise that you will operate under the Franchise Agreement will be located or operated in Maryland; or (iii) any of the offering or sales activity relating to the Franchise Agreement occurred in Maryland;

WHEREAS, the Maryland Franchise Law imposes certain requirements and limitations on franchise agreements that are subject to the Maryland Franchise Law and these requirements and limitations are set forth in this Addendum; and

WHEREAS, you and we agree to amend the Franchise Agreement to comply with the Maryland Franchise Law.

NOW, THEREFORE, you and we agree that the Franchise Agreement shall be amended in accordance with the terms of this Addendum.

1. Amendments to Franchise Agreement. The Franchise Agreement is hereby amended to incorporate the following provisions:

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

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

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

(d) This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

(e) The Franchise Questionnaire is amended to state the following:

> "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability 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."

(f) All representations requiring prospective franchisees to assent to a release, estoppel or

waiver of liability 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.

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

2. Miscellaneous.

(a) Effect on Agreement. Except as specifically modified or supplemented by this Addendum, all terms, conditions, covenants and agreements set forth in the Franchise Agreement shall remain in full force and effect.

(b) Inconsistency. In the event of any inconsistency between the executed Franchise Agreement and this Addendum, this Addendum shall prevail.

(c) Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum effective on the date stated on the first page above.

FRANCHISOR	**FRANCHISEE**
Manduu America, LLC, a Tennessee limited liability company	
	_____
	[Signature]
By:_____	
Name:_____	_____
Title:_____	[Print Name]
Date:_____	Date:_____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

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

B. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

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

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

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

F. All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations.

_____

Signature of Franchisee

Date:_____

_____

Signature of Franchisor

Date:_____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (the "Addendum") is made and entered into as of this _____ day of _____, 202___ (the "Effective Date"), by and between Manduu America, LLC, a Tennessee limited liability company**,** with its principal business address at 128 4th Ave. North, Franklin, Tennessee 37064 ("we," or "us"), and _____, whose principal business address is _____ ("you").

RECITALS

WHEREAS, you and we are parties to that certain Franchise Agreement dated _____, 202__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Addendum;

WHEREAS, the New York Franchise laws and regulations (the "New York Franchise Law") apply to the franchise relationship between you and us because one or more of the following apply: (i) you are a resident of New York and the franchise that you will operate under the Franchise Agreement will be located or operated in New York; or (ii) any of the offering or sales activity relating to the Franchise Agreement originated in or was directed to New York;

WHEREAS, the New York Franchise Law imposes certain requirements and limitations on franchise agreements that are subject to the New York Franchise Law and these requirements and limitations are set forth in this Addendum; and

WHEREAS, you and we agree to amend the Franchise Agreement to comply with the New York Franchise Law.

NOW, THEREFORE, you and we agree that the Franchise Agreement shall be amended in accordance with the terms of this Addendum.

1. Amendments to Franchise Agreement. The Franchise Agreement is hereby amended to incorporate the following provisions:

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

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

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

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

2. Miscellaneous.

(a) Modification. This Addendum and the Franchise Agreement when executed constitute the entire agreement and understanding between the parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the parties and relating to the subject matter contained in this Addendum and the Franchise Agreement, whether written or verbal, other than as contained within the executed Addendum and Franchise Agreement, are void and have no force and effect.

In order to be binding between the parties, any subsequent modifications must be in writing signed by the parties.

(b) Effect on Agreement. Except as specifically modified or supplemented by this Addendum, all terms, conditions, covenants and agreements set forth in the Franchise Agreement shall remain in full force and effect. This Addendum shall not apply unless the jurisdictional requirements of the New York Franchise Law are met independently and without reference to this Addendum.

(c) Inconsistency. In the event of any inconsistency between the executed Franchise Agreement and this Addendum, this Addendum shall prevail.

(d) Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum effective on the date stated on the first page above.

FRANCHISOR	**FRANCHISEE**
Manduu America, LLC, a Tennessee limited liability company	
	_____
	[Signature]
By:_____	
Name:_____	_____
Title:_____	[Print Name]
_____	_____
[Date]	[Date]

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (the "Addendum") is made and entered into as of this _____ day of _____, 202___ (the "Effective Date"), by and between Manduu America, LLC, a Tennessee limited liability company**,** with its principal business address at 128 4th Ave. North, Franklin, Tennessee 37064 ("we," or "us"), and _____, whose principal business address is _____ ("you").

RECITALS

WHEREAS, you and we are parties to that certain Franchise Agreement dated _____, 202__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Addendum;

WHEREAS, the Virginia Retail Franchising Act (the "Virginia Franchise Law") applies to the franchise relationship between you and us because one or more of the following apply: (i) the franchise that you will operate under the Franchise Agreement will be located or operated in Virginia; or (ii) any of the offering or sales activity relating to the Franchise Agreement occurred in Virginia;

WHEREAS, the Virginia Franchise Law imposes certain requirements and limitations on franchise agreements that are subject to the Virginia Franchise Law and these requirements and limitations are set forth in this Addendum; and

WHEREAS, you and we agree to amend the Franchise Agreement to comply with the Virginia Franchise Law.

NOW, THEREFORE, you and we agree that the Franchise Agreement shall be amended in accordance with the terms of this Addendum.

1. Amendments to Franchise Agreement. The Franchise Agreement is hereby amended to incorporate the following provisions:

(a) We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Franchise Law. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Franchise Law.

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

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

2. Miscellaneous.

(a) Modification. This Addendum and the Franchise Agreement when executed constitute the entire agreement and understanding between the parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the parties and relating to the subject matter contained in this Addendum and the Franchise Agreement, whether written or verbal, other than as contained within the executed Addendum and Franchise Agreement, are void and have no force and effect. In order to be binding between the parties, any subsequent modifications must be in writing signed by the parties.

(b) Effect on Agreement. Except as specifically modified or supplemented by this Addendum, all terms, conditions, covenants and agreements set forth in the Franchise Agreement shall remain in full force and effect. This Addendum shall not apply unless the jurisdictional requirements of the Virginia Franchise Law are met independently and without reference to this Addendum.

(c) Inconsistency. In the event of any inconsistency between the executed Franchise Agreement and this Addendum, this Addendum shall prevail.

(d) Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum effective on the date stated on the first page above.

FRANCHISOR	**FRANCHISEE**
Manduu America, LLC, a Tennessee limited liability company	
	_____
	[Signature]
By:_____	
Name:_____	_____
Title:_____	[Print Name]
_____	_____
[Date]	[Date]

EXHIBIT D

SECURITY AGREEMENT

SECURITY AGREEMENT

_____, with its principal office at _____, herein called "Franchisee" and MANDUU AMERICA, LLC, a Tennessee limited liability company, with its principal offices at 128 4th Ave. North, Franklin, Tennessee 37064, herein called "MALLC," "Secured Party" or "Franchisor," hereby agree to the following terms and conditions:

1. Creation of Security Interest

Franchisee and the undersigned Personal Guarantors jointly and severally hereby grant and assign to Secured Party first, prior, and superior security interests in and to all the collateral described in Paragraph 3 of this Security Agreement, to secure full and prompt payment of all royalty fees, advertising fees, training fees, any other fees, credit sales in the form of trade receivables, performance of all other covenants pursuant to the Franchise Agreement of even date herewith (the "Franchise Agreement") executed by Franchisee and Secured Party as Franchisor and any extensions and renewals thereof, equipment leases or sales, promissory notes, and all other obligations now due Franchisor or hereafter incurred (the "Obligations").

2. Attachment and Obligations Secured

The security interest hereby created shall attach immediately on execution of this Security Agreement by Franchisee and shall secure the payment of all Obligations now due Secured Party or hereafter incurred. Should the Franchisee or its successors in interest sell, contract to sell, or otherwise dispose of or transfer the Collateral described below, or any interest therein, except for the sale of inventory or stock in trade in the ordinary course of business, all outstanding sums due Franchisor under any agreement and hereby secured will be immediately due and payable. Franchisee further agrees to notify the Secured Party within the time period stated in the Franchise Agreement prior to any attempted transfer by Franchisee and to comply with all transfer and related provisions of the Franchise Agreement including, but not limited to, completion and approval by Secured Party of the then current Manduu transfer package.

3. Description of Collateral

The Collateral covered by this Security Agreement and in which a security interest is hereby granted and transferred to Secured Party is as follows: All interests in the Franchise identified above, including Franchisee's Manduu Studio and everything associated with it which Franchisee owns now, or may own in the future, including, but not limited to, all of Franchisee's tangible and intangible personal property including, without limitation, all accounts, accounts receivable, cash, cash deposits, amounts owed by other than customers, chattel paper, collateral, deposit and checking accounts, equipment (including electronic muscle stimulation and precise body measurement equipment, machines, computers, peripherals, and software), goods, instruments, inventory, leasehold interests, note proceeds, stock in trade, trade receivables, contract rights, including, but not limited to, all interests in the Manduu Franchise Agreement, general intangibles including business trade name and goodwill, furniture, other furnishings, and fixtures, and all of the above, wherever located, whether now owned or hereafter acquired, including the products and proceeds thereof, all replacements and substitutions therefor, and all additions, replacements, attachments and accessions in which Franchisee now or hereafter has an interest (the "Collateral").

4. Security Interest in Proceeds

Franchisee also hereby grants and transfers to Secured Party a security interest in any and all

proceeds, as defined in the Uniform Commercial Code of Tennessee, as amended, of the Collateral or any part of the Collateral. Provided, however, that nothing in this paragraph shall constitute, or be deemed to constitute, a grant of authority to Franchisee to sell, lease, or otherwise dispose of or encumber the Collateral, or any part of the Collateral, without the prior written consent of Secured Party, except for inventory or stock in trade sold in the ordinary course of business.

5. Warranties by Franchisee

Franchisee hereby represents and warrants to Secured Party that:

a. Except for the security interest created by this Security Agreement, Franchisee is the full legal and equitable owner of all the Collateral and no other person or entity has any right, title, interest or claim in or to the Collateral or any part of the Collateral, other than a purchase money security interest in which Franchisee shall notify Secured Party within five (5) days of any interest in any part of the Collateral.

b. The Collateral described in Paragraph 3 of this Security Agreement is presently located at Franchisee's franchise Studio location(s) except to the extent such Collateral is a general intangible or contract such as the Franchise Agreement and will not, during the continuance of this Security Agreement, be removed from those premises without the prior written consent of the Secured Party.

c. If a corporation or limited liability company, Franchisee has been duly incorporated or formed and is existing as a corporation or limited liability company in good standing under the laws of its jurisdiction and has authority to enter into and perform this Security Agreement.

d. Franchisee utilizes no trade names in the conduct of its business, except as stated above, and in its Franchise Agreement with Secured Party has not changed its name, been the surviving entity in a merger, or acquired any other business.

e. In the event Franchisee changes it corporate name, trade name, or transfers its interest in the same, Franchisee shall notify Secured Party five (5) business days prior to such event and shall comply with all obligations pursuant to its Franchise Agreement.

6. Repair of Collateral

To the extent such collateral is tangible, Franchisee shall maintain the Collateral, and each part of the Collateral, in good order and repair at Franchisee's own cost and expense and shall never use the Collateral, or any part of the Collateral, in a manner resulting, or likely to result, in waste or unreasonable deterioration of the Collateral.

7. Insurance

To the extent such collateral is tangible, and until final termination of this Security Agreement, Franchisee, at Franchisee's own cost and expense, shall keep the Collateral, and all parts of the Collateral, insured for its full value against damage or loss resulting from any and all risks to whom it might foreseeably be exposed and risks designated by Secured Party. Each such policy of insurance shall be issued by an insurance company acceptable to Secured Party and shall provide for the loss payable under it being paid to both Franchisee and Secured Party as their interests may appear. A duplicate copy of each such policy shall be delivered by Franchisee to Secured Party.

8. Taxes and Assessments

Franchisee shall pay from its own funds, as they become due, any and all taxes and assessments levied or assessed against the Collateral, or any part of the Collateral, prior to the final termination of this Security Agreement.

9. Disposition of Collateral

Franchisee shall keep the Collateral separate and identifiable from other property owned by Franchisee or located on the same premises as Collateral, and Franchisee shall not, without the prior written consent of Secured Party, sell, lease or otherwise dispose of any portion of the Collateral, as authorized in this Security Agreement.

Franchisee shall take necessary steps to preserve the liability of account debtors, obligors and secondary parties whose obligations are part of the Collateral; transfer possession of all instruments, documents, and chattel paper that are part of the Collateral to Secured Party immediately, or as to those hereafter acquired, immediately following acquisition; notify Secured Party of any change occurring in or to the Collateral, or in any fact or circumstance warranted or represented by Franchisee in this Security Agreement or furnished to Secured Party, or if any event of default occurs.

10. First and Prior Lien

This Security Agreement grants to Secured Party a first and prior lien to secure the prompt payment of all Obligations. If Secured Party disposes of all or any part of the Collateral following default by the Franchisee, the proceeds from such disposition available to satisfy the Franchisee's indebtedness shall be applied first to satisfy all monetary obligations incurred under any promissory notes and equipment leases to Secured Party, in the order in which such indebtedness was incurred; and thereafter to the payment of monetary obligations due Secured Party pursuant to any Franchise Agreement, and any renewals, amendments, or extensions thereof. For the purpose of this paragraph, an extended, amended, or renewed Franchise Agreement will be considered executed on the date of the original Franchise Agreement.

11. Inspection Rights

To the extent the Collateral is tangible, Secured Party, either in person or by agent, shall have the right at any and all reasonable times and at reasonable intervals to enter the premises where the Collateral is located and inspect the Collateral.

12. Payment by Secured Party

Secured Party may, at its option, but shall not be required to, pay on behalf of Franchisee and on the account of Franchisee any taxes, assessments, liens, insurance premiums, repair costs or maintenance costs that, pursuant to the terms of this Security Agreement, should have been but were not paid by Franchisee. Secured Party shall also have the right, at its option, to enter the premises where the Collateral or any part of the Collateral is located, and cause to be performed, as agent and on the account of Franchisee, any such acts as Secured Party may deem necessary for the proper repair or maintenance of the Collateral or any part of the Collateral if applicable. Any moneys expended or expenses incurred by Secured Party under this paragraph shall also be secured by the security interest created by this Security Agreement and shall be due and payable by Franchisee to Secured Party, together with interest at the maximum rate allowed by law, on demand.

13. Assignment by Secured Party

Secured Party may assign its rights under this Security Agreement and the security interest created by this Security Agreement. Should Secured Party assign its rights under this Security

Agreement or the security interest created by this Security Agreement, Secured Party's assignee shall be entitled, on written notice of the assignment being given by Secured Party to Franchisee, to all performance required of Franchisee by this Security Agreement and all payments, moneys and other performance secured by this Security Agreement including compliance with the Franchise Agreement.

14. Default

The following occurrences or any one or more of the following events shall constitute an Event of Default hereunder:

a. Default in the payment of any royalty fee, marketing or promotional fee, training fee, any other fee, credit sale, or other charges in respect to any obligations under the Franchise Agreement; default in the payment of any principal, interest, or other charges due under any promissory note or equipment lease now or hereafter made by Franchisee in favor of Secured Party; or default in the payment of any other monetary obligation owing to Secured Party by Franchisee.

b. Default in the observance or performance of any covenant or agreement herein set forth or set forth in any Franchise Agreement or any other agreement, heretofore, now, or hereafter executed by Franchisee in favor of Secured Party.

c. Default in the observance or performance of any of the Obligations, as defined herein.

d. Any representation, warranty, certificate, or other information made or furnished by Franchisee to Secured Party herein or pursuant hereto which is or shall be untrue or materially misleading.

e. Loss, theft, damage, or destruction of any material portion of the Collateral for which there is either no insurance coverage or for which, in the opinion of Secured Party, there is insufficient insurance coverage.

f. The making of any levy, seizure, attachment or lien upon the Collateral.

g. The Franchisee or any of its subsidiaries or guarantors (1) terminate or suspend the operation of any portion of its business as presently conducted; (2) apply for or consent to the appointment of a receiver, trustee, or liquidator of itself or of all or a substantial part of its assets; (3) be unable, or admit in writing its inability to pay its debts as they fall due; (4) make a general assignment for the benefit of its creditors; (5) be adjudicated a bankrupt or insolvent; or (6) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any insolvency law or an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization, or insolvency proceeding, or any action shall be taken by it for the purpose of effecting any of the foregoing.

15. Remedies

Should Franchisee fail to perform any provision of this Security Agreement to be performed on its part, or should Franchisee fail to pay any obligation secured by this Security Agreement or the security interest created by this Security Agreement as it becomes due, then Franchisee shall be in default of this Security Agreement under Article 9 of the Uniform Commercial Code of Tennessee. In such event, Secured Party shall have all the rights and remedies afforded a secured party by the chapter regarding "Default" of Article 9 of the Uniform Commercial Code of Tennessee on the date

of the Security Agreement and may, in connection therewith, also:

a. accelerate all amounts due Secured Party by Franchisee, including amounts owing under any Franchise Agreement, promissory note, equipment lease, royalty fee, training fee, marketing or promotional fee, any other fee, credit sale or any other obligation;

b. enter on Franchisee's premises to assemble and take possession of the Collateral;

c. require Franchisee to assemble the Collateral and make its possession available to Secured Party at a place designated by Secured Party that is reasonably convenient to both Franchisee and Secured Party;

d. enter Franchisee's premises, render the Collateral, if tangible, unusable and dispose of it in the manner provided by the Uniform Commercial Code of Tennessee on Franchisee's premises;

e. apply the proceeds received from the sale or other disposition of the Collateral on default of Franchisee, in addition to the items specified in Article 9 of the Uniform Commercial Code of Tennessee, to the payment of reasonable attorneys' fees, court costs, and legal expenses incurred by Secured Party as a result of Franchisee's default;

f. sell any or all of the Collateral free and clear of all rights and claims of Franchisee therein and thereto at any public or private sale, first deducting from the proceeds all costs and expenses of such sale including, but not limited to, preparing the tangible Collateral for sale, storing and handling the Collateral, advertising the sale and then deducting the primary indebtedness secured by and through this Security Agreement; and

g. have the right to take over the franchised business (including your Manduu Studio) designated above free and clear of all rights and claims of any other party. In order to facilitate the transfer of the franchised business or its assets as appropriate, Franchisee shall fully and promptly cooperate with Secured Party to prepare and sign any and all documents which Secured Party might deem reasonably necessary to effect the transfer from Franchisee to Secured Party.

16. Financing Statements

Concurrently with the execution of this Security Agreement, Franchisee agrees to execute any financing statements or other documents required to perfect the security interest created by this Security Agreement. Such financing statements or other documents shall be on forms approved by the State where the Franchise is located and shall be filed with the Secretary of State, County Recorder or other appropriate governmental authority, and Franchisee shall forthwith pay Secured Party all filing fees required to file such statements.

Franchisee hereby irrevocably agrees to fully and promptly cooperate with Secured Party to prepare and sign any and all documents which Secured Party might deem reasonably necessary to effectively and timely protect and effectuate this Security Agreement. The undersigned, both personally and on behalf of Franchisee if it is a business entity, hereby authorize Secured Party, any of Secured Party's assignees, and any of their authorized agents or employees, to act as special agent or attorney-in-fact for the undersigned and Franchisee if it is a business entity, and each of them, to execute and sign on behalf of the Franchisee such financing statements or other documents as Secured Party or its assignees, agents, or employees deems necessary or appropriate under the Uniform Commercial Code (or similar law). Franchisee hereby further

agrees not to take any action which would delay, diminish, frustrate, or void this Security Agreement. Franchisee understands that time is of the essence regarding all actions to be taken under this Security Agreement.

17. Waiver

Neither the acceptance of any partial or delinquent payment by Secured Party nor Secured Party's failure to exercise any of its rights or remedies on default by Franchisee shall be a waiver of the default, a modification of this Security Agreement or Franchisee's obligations under this Security Agreement, or a waiver of any subsequent default by Franchisee.

18. Notices

Except as otherwise expressly provided in this Security Agreement or by law, any and all notices or other communications required or permitted by this Security Agreement or by law to be served on, given to, or delivered to either party to this Security Agreement shall be in writing and shall be deemed duly served, given, delivered and received when personally delivered to the party to whom it is directed, or in lieu of such personal delivery, when deposited in the United States mail, certified or registered, postage prepaid, addressed to Secured Party at 128 4th Ave. North, Franklin, Tennessee 37064, and to Franchisee at the address listed in Secured Party's files as the office of the Franchisee's Manduu Studio. Either party, Franchisee or Secured Party, may change their address for the purpose of this paragraph by giving written notice of such change to the other party in the manner provided in this paragraph.

19. Binding on Heirs and Assigns

This Security Agreement and each of its provisions shall be binding on and shall inure to the benefit of the respective parties hereto, and their respective representatives, heirs, executors, administrators, successors and assigns. Nothing contained in this paragraph, however, shall be deemed a consent to the sale, assignment or transfer of the Collateral or its obligations under this Security Agreement by Franchisee.

20. Sole and Only Agreement

This Security Agreement, the Franchise Agreement, the FDD's collateral documents or agreements, and any promissory notes, or equipment leases as may be executed by the parties, constitute the sole and only agreements between the parties respecting the Collateral or the security interests granted in the Collateral. This Security Agreement correctly sets forth the rights, duties and obligations of each party to the other party with respect to the Collateral and the security interest hereby created in the Collateral as of this date. Any prior written or oral agreements, promises, negotiations or representations concerning the subject matter of this Security Agreement not expressly set forth hereinabove or in the Franchise Agreement or any promissory notes or equipment leases are of no force or effect.

21. Attorneys' Fees

In the event of any litigation to enforce this Security Agreement or the rights of either party hereunder, the prevailing party in such litigation shall be entitled to recover, in addition to all other sums permitted by law, such reasonable attorneys' fees as may be fixed by the applicable Court.

22. Venue and Governing Law

The parties hereby consent that venue and jurisdiction for all actions enforcing and/or arising out of this agreement shall be litigated in the state or federal courts of Davidson County, Tennessee, to the exclusion of the courts of any other state or county. This Security Agreement shall be construed in accordance with the laws of the State of Tennessee.

23. Validity

Should any part of this Security Agreement, for any reason, be declared invalid, then such portion shall be invalid only to the extent of the prohibition without invalidating or affecting the remaining provisions of the Security Agreement, or without invalidating or altering said provisions of this Security Agreement within states or localities where they are not prohibited by law or court decrees.

24. Warranty

The undersigned represents and warrants that Franchisee owns the Collateral and is fully authorized and empowered to execute this Security Agreement in favor of Secured Party and consents to the grant of the security interest created by this Security Agreement in favor of Secured Party, both personally and on behalf of Franchisee if it is a business entity.

_____ _____

Date Franchisee

By:_____

Its:_____

_____

Guarantor

_____

Guarantor

_____ MANDUU AMERICA, LLC

Date

By:_____

Its:_____

EXHIBIT E

LIST OF FRANCHISEES

Part A (Current Franchisees)

Outlets Open as of 12/31/2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Alabama	Birmingham	825 and ½ 18th Street S. Homewood, Alabama 35209	678-613-2347	Paul and JoLeigh Payne *
Arkansas	Little Rock	17200 Chenal Parkway, Suite 230 Little Rock, Arkansas 72223	501-900-7778	Jay & Christina Snider, Chris Jones & Dr. Samuel Moore *
Florida	Naples	9118 Strada Place, #8110 Naples, Florida 34108	239-631-5204	Brian DeLauter & April Mumaw *
Illinois	Glenview	1412 S. Milwaukee Libertyville, Illinois 60048	847-791-3312	Andrea Shanahan *
Illinois	Libertyville	1412 S. Milwaukee Libertyville, Illinois 60048	847-791-3312	Andrea Shanahan *
North Carolina	Charlotte	7930-C Rea Rd. Charlotte, North Carolina 28277	434-942-2032	Darren and Marsha Gale, Emily Marsh and Gary Hall *
Tennessee	Collerville	3660 South Houston Levee Road, Suite 102 Collierville, TN 38017	901-340-1067	Karen and Nicolas Cassella
Texas	Houston	3733 Westheimer Road, Suite 5 Houston TX 77027	832-489-3000	Eliza EPGL 2022 RO Fitness LLC Elizabeth Petersen and George Lancaster
Texas	Lakeway	2303 Ranch Road 620 S., Suite 135 Lakeway, Texas 78734	737-230-6994	Michael Redden *

Franchise Agreements Signed but Outlets Not Open as of 12/31/2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
None				

* These franchisees are also area representatives.

Part B

(Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
Illinois	Chicago	847-791-3312	Andrea Shanahan

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

EXHIBIT F

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, #750
Los Angeles, CA 90013

FLORIDA [only for Manduu EMS, LLC]

Corporation Service Company
1201 Hays Street
Tallahassee, Florida 32301

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS

Office of Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Office of Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

KENTUCKY

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P. O. Box 200
Frankfort, Kentucky 40602

MARYLAND

Commissioner of Securities
200 St. Paul Place – 20th Floor
Baltimore, Maryland 21202-2020

MICHIGAN

Attorney General's Office
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Minnesota Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

NEBRASKA

Nebraska Department of Banking and Finance
Bureau of Securities/Financial Institutions Division
1200 N Street
P.O. Box 95006
Lincoln, Nebraska 68509-5006

NEW YORK

New York Department of Law
Bureau of Investor Protection and Securities
120 Broadway - 23rd Floor
New York, New York 10271

NORTH CAROLINA

North Carolina Secretary of State
2 Salisbury Street
Raleigh, North Carolina 27603

NORTH DAKOTA

North Dakota Securities Department
600 E. Boulevard, 5th Floor, Dept. 414
Bismarck, North Dakota 58505-0510

RHODE ISLAND

Director of Business Regulation
Division of Securities
Building 69-1
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, Rhode Island 02910

SOUTH DAKOTA

South Dakota Department of Labor and Regulation, Division of Securities
124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501-3185

TENNESSEE [only for Manduu America,LLC]

Manduu America, LLC
Attn: Jason Ritzen
128 4th Avenue North
Franklin, TN 37064

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON

Director of the Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

Commissioner of Securities – Franchise Division
201 W. Washington Avenue
Madison, WI 53703

EXHIBIT G

SPOUSAL CONSENT

SPOUSAL CONSENT

In consideration of the execution of the foregoing Franchise Agreement with Manduu America, LLC, I, _____, being the spouse of _____, hereby acknowledge that I have read the foregoing Franchise Agreement and that I understand its contents. I hereby approve of the provisions of the Agreement, and agree that I will be bound by the restrictions and covenants including but not limited to the Confidential Information, Right of First Refusal, and Covenant Not to Compete provisions.

Executed this _____ day of _____, 202_____, in _____,

City

_____.

State

_____ _____

Spouse's Printed Name Spouse's Signature

EXHIBIT H

STATE SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document.

2. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

7. The franchise agreement requires binding arbitration. The arbitration will occur at Davidson County, Tennessee with the costs being borne by non-prevailing party.

8. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

9. The franchise agreement requires application of the laws of Tennessee. This provision may not be enforceable under California law.

10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

11. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

13. Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.

14. California requires the inclusion of the following risk factor:

> "The franchisor's most recent audited financial statements reflect that current liabilities exceed current assets. This means that the franchisor may not have the financial resources to provide services or support to you."

HAWAII ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT

This state has a statute which may supersede the Franchise Agreement in your relation with us including the areas of termination and renewal of your franchise: [Rev. Stat. Section 482E-1].

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the franchise agreement.

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

In accordance with Section 4 of the Illinois Franchise Disclosure Act, and Section 200.608 of the regulations promulgated under the Act, the governing law, jurisdiction and venue shall be the State of Illinois; provided, however, that any arbitration proceeding shall be brought in Davidson County, Tennessee in accordance with Section 31 of the Franchise Agreement.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act, 85 ILCS 15/2, 5 (West 2014); Medical Practice Act of 1987, 225 ILCS 60/ (West 2014); and Prohibition Against Fee Splitting at 225 ILCS 60/22.2 (West 2014).

The Illinois Physical Therapy Act is set forth in Illinois law at: 225 ILCS 90 (West 2016).

The Illinois Occupational Therapy Practice Act is set forth in Illinois law at: 225 ILCS 75 (West 2016).

Illinois requires the inclusion of the following risk factors:

> "1. Nearly 94% of franchisor's assets are intangible. This means that franchisor lacks readily available financial resources to provide services and support to you.
>
> 2. Your spouse must sign a document, such as a guarantee, that makes your spouse liable for your financial obligations under the franchise agreement even if your spouse does not own any part of the franchise business. If you live in a community property state, your spouse may be liable for your financial obligations even if he or she hasn't signed anything. In either case, both you and your spouse's marital and personal assets, including your house, could be lost if your franchise fails."

Item 5 of the Franchise Disclosure Document is amended to add the following:

"**Fee Deferral**
All fees referenced in Item 5 of this Disclosure Document are subject to deferral pursuant to order of the Illinois Attorney General's Office based upon our financial condition as reflected in our financial statements. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business."

INDIANA ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT

This state has a statute which may supersede the Franchise Agreement in your relation with us including the areas of termination and renewal of your franchise: [Rev. Stat. Section 23-2-2.7].

This state has a statute which may limit MALLC's ability to restrict your activity after your Manduu Franchise Agreement has ended: [Indiana Code Section 23-2-2.7-1(9)].

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

A. Item 5 of the Disclosure Document is amended to add the following:

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

B. Items 17(u) and (v) of the Disclosure Document are amended to add the following:

"Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

"This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

B. Item 17(v) of the Disclosure Document is amended to add the following sentence:

"A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

C. Item 17(h) of the Disclosure Document is amended to add the following sentence:

"The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)."

D. Item 17(m) of the Disclosure Document is amended to add the following sentence:

"The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Items 5 and 7 of the Disclosure Document are amended to include the following language:

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

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

We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

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

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

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

Minnesota requires the inclusion of the following risk factor:

"1. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history."

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT

ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT

THE NORTH DAKOTA SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST, OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute.
B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of the disputes at a location that is remote from the site of the franchisees' business.
C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
E. Applicable Laws: Franchise agreements which specify that they are to be governed by the

laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or revenue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

SOUTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT

This state has a statute which may supersede the Franchise Agreement in your relation with us including the areas of termination and renewal of your franchise: [Codified Laws Section 37-5A-51].

Additionally, the State of South Dakota requires the following disclosure:

> Covenants not to compete upon termination of the Franchise Agreement are generally unenforceable in the State of South Dakota [See South Dakota Codified Laws Ann. Section 53-9-8 (1990)].
>
> In the event that either party shall make demand for arbitration, such arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Virginia requires the inclusion of the following risk factors:

> "1. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
>
> 2. The franchisor's financial condition, as reflected in its financial statements (see item 21), calls into question the franchisor's ability to provide services and support to you.
>
> 3. Your spouse must sign a document, such as a guarantee, that makes your spouse liable for your financial obligations under the franchise agreement even if your spouse does not own any part of the franchise business. If you live in a community property state, your spouse may be liable for your financial obligations even if he or she hasn't

signed anything. In either case, both you and your spouse's marital and personal assets, including your house, could be lost if your franchise fails."

See the Virginia Addendum that is attached to the Franchise Agreement as Attachment "F".

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT

This state has a statute which may supersede the Franchise Agreement in your relation with us including the areas of termination and renewal of your franchise: [Code Section 19.100.180]. The Washington Franchise Investment Protection Act provides that, in the event of a conflict of laws, the Washington law will prevail.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT

This state has a statute which may supersede the Franchise Agreement in your relation with us including the areas of termination and renewal of your franchise: [Stat. Section 135.03].

[Signature Page Follows]

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 202_____.

PROSPECTIVE FRANCHISEE

_____
(Signature)

_____
(Name)

_____
(Signature)

_____
(Name)

EXHIBIT I

TELEPHONE TRANSFER CONSENT AND AUTHORIZATION

TELEPHONE TRANSFER CONSENT AND AUTHORIZATION

Upon the expiration or termination of the Franchise Agreement for any reason whatsoever, Franchisee hereby irrevocably appoints and designates Franchisor as Franchisee's attorney-in-fact to direct the telephone company to change, transfer or terminate any listed telephone numbers relating to the Franchised Business.

_____
Date

_____
Franchise Owner

By:_____

Its:_____

_____
Franchise Owner

_____
Date

By:_____

Its:_____

EXHIBIT J

LIST OF AREA REPRESENTATIVES

Alabama – Birmingham Market

Paul Payne and JoLeigh Payne acquired area representative rights for the Birmingham territory in October 2020. They operate the area representative business through their entity, FItPulse Corporation d/b/a Manduu Birmingham.

Paul Payne has served as President of FitPulse Corporation since October 2020. From August 1986 through March 2021, he was a Contract Consultant for IBM Corp in Franklin, Tennessee.

JoLeigh Payne has served as Secretary of FitPulse Corporation since October 2020. From August 2013 through the present, she has served as Sales Director for PassportUSA in Cincinnati, Ohio.

No litigation or bankruptcy information is required to be disclosed with respect to Paul Payne or JoLeigh Payne.

Arkansas – Entire State

Bill Parkinson, Chris Jones, Jay Snider and Samual Moore are business partners who became our area representative for the state of Arkansas in October 2020. They operate the area representative business through their entity, Manduu Arkansas, LLC.

William (Bill) S. Parkinson III has served a Partner of Manduu Arkansas, LLC since January 2021. From December 1999 to present, he has served as President and Owner of Parkinson Building Group in Little Rock, Arkansas.

Chris Jones has served as a Partner of Manduu Arkansas, LLC since January 2021. From January 2010 to present, he has served as Chief Executive Officer of Airfirst Inc. in Little Rock, Arkansas.

Jay Snider has served as a Partner of Manduu Arkansas, LLC since January 2021. From June 2006 to present, he has served as President and Owner of Jay Snider Inc. in Little Rock, Arkansas.

Samuel Moore has served as a Partner of Manduu Arkansas, LLC since January 2021. From August 2012 to present, he has been employed by Bowen Hefley Orthopedics as an Orthopedic Surgeon in Little Rock, Arkansas.

No litigation or bankruptcy information is required to be disclosed with respect to Bill Parkinson, Chris Jones, Jay Snider or Samuel Moore.

Florida – Miami and Naples Market

Brian Delauter and Amber Mumaw became our area representatives for the Miami and Naples territory in January 2020. They operate the area representative business through their entity, Impulse Control Inc.

Brian Delauter serves as the President of Impulse Control Inc. in Naples, Florida since January 2020. Prior to this, he served as VP of Corporate Services for Nissan North America in Franklin, Tennessee from April 2011 to October 2019.

Amber Mumaw serves as an owner of Impulse Control Inc. in Naples, Florida since January 2020. Prior to this, she served as District Manager for Massage Envy Triple Play USA in Sarasota, Florida from July

2008 to July 2020.

No litigation or bankruptcy information is required to be disclosed with respect to either of the above area representatives.

Illinois – Chicago Market

Andrea Shanahan became our area representative for the Chicago territory in June 2019. She operates the area representative business through her entity, Manduu Chicago, LLC.

Andrea Shanahan has served as the Manager of Manduu Chicago, LLC since June 2019. From June 2016 to January 2020, she served as the District Manager for Aldi Inc. in Batavia, Illinois.

No litigation or bankruptcy information is required to be disclosed with respect to Andrea Shanahan.

Mississippi/Tennessee – Memphis Market

Our Chief Executive Officer, Jason Ritzen, along with some minority passive investors, acquired area representative rights to the Memphis market in August 2019. The Memphis market consists of the Memphis Metropolitan Statistical Area, which includes portions of Mississippi and Tennessee. Mr. Ritzen operates the area representative business through the entity, Manduu Memphis, LLC. Mr. Ritzen has served as the CEO and President of Manduu Memphis, LLC since August 2019. See Item 2, Item 3 and Item 4 of this Disclosure Document for Mr. Ritzen's employment, litigation and bankruptcy history.

North Carolina – Charlotte Market

Darren Gale, Marsha Gale, Gary Hall and Emily Marsh are business partners who became our area representative for the Charlotte territory in February 2020. They operate the area representative business through their entity, Gale Fit, LLC.

Darren Gale has served as an Owner of Gale Fit, LLC since February 2020. From July 2020 to present, he has served as VP, Commercial Operations for X-Energy in Rockville, Maryland. From March 2020 to July 2020, he served as a Consultant for EPRI in Charlotte, North Carolina. From January 2019 to January 2020, he served as VP of Operations, Chief Nuclear Officer for Structural Integrity in Charlotte, North Carolina. From November 2014 to November 2018, he served as VP of Operations for Day & Zimmermann in Lancaster, Pennsylvania.

Marsha Gale has served as President and an Owner of Gale Fit, LLC since January 2020. From March 2014 to August 2020, she served as the Owner and Chef for Meals by Marsha in Charlotte, North Carolina.

Emily Marsh has served as an Owner of Gale Fit, LLC since February 2020. From January 2021 to present, she has been employed as an Optometrist by Arizona Eye Institute in Sun City West, Arizona. From April 2020 to December 2020, she was employed as an Optometrist by Desert Eye Associates Ltd. in Tucson, Arizona. From May 2014 to August 2019, she was the Owner, President and an Optometrist for Eos Eyecare Optometric Group in Santa Rosa, California.

Gary Hall has served as an Owner of Gale Fit, LLC since February 2020. From March 2016 to May 2017, he was employed by Munselle Civil Engineering & Land Surveying as a Crew Chief in Healdsburg, California. From June 2017 to present he has not been employed.

No litigation or bankruptcy information is required to be disclosed with respect to Darren Gale, Marsha Gale, Gary Hall or Emily Marsh.

Texas – Dallas Market

Our Chief Executive Officer, Jason Ritzen, and Evy Kay Washburne, acquired area representative rights to the Dallas market in February 2020. The Dallas market consists of the greater DFW/Arlington MSA. Mr. Ritzen and Ms. Washburne operate the area representative business through the entity, Manduu Dallas, LLC. Mr. Ritzen has served as the CEO and President of Manduu Memphis, LLC since August 2019. See Item 2, Item 3 and Item 4 of this Disclosure Document for Mr. Ritzen's employment, litigation and bankruptcy history. From January 2011 to the present, Evy Kay Washburne has been retired in Dallas, Texas.

No litigation or bankruptcy information is required to be disclosed with respect to Jason Ritzen or Evy Kay Washburne.

Texas – West Austin Market

Michael Redden, McKenzie Redden, Diana Wright, Raven Herron and Christopher Hume are business partners who became our area representative for the West Austin territory in March 2019. They operate the area representative business through their entity, FourthDown3, LLC.

Michael Redden has served as the Managing Member of FourthDown3, LLC since March 2019. From September 1989 to present, he has served as CEO of New Horizons Ranch & Center, Inc. d/b/a New Horizons in Abilene, Texas.

McKenzie Redden has served as a Director and Owner of FourthDown3, LLC since March 2019. From September 2018 to May 2019, she was a Supplemental Trainer with Manduu America, LLC in Nashville, Tennessee. From May 2018 to September 2018, she was a Personal Trainer for Funeral Directors Life in Abilene, Texas. From January 2017 to May 2018, she was self-employed as a Personal Trainer at Results Fitness in Edmond, Oklahoma. From January 2013 to May 2018, she was a student in Edmond, Oklahoma.

Diana Wright has served as a Member of FourthDown3, LLC since March 2019. From January 2006 to the present, she has served as the Owner of Horseshoe Bay One Real Estate in Horseshoe Bay, Texas.

Raven Herron has served as the Member of FourthDown3, LLC since March 2019. From January 2006 to present, she has served as the Owner of Raven A. Herron & Company, P.C., in Horseshoe Bay, Texas.

Christopher Hume has served as a Member of FourthDown3, LLC since March 2019. From December 2015 to present, he has been employed by The Physicians Group in Oklahoma City, Oklahoma as an Orthopedic Spine Surgeon.

No litigation or bankruptcy information is required to be disclosed with respect to Michael Redden, McKenzie Redden, Diana Wright, Raven Herron or Christopher Hume.

EXHIBIT K

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "Release") is made as of _____ ___, 202___ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Manduu America, LLC, a Tennessee corporation ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into an Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate a Manduu studio;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, **[enter into a successor franchise agreement]** and Franchisor has consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

WHEREAS, as a condition to Franchisor's consent to the transfer **[Franchisee's ability to enter into a successor franchise agreement]**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer **[Franchisor entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. [_____] represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Tennessee

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[Signature Page Follows]

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

FRANCHISEE

_____, a
_____

By:_____

Name: _____

Its: _____

FRANCHISEE'S OWNERS

Date _____ _____

Signature

_____

Typed or Printed Name

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

Date _____ _____

Signature

_____

Typed or Printed Name

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

EXHIBIT L

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT M

RECEIPTS

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 Manduu America, LLC offers you a franchise, it must provide this disclosure document to you fourteen 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. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Manduu America, LLC does not deliver this Disclosure Document to you on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and the appropriate regulatory authority listed in Exhibit H.

The Manduu America, LLC, franchise sellers are indicated below.

Jason Ritzen: 128 4th Ave. North, Franklin, Tennessee 37064, (615) 255-7356

Issuance Date: October 25, 2023

I have received the Franchise Disclosure Document (including state addenda) issued on October 25, 2023. This Franchise Disclosure Document includes the following Exhibits:

A. STATE ADMINISTRATORS
B. FINANCIAL STATEMENTS
C. FRANCHISE AGREEMENT
D. SECURITY AGREEMENT
E. LIST OF FRANCHISEES
F. AGENTS FOR SERVICE OF PROCESS
G. SPOUSAL CONSENT
H. STATE SPECIFIC ADDENDA
I. TELEPHONE TRANSFER CONSENT AND AUTHORIZATION
J. LIST OF AREA REPRESENTATIVES
K. GENERAL RELEASE
L. STATE EFFECTIVE DATES
M. RECEIPTS

Attachment "F" to Franchise Agreement State Addenda

_____
Print Name

_____ _____
Date (Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Manduu America, LLC)

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.

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