FRANCHISE DISCLOSURE DOCUMENT

PickUp USA Franchise Company, LLC
a California limited liability company
556 S. Fair Oaks Ave #101-455
Pasadena, California 91105
(800) 584-9507
E-mail: corporateoffice@pickupusafitness.com
Website: www.pickupusafitness.com

The franchisee will operate a single, full-service, basketball-focused fitness club under the name PickUp USA Fitness®. PickUp USA Fitness clubs offer basketball training programs and basketball games, as well as weight and cardio equipment, for youth and adult members.

The total initial investment necessary to begin operation of the franchised business ranges from $352,266 to $1,197,554. This includes $45,000 that must be paid to the franchisor or affiliate.

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 Gary Mazakian at 556 S. Fair Oaks Ave #101-455, Pasadena, California 91105 and (800) 584-9507.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise,"* which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 10, 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 H.
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 C 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 PickUp USA Fitness Club 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 PickUp USA Fitness Club franchisee?	Item 20 or Exhibit H 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 California. 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 California than in your own state.

2. **Your Spouse's Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Financial Condition.** The franchisor's financial condition, as reflected in its 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.

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN STATE SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT IN EXHIBIT F, OR IN STATE SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT IN EXHIBIT D.

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "us" or "we" or "our" means the franchisor – PickUp USA Franchise Company, LLC, a California limited liability company. "You" means the person who buys the franchise. If the franchisee is a corporation, limited liability company or other entity, "you" may also refer to its owners.

Franchisor, Parents and Affiliates

We conduct business under the name Pickup USA Fitness®. We are a California limited liability company formed on March 23, 2016. Our principal place of business is 556 S. Fair Oaks Ave #101-455, Pasadena, California 91105. Our telephone number is (800) 584-9507. We do not have any predecessors, parents or affiliates that offer franchises or provide products or services to our franchisees (except as described below in Prior Experience).

Agents for Service of Process

Our agents for service of process are disclosed in **Exhibit B**.

The Business We Offer

We offer a franchise under the name PickUp USA Fitness to operate a single, full-service, basketball-focused fitness club. PickUp USA Fitness Clubs offer basketball training programs and basketball games, as well as weight and cardio equipment, for youth and adult members.

We have developed a system of reciprocity that enables members of your PickUp USA Fitness Club to have access to any PickUp USA Fitness Club, and members of any other PickUp USA Fitness Club to have access to your PickUp USA Fitness Club. We may make changes to the reciprocity program periodically.

We are in the business of granting and administering a franchise program for the operation by franchisees of PickUp USA Fitness Clubs. We do not currently conduct any business activities other than franchising businesses that operate PickUp USA Fitness Clubs.

There were periods of time during which fitness clubs had to remain closed in some parts of the country or had their operations restricted by state or local law as a result of the health crisis caused by the COVID-19 pandemic. During a health crisis, you may not be able to conduct operations of your PickUp USA Fitness Club or your operations may be reduced.

Market

Your PickUp USA Fitness Club will compete with other health clubs and businesses that offer similar products and services, including other local health clubs and national fitness center chains. The market for fitness clubs is developed and competitive. You will offer your products and services to the general public. The fitness industry can be seasonal, and your PickUp USA Fitness Club might be affected by many factors, including the time of year, local economic and market conditions, your experience and business knowledge, competition, and the geographic location of your PickUp USA Fitness Club within your market.

Applicable Regulations

In addition to laws and regulations that apply to businesses generally, you may be subject to regulations relating to the operation of a fitness facility in your state, city or county, including laws governing public health and safety codes and ordinances.

As of the date this Disclosure Document was issued, there are no national regulations that apply specifically to the operation of fitness centers. However, many states, and some municipalities, have laws and regulations that apply specifically to membership contracts, operations and licenses. Many states limit the length of your customer contracts, provide for specific provision to be included in those contracts, prescribe the format or type size for the contract, and provide customers the right to terminate their contracts. Applicable regulations may also require you to obtain a bond to protect pre-paid membership fees you collect or have other requirements relating to pre-paid membership fees. Some states and municipalities have also enacted laws requiring fitness centers to have a staff person available during all hours of operation, and in some cases this person may be required to be certified in basic cardiopulmonary resuscitation, or have other specialized training. In addition, some laws require a fitness center to have an automated external defibrillator ("AED") and other first aid equipment on the premises, and some may require you to take other safety measures. There may also be laws requiring you to post signs concerning steroid and other drug use. Some states impose sales taxes on club memberships. There may also be special permits required for you to operate some or all of your business.

Because you will accept credit cards, you will also have to comply with any general laws and regulations relating to the acceptance of credit cards, including the Payment Card Industry ("PCI") Data Security Standard ("DSS"). Compliance with the PCI DSS is your responsibility. You must also comply with data privacy laws that affect the safekeeping of member information, and regulations that apply to electronic marketing, like faxes, emails, text messaging and telemarketing.

There are also state and federal laws and regulations that apply to credit transactions, such as the Federal Truth in Lending Act and Regulation Z, and various other credit related statutes like the Equal Credit Act and Fair Debt Collection Practices Act. These laws and regulations vary from state to state and may affect your operations.

You must also comply with all data protection and privacy laws. In particular, you may not copy, transfer or use data on current or past customers such as their names, addresses, phone numbers or email addresses, or provide that information to third parties.

Other applicable regulations include those concerning smoking, sanitation, discrimination, employment and sexual harassment laws as well as the Americans with Disabilities Act, which requires readily accessible accommodations for disabled individuals and may affect your operations. It is your responsibility to comply with these laws and obtain any necessary approvals or licenses before you open for business. You should consult with your own advisors and the government agencies in your state for information on how these laws apply to you. Among the laws and regulations that apply to businesses generally, you must comply with the Patient Protection and Affordable Care Act, 42 USC 18001.

Prior Experience

We began offering franchises on April 14, 2016. None of our affiliates have offered franchises. We have not operated PickUp USA Fitness Clubs but some of our affiliates have from time to time. Neither we nor our affiliates have offered or offer franchises in any other line of business.

ITEM 2

BUSINESS EXPERIENCE

CEO: Jordan Meinster

Jordan Meinster has served as our CEO since our formation in March 2016. Mr. Meinster created the PickUp USA Fitness Club concept in 2011, and opened the first PickUp USA Fitness Club in June 2012. Mr. Meinster has served as CEO of PickUp USA, LLC that operates the first PickUp USA Fitness Club since September 2011.

Vice President of Operations: Paolo Ontalan

Paolo Ontalan has served as our Vice President of Operations since April 2020. Mr. Ontalan was our National Director of Operations from July 2019 to April 2020. Before that, from February 2016 to July 2019, Mr. Ontalan was the General Manager of our affiliate, PickUp USA, LLC, that operated the first PickUp USA Fitness Club.

Vice President of Marketing: Aaron Magno

Aaron Magno has served as our Vice President of Marketing since November 2020. Mr. Magno was our National Marketing Director from October 2019 to November 2020. Before that, from October 2016 to October 2019, Mr. Magno was the Marketing Manager of our affiliate, PickUp USA, LLC, our affiliate that operated the first PickUp USA Fitness Club.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

You must pay us an initial franchise fee of $45,000 in a lump sum when you sign the Franchise Agreement. The initial franchise fee is non-refundable, and is uniform except as described below.

Existing franchisees purchasing an additional franchise pay an initial franchise fee of $35,000, which represents a 22.2% discount from the standard initial franchise fee. United States military veterans who received an honorable discharge from military service pay an initial franchise fee of $45,000, but we will rebate $5,000 to such veterans upon the grand opening of their PickUp USA Fitness Club.

Occasionally, we or our affiliate may sell the assets of a PickUp USA Fitness Club that we own and operate. If you are purchasing the assets of an existing PickUp USA Fitness Club, you must also pay us or our affiliate the purchase price for those assets.

ITEM 6

OTHER FEES

Franchise Agreement

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of gross revenues	Weekly	See Note 1.
Additional Training Fee	Our then current additional training fee, currently $500 per day per instructor, plus expenses	Upon demand	See Note 2.
System Marketing Fund Contribution	Up to 2% of gross revenues; currently 1% of gross revenues	Weekly	See Note 3.
Social Media Reimbursement	Our costs	Upon demand	See Note 4.
Alternative Supplier Evaluation Fee	Our costs	Upon demand	See Note 5.
Transfer Fee	40% to 80% of the then-current initial franchise fee	Upon application to transfer	See Note 6.
Relocation Fee	40% of the then-current initial franchise fee	Upon notice that you wish to relocate	See Note 7.
Renewal Fee	$3,000	Upon notice of renewal	See Note 8.
Mystery Shop Program	Up to $150 per month	Monthly	See Note 9.
Late Fee	Lesser of 2% per month or maximum amount permitted by law	When payment is overdue	See Note 10.
Insufficient Funds Fee	Our then current fee, currently $100 per occurrence	Upon demand	See Note 11.
Technology Fee	Up to $150 per month	Upon demand	See Note 12.
Audit Fee	Cost of audit	Upon demand	See Note 13.

Type of Fee	Amount	Due Date	Remarks
Costs to Cure Lease Default or Licensing Failure	Our expenses	Upon demand	See Note 14.
Indemnification	Payment of our losses and costs	Upon demand	See Note 15.
Costs and Attorney's Fees	Attorney's fees and costs	Upon demand	See Note 16.
Reimbursement of Insurance Costs	Premiums, costs and expenses	Upon demand	See Note 17.

ALL FEES ARE IMPOSED BY AND ARE PAYABLE TO US, UNLESS OTHERWISE NOTED. WE MAY VARY THE FREQUENCY AND METHOD OF PAYMENT OR COLLECTION. WE MAY REQUIRE YOU TO PAY FEES VIA ELECTRONIC WITHDRAWAL FROM YOUR BANK ACCOUNT. ALL FEES ARE UNIFORMLY IMPOSED AND NON-REFUNDABLE, UNLESS OTHERWISE SPECIFICALLY NOTED. IF YOU ARE LOCATED IN A STATE IN WHICH WE DO NOT HAVE AN OFFICE OR OTHER PHYSICAL PRESENCE, AND THE STATE OR LOCAL TAXING AUTHORITY IMPOSES A TAX ON ANY PAYMENT YOU ARE REQUIRED TO MAKE TO US (EITHER BY REQUIRING YOU TO WITHHOLD THE AMOUNT OF THE TAX OR BY REQUIRING US TO PAY IT), YOU MUST PAY US THE DIFFERENCE BETWEEN THE PAYMENT AS ORIGINALLY CALCULATED AND THE PAYMENT WE RECEIVE FROM YOU AFTER DEDUCTING THE TAX IF WE DO NOT RECEIVE A REFUND OR CREDIT.

Notes:

1. Gross revenues means all revenues you receive from the operation of the franchised business (including any payments under your business interruption insurance coverage) deducting only amounts paid to any governmental tax authority and any customer refunds made in accordance with our policy.

2. We do not charge a separate fee for providing initial training to you, your operating partner, your general manager and your assistant general manager. If you request initial training for additional or replacement personnel or if all of your personnel cannot attend the initial training at the same time, we may charge this fee. If we determine that additional training is advisable or if we agree to conduct additional training or provide additional operations assistance at your request, we will charge you this fee. If the training or operations assistance is provided on-site at your franchised business, you must also reimburse the trainer's travel, lodging and food expenses. You must pay this to us before we provide the additional training or operations assistance.

3. We require that you contribute this amount to our system marketing fund. We can adjust the percentage of gross revenues that you must contribute to this fund at any time.

4. We may conduct promotional activities for your PickUp USA Fitness Club on a centralized social media account and direct them to your market in consultation with you. If we do so, you will reimburse us for our cost to do so. You may credit this amount against the local marketing you are required to do.

5. If you request our approval for an alternative supplier for any products or services you use in your PickUp USA Fitness Club, you must reimburse us for up to $1,000 of the costs plus travel expenses for us to evaluate and approve an alternative supplier. This fee is payable when you request us to evaluate a proposed supplier, and is not refundable if we do not approve the supplier.

6. You pay 40% of the then-current initial franchise fee if the transferee is one of our existing franchisees that we have approved to develop additional locations, and 80% of the then-current initial franchise fee if the transferee is not one of our existing franchisees. You must pay the transfer fee to us when you submit an application to transfer. We will return the transfer fee to you if we do not consent to the transfer, but we may retain an amount to reimburse any costs we incurred to evaluate the proposed transfer. There are other conditions to your ability to transfer.

7. If you request our approval for you to relocate your PickUp USA Fitness Club and we agree, you must pay this fee to us for our assistance in evaluating the new site, reviewing your new lease terms and lease document, assisting you with the design of the new location, assisting you in coordinating suppliers for the new location and providing you with onsite opening support and marketing planning assistance.

8. You must pay this fee when you send us notice that you wish to renew. You must be in good standing to renew. There are other conditions to renewal. This fee applies whether or not we renew.

9. You must pay the cost of the mystery shops that are undertaken at your location. We may require you to pay the mystery shop company directly, or to reimburse us.

10. If you do not pay any amount when due, you must pay a late charge of 2% per month, or the maximum rate permitted by law, if less.

11. We may elect to collect monies from you via electronic funds transfer (EFT). You must pay us $100 per occurrence if your check is dishonored or if there are insufficient funds in your account.

12. You must pay a technology fee to us or to third-party providers for technology items which may include: (a) licensing and help desk fees for required software; (b) licensing or user-based fees for a franchise portal or benchmarking platform we may create or select for use by franchisees; (c) fees related to exposure on our website; or (d) other technology uses we may require.

13. You must pay the cost of an audit of your records by us only if the audit shows an understatement of at least 2% of fees due for the period audited. The cost of the audit will vary depending on factors such as the amount of time that is the subject of the audit and the state of your records and will include accounting and legal fees, travel expenses, room and board and compensation for our representatives. We may audit your records at any time without notice. This fee is in addition to any delinquent fees and late charges.

14. If you default on your lease and we cure your default, you must reimburse us for our costs to do so upon our demand. If you fail to obtain any required governmental or regulatory licenses or permits and we incur expenses to obtain them on your behalf, you must reimburse us for our costs to do so upon our demand.

15. You must defend us and our affiliates and representatives and pay for any claims and losses to us resulting from your actions or failure to act.

16. If there is a dispute between us, the prevailing party will be entitled to attorney's fees and costs. If we obtain injunctive relief against you because you breach the Franchise Agreement's provisions concerning use of our trademarks, trade secrets or confidential information or if you do not comply with your obligations under the Franchise Agreement upon termination or expiration, you must also reimburse us for our attorney's fees and costs.

17. If you fail to obtain and maintain the insurance coverage we specify, we may obtain the insurance for you and your franchised business and you must reimburse us for all premiums, costs and expenses we incur.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type Of Expenditure	**Amount**	**Method Of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Initial Franchise Fee	$45,000	Lump Sum	At signing of Franchise Agreement	Us
Lease, Utility, and Security Deposits, and Facility Occupancy Costs (Note 1)	$20,000 - $80,000	Lump Sum	As incurred	Landlord, Utilities

Design, Architectural and Permitting Fees (Note 2)	$5,000 - $40,000	As incurred	As incurred	Contractors
Leasehold Improvements (Note 3)	$50,000 - $350,000	As incurred	As incurred	Contractors
Pre-Opening Labor Costs (Note 4)	$15,000 - $30,000	As incurred	As Incurred	Your Staff
Signage (Note 5)	$5,000 - $15,000	As incurred	As incurred	Contractors
Basketball Court and Basketball Equipment Costs (Note 6)	$80,000 - $200,000	As incurred	As incurred	Vendors
Fitness Equipment / Accessories Costs (Note 7)	$25,000 - $175,000	As incurred	As incurred	Vendors
Furniture, Fixtures and Equipment (Note 8)	$25,000 - $75,000	As incurred	As incurred	Vendors
CRM/Back Office Systems (Note 9)	$2,000 - $3,000	As incurred	As incurred	Vendors
Professional Fees (Note 10)	$3,000 - $10,000	As incurred	As incurred	Professional Service Providers
Initial Inventory (Note 11)	$7,000 - $15,000	As incurred	As incurred	Vendors
Insurance (Note 12)	$1,000 - $2,500	As incurred	As agreed to with insurance provider	Insurance provider
Training Expenses (Note 13)	$4,266 - $7,054	As incurred	As incurred	Airlines, hotels, restaurants and other vendors

Pre-Sale/Grand Opening Marketing (Note 14)	$15,000 - $25,000	As incurred	As incurred	Media and other vendors
Additional Funds – six months (Note 15)	$50,000- $125,000	Varies	As incurred	Varies
TOTAL (Note 16)	**$352,266 - $1,197,554**			

Notes:

1. The estimates in this chart are based on a PickUp USA Fitness Club with approximately 9,000 to 35,000 square feet. This amount includes an estimate for the first one to two months' rent plus a security deposit equal to one to two months' rent. This estimate also includes deposits for utilities.

2. You will need to work with an architect to develop floor plans and construction drawings for your PickUp USA Fitness Club. You will also need to work with a permitting firm to obtain construction and use permits. In addition to the fees of the architect and permitting firm, these amounts also estimate fees to be paid to state and local agencies to obtain construction and use permits.

3. Leasehold improvement costs are costs associated with modifications to the physical structure of your facility (such as remodeling bathrooms, constructing partition walls, adding lighting and HVAC, and painting). These costs will vary depending on numerous factors, including the size and configuration of the premises, the cost of materials for labor and construction, and the local costs of construction work. Additionally, the amount of tenant allowances granted by your landlord will also affect your costs.

4. Your pre-opening labor costs will vary depending on numerous factors, including your compensation plans for your staff, your timing for onboarding your managers, and how many hours they work during the pre-opening period. This provides a range of our estimate of costs for you to have the necessary staffing during your pre-opening period, so that your entire staff completes their required training programs.

5. This amount will vary depending upon the size of your facility, the type and amount of signage, signage codes and regulations at your location. This includes all interior, exterior, and door signage.

6. This amount will vary depending on the type of court you choose, how many courts and hoop systems you install, and how many other basketball training amenities you order. This amount includes all SportCourt material and installation costs for your basketball courts, hoop systems, scoreboard, wallpads, banners and court

logos. as well as training amenities such as a shooting gun, Vertimax, and other basketball training equipment.

7. This amount will vary depending on the quantity and type of fitness equipment you choose for your club. This amount includes Core Health & Fitness costs for your cardio and weight equipment, including weight plates, bars, and dumbbells. It also includes the cost of ancillary fitness training equipment and fitness room flooring.

8. Furniture, fixtures and equipment (FF&E) include the cost to outfit the rest of your PickUp USA Fitness Club. Included are the cost of your sales desk, check-in desk, lounge furniture, TVs, benches, washer and dryer, lockers, security surveillance equipment, sound system, computers, printers, telephones, and other miscellaneous items, such as framed jerseys, trash cans and jersey bins.

9. This amount includes the set up costs for ClubReady, a software program that facilitates club member check-in, member management, retail point-of-sale and other functions. It also includes the cost of multiple credit card swipers, a bar code scanner, an electronic signature pad, and keytags for your members to utilize to check into your PickUp USA Fitness Club. This amount also includes costs for establishing bookkeeping software through Quickbooks.

10. This is our estimate of the cost for you to consult with independent legal and other professional advisors.

11. Initial inventory includes fully stocking your retail merchandise section with basketballs, apparel, and Gatorade. This estimate also includes other inventory necessary to operate your PickUp USA Fitness Club, such as paper towels, toilet paper, trash bags, brooms, mops, office paper, pens, paper clips, and other similar supplies.

12. This amount covers insurance costs during your pre-opening period. You may have to place a down payment or deposit on your initial insurance policies.

13. This amount varies depending on how far you are from our training locations and on the number of people attending training. You do not pay us a fee for this training. These estimated costs are those you and your managers may incur in travelling to our training facility.

14. You must conduct a grand opening advertising and pre-sale program for your PickUp USA Fitness Club. You must spend a minimum of $15,000 on the program. The program must begin at least 60 days before you open your PickUp USA Fitness Club and continue through the day you open your PickUp USA Fitness Club. Thereafter, you will begin spending the amounts we require on local advertising.

15. These expenses are additional funds you may need to expend during the initial phase of the business (six months) including staff salaries, local advertising, insurance premiums, facility occupancy costs, and normal operating expenses such

as utility, phone and janitorial services. They do not account for any salary or other payments to you. They are estimates and we cannot guarantee that you will not have additional expenses above this estimate when starting the business. This is not a breakeven analysis or representation. Your costs will depend on factors such as how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, the prevailing wage rate in your particular geographic area, competition and the level of revenue you reach during the initial phase of operations. We base our estimate of these expenses on our affiliate's and our franchisees' experience.

16. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

All figures in Item 7 are estimates. We strongly advise that you review the estimated financial information with an advisor, such as a lawyer or an accountant. Actual costs will vary for each franchisee depending on a number of factors. The amounts payable to us are nonrefundable unless otherwise noted. The refundability of other amounts depends upon your agreement with the applicable supplier or other party.

We do not offer direct or indirect financing to franchisees for any items as of the date this Franchise Disclosure Document was issued, but we may suggest financing sources to assist you, including referring you to a third party lender, Guidant Financial. We do not require you to obtain financing through Guidant Financial.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Products and Services

All equipment, products and services used in or sold at your PickUp USA Fitness Club must meet our specifications and standards and be approved by us. You may only purchase equipment, products and services from suppliers we have designated or approved. We will issue specifications and standards and provide you with a list of approved equipment, products, services and suppliers in notices we send you or in the Brand Standards Manual and in bulletins and supplements to the Brand Standards Manual.

Designated Suppliers

As of the date this Franchise Disclosure Document was issued, we require that you use fitness center management software provided by ClubReady in the operation of your franchised business. We reserve the right to change or modify the required software at any time. The ClubReady software was adapted for use in our affiliate's PickUp USA Fitness Club. It will provide you with generic templates for the agreements used in the operation of our affiliate's PickUp USA Fitness Club (such as membership agreements and liability waivers). You are not required to use these templates. We strongly recommend that you have any agreements and other documents you use in the operation of your PickUp USA Fitness Club reviewed by your own independent legal advisor. In addition, we or our affiliate may, at a later date, develop or specify proprietary computer software that we will require you to use in your business. If we do so, you may be required to sign a license agreement with us or our affiliate and pay license fees for the use of the software.

We do not require you to hire a bookkeeper or accountant, but you must use our designated chart of accounts, income and balance sheet format. If you do not meet our accounting and reporting standards, we may require you to hire a third party accounting firm that we designate. As of the date this Franchise Disclosure Document was issued, we also require you to use Quickbooks or OnePoint Accounting. We may designate a different provider in the future.

If you do not meet our accounting and reporting standards, we may require you to hire a third party accounting firm we designate.

We require you to work with Colliers International for market analysis, site selection and lease negotiation as of the date this Disclosure Document was issued. We also have other requirements concerning your facility and lease that are discussed below.

We or our affiliate may sell proprietary products or other products either directly to franchisees or to suppliers for resale to PickUp USA Fitness Club, and receive revenue from these sales. During the fiscal year ended December 31, 2022, we did not receive any revenues on account of these sales but we may do so in the future. We also may receive rebates from suppliers on account of other purchases or leases by franchisees. During the fiscal year ended December 31, 2022, we received $43,725.95 in rebates on account of purchases or leases by franchisees from suppliers.

Approval of Alternative Suppliers

In order to obtain our consent to a new supplier, you must satisfy the following conditions. We are not required to approve suppliers you propose even if they meet these conditions.

1. You must send a written request to us and agree to pay our expenses in evaluating the proposed supplier;

2. The supplier must demonstrate that it can supply an item or service meeting our specifications. This may mean providing us with samples, allowing us or our representatives to perform tests and inspect its facility;

3. The supplier must demonstrate its financial soundness, reputation and the reliability of its product or service;

4. The supplier or provider must maintain the insurance coverage we require and must name both you and us as additional insureds with the right to notice before modification or cancellation of coverage; and

5. If the item will bear our affiliate's trademark, we may require the supplier to sign a license agreement which may include a royalty payment to us or our affiliate.

We generally will notify franchisees of approval or disapproval of a supplier within 90 days. Approved suppliers will be added to the approved supplier list. We may notify you that the approval of a supplier is revoked at any time. If we revoke approval of a supplier, you must immediately stop using that supplier.

Officer-Owned Suppliers

None of our officers owns an interest in any supplier as of the date this Disclosure Document was issued.

System Marketing

We must approve all marketing, advertising and publicity materials you use to promote your PickUp USA Fitness Club before you use them. You must provide any non-approved materials to us at least 10 days before the deadline for submitting them for publication. You must conduct a grand opening advertising and pre-sale program for your PickUp USA Fitness Club for which you must spend a minimum of $15,000. The program must begin at least 60 days before you open your PickUp USA Fitness Club and continue through the day you open your PickUp USA Fitness Club.

Facility and Lease

You must work with Colliers International in the selection of the site for your PickUp USA Fitness Club. Your Colliers agent will also assist you with the negotiation of your lease.

We may provide you with a list of designated architects to work with you to develop floor plans and construction drawings for your PickUp USA Fitness Club from which you must choose. If we do not provide you with a list, you must select an architect with commercial construction experience, subject to our consent. You must also use contractors who meet our standards and specifications for contractors, including that the contractors be commercially licensed and insured and have experience in building fitness centers. You must also work with a permitting firm to obtain construction and use permits.

We recommend that you obtain at least three construction bids for your location. We may identify contractors that meet our standards and specifications, but you will not be required to use the contractors we identify, and you will make the final decision in hiring a contractor. We also reserve the right to review the construction process and require you to submit to us the construction bids you receive.

The landlord of your facility may be able to recommend architects and contractors that have completed work at the facility at your location in the past. In addition, your Colliers agent may be able to refer you to architects and contractors.

You must obtain our approval of the lease or contract for the location from which you operate your PickUp USA Fitness Club. You are responsible for all costs to negotiate and sign the lease or contract. We require you to include certain terms in your lease including a conditional lease assignment to us or our nominee if your Franchise Agreement expires or is terminated. The form of lease addendum we require is attached to this Disclosure Document as **Exhibit J**.

Insurance

You must obtain the insurance coverage required by the Franchise Agreement and as we may periodically notify you from a carrier with a minimum rating of A-VII by Best's Insurance Review. You must obtain our consent to the carrier you use. We may periodically designate one or more insurance companies that provide the insurance we require, and if we do so, you must obtain insurance from such companies. As of the date this Disclosure Document was issued, we have designated Hylant Insurance Group.

You must obtain coverage against all loss and liability from the operation of your PickUp USA Fitness club including general liability coverage in the minimum amounts of $1,000,000 per occurrence and $3,000,000 in the aggregate, professional liability coverage in the minimum amounts of $1,000,000 per occurrence and $3,000,000 in the aggregate (including a sublimit of $1,000,000 for abuse and molestation coverage for trainers and coaches), property insurance covering 100% of the replacement cost of all furniture, fixtures and equipment (including all build out costs), business income coverage for at least 50% of your PickUp USA Fitness club's annual sales, wind, flood or earthquake coverage if your PickUp USA Fitness club is located in a catastrophic area, auto liability coverage with a combined single limit of $1,000,000 for all owned, non-owned and hired automobiles used for your PickUp USA Fitness club, umbrella liability coverage of $1,000,000 excess of all liability policies except employment practices liability, employment practices liability coverage of $1,000,000 for first and third party coverage, cyber liability coverage of at least $1,000,000, worker's compensation coverage required by applicable law and employer's liability coverage of at least $1,000,000 by disease, $1,000,000 by accident and $1,000,000 policy limit. You must also secure an alternate employer's endorsement in our favor. The required coverage is subject to change. We must be named as an additional insured on all of the above policies along with any of our affiliates that we designate, and we must receive at least 30 days' prior written notice from the insurer of any changes to insurance coverage or default or termination of coverage. You must provide us with copies of all insurance policies written on your behalf related to the franchised business. You must also provide a waiver of subrogation in our favor and provide that your insurance policies are primary and non-contributory to any policies we may carry.

Other Information

We negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. As of the date this Franchise Disclosure Document was issued, we have negotiated purchase arrangements with the following companies. The information described below is current as of the date this Disclosure Document was issued, but is subject to change.

- Ecore Sports Flooring: PickUp USA Fitness franchisees typically receive a discount between 15-20% in total Ecore costs.

- Core Health & Fitness: PickUp USA franchisees receive a discount between 35% and 40% in total Core Health & Fitness costs. This equates to between $60,000 and $70,000 in savings to our franchisees in most circumstances. Franchisees also receive a pre-packaged set-up of cardio and weight equipment for their PickUp USA Fitness Clubs that substantially reduces the time involved in outfitting their clubs. Franchisees will work with our national Core Health & Fitness account representative, David Summers, as well as a local representative, who will provide support from design and planning to ordering, to installation, to ongoing service/support.

- Dr. Dish: PickUp USA franchisees receive a $2,000 discount on Dr. Dish shooting machines along with upgraded warranties and service in most circumstances.

- Colliers International: PickUp USA franchisees receive pre-packaged services from Colliers including assistance with market analysis, site selection, and lease negotiation. Franchisees will work directly with our national account representative at Colliers, Alex Blecksmith, as well as a local account representative in your local market. Your Colliers services are all-inclusive, and you will not be charged consulting fees, set-up fees, or travel expenses.

- ClaytonKendall: Franchisees receive access to a customized website (www.pickupusashop.com) where they order all of their PickUp USA Fitness branded retail merchandise, flyers, banners, business cards, employee uniforms, promotional giveaways, and any custom print materials. ClaytonKendall is the supplier behind this website interface, and franchisees receive wholesale pricing.

- R&R Insurance: PickUp USA Fitness franchisees have a dedicated representative at R&R Insurance Group who will work with them for general liability insurance, worker's compensation insurance, and other insurance needs. Your representative will have pre-packaged information for your franchise location.

- ClubReady: PickUp USA Fitness franchisees receive ClubReady's corporate package, which provides for automated and expedited set-up options, discounted pricing, and preferred customer service.

Please note that these purchase arrangements are subject to change, at any time, without notice. Additionally, percentage discounts and total savings can vary depending on your local market and changes with the vendors' pricing models, among other things.

We do not provide material benefits (such as renewal or granting additional franchises) to franchisees based on use of designated or approved suppliers.

We do not have any purchasing or distribution cooperatives as of the date this Disclosure Document was issued but may elect to establish them in the future.

We estimate that the required purchases and leases described in this Item will constitute approximately 80% of all purchases and leases you will incur to establish your PickUp USA Fitness Club and 20% of your purchases and leases to operate your business.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 1C of Franchise Agreement	Items 7 and 11
b. Pre-opening purchases/leases	Section 1C of Franchise Agreement	Items 7 and 8
c. Site development and other pre-opening requirements	Section 1C of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Section 3A of Franchise Agreement	Item 11
e. Opening	Section 2 of Franchise Agreement	Items 7 and 11
f. Fees	Sections 1E2(i), 3A(5), 4, 10C, 15B(3)(f) and 17J(5) of Franchise Agreement	Items 5 and 6

Obligation	Section in Agreement	Disclosure Document Item
g. Compliance with standards and policies/Operations Manual	Section 3B of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Sections 5, 6 and 11 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 4C, 4D and 4E of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 4A of Franchise Agreement	Item 16
k. Territorial development and sales quotas	Section 1B of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Sections 4C, 4D and 4E of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Section 4B of Franchise Agreement	Item 17
n. Insurance	Section 5 of Franchise Agreement	Items 7 and 8
o. Advertising	Section 9 of Franchise Agreement	Items 6, 7 and 11
p. Indemnification	Section 16 of Franchise Agreement	Item 6
q. Owner's participation/ management/staffing	Section 4F of Franchise Agreement	Item 15
r. Records and reports	Section 8 of Franchise Agreement	Item 6
s. Inspections and audits	Section 10C of Franchise Agreement	Item 6
t. Transfer	Section 15 of Franchise Agreement	Item 17

<u>Obligation</u>	**Section in <u>Agreement</u>**	**Disclosure <u>Document Item</u>**
u. Renewal	Section 1E of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Section 14 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 12 of Franchise Agreement	Item 17
x. Dispute resolution	Section 17J of Franchise Agreement	Item 17
y. Other: Spousal Consent (Note 1); Owner Guaranty and Confidentiality and Non-Competition Agreements (Note 2)	Exhibits C and E to the Franchise Agreement	Items 9 and 22

<u>Notes</u>:

(1) The spouse of an individual franchisee (and the spouse of each owner of a franchisee that is an entity) must sign a spousal consent (Exhibit C to Franchise Agreement).

(2) Each individual who owns an interest in a franchisee that is a business entity (and that individual's spouse) may be required to sign an agreement to maintain confidentiality and not to compete and an agreement guaranteeing all obligations of the "Franchisee" under the Franchise Agreement (Exhibit E to Franchise Agreement).

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation. If you purchase the assets of an existing PickUp USA Fitness Club from us or our affiliate, we may consent to your payment of an initial payment for the purchase price for the assets and your delivery of a promissory note secured by your interest in the PickUp USA Fitness Club.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, PickUp USA Franchise Company, LLC is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your PickUp USA Fitness Club, we:

1. Will provide you with assistance in selecting a location for your PickUp USA Fitness Club. As of the date this Disclosure Document was issued, we have designated Colliers International as our real estate tenant representative and you must work with them on market analysis, site selection and lease negotiation. You select the location for your business subject to our acceptance in writing. You must submit your request in a format that we require. You must obtain our acceptance before signing a lease or contract for the site. We generally do not own premises or lease them to franchisees. In general, the factors which we may consider include the general location and neighborhood of the business, zoning of the site, demographics, locations of any other fitness centers in the general area, proximity of complementary businesses, traffic patterns, parking, rent, size, layout, physical characteristics of the location and lease terms.

We will approve or disapprove your proposed location within 30 days after receiving the request for approval and all of the information we require concerning the proposed location. If we cannot agree on a proposed site, then you must find another site and request our approval. You must obtain our approval of a location within twelve months after signing the Franchise Agreement. If you do not do so, your Franchise Agreement may terminate. If a specific location for your PickUp USA Fitness Club has not been identified at the time you sign the Franchise Agreement, we will identify a general territory in your Franchise Agreement to assist you in focusing your site selection effort. Once your location has been identified, your location and territory will be inserted as an exhibit to the Franchise Agreement. You must secure any governmental approval and licenses that are required to operate your PickUp USA Fitness Club at your location. We require that you open your PickUp USA Fitness Club by the earlier of 18 months after you sign the Franchise Agreement or six months after you sign a lease for the location. The typical length of time between the earlier of the signing the Franchise Agreement or the first payment of consideration for the franchise and the opening of the your business is six to 18 months or more. The factors that affect these deadlines are locating a satisfactory site, negotiating a lease or contract for the location, obtaining permits and licenses, and zoning and local ordinances (See Franchise Agreement, Section 1C). During the public health crisis caused by COVID-19, it may take you longer to open your PickUp USA Fitness Club.

2. May provide you with a list of designated architects to work with you to develop floor plans and construction drawings for your PickUp USA Fitness Club. If we do not provide you with a list of designated architects from which to choose you must select an architect (subject to our consent) who has commercial construction experience. (See Franchise Agreement, Section 1C(6)).

3. Will provide input on how to design and construct or renovate your facility as a PickUp USA Fitness Club (See Franchise Agreement, Section 1C(8)).

4. Will lend you a copy of the Brand Standards Manual (See Franchise Agreement, Section 3B). The manual is confidential and remains our property. We will modify this manual periodically. As of the date this Disclosure Document was issued, the Brand Standards Manual has a total of 181 pages. The table of contents as of the date this Disclosure Document was issued is attached as **Exhibit F**.

5. Will provide you with initial training in operating your PickUp USA Fitness Club (See Franchise Agreement, Section 3A).

6. Will assist you with your marketing efforts to pre-sell memberships (See Franchise Agreement, Section 9D).

7. Will enter into arrangements with suppliers and vendors to support you in the development of your PickUp USA Fitness Club, as described in Item 8 above (See Franchise Agreement, Section 4C).

Post-Opening Assistance

During the operation of your PickUp USA Fitness Club, we:

1. Will periodically update the Brand Standards Manual, including supplier designation and updates to standards and specifications (See Franchise Agreement, Section 3B).

2. Will furnish advice and guidance to you on the operation of the franchised business and provide ongoing support (See Franchise Agreement, Section 3C).

3. May provide advice to you in the development of an annual business plan (See Franchise Agreement, Section 9B).

4. May advise you on marketing and advertising issues and may periodically provide advertising materials (See Franchise Agreement, Sections 9A and 9B).

5. Will evaluate and decide whether or not to approve any advertising materials you propose to use (See Franchise Agreement, Section 9C).

6. May contract with third party suppliers to conduct mystery shopping programs and quality service audits as part of our ongoing support program (See Franchise Agreement, Section 10B).

7. Will provide additional training as described below (See Franchise Agreement, Section 3A).

System Marketing

We administer a system marketing fund to which you must contribute. The proceeds from the system marketing fund will be used for marketing and promotional purposes and we may elect to disseminate our promotional materials through any media including Internet, television, radio and print media such as magazines, billboards, flyers or mailers and newspapers. We may use the system marketing fund to employ an outside consultant or advertising agency to assist in the development, production and dissemination of promotional materials. We may also use the system marketing fund to develop promotional and advertising materials for your use such as brochures, handouts, ad slicks and similar materials. We may use the system marketing fund to hire a website management firm to manage the website and optimization on behalf of all franchisees. We may also spend the system marketing fund on administrative expenses including allocation of overhead and salaries of our personnel. We are not required to spend any specific amount on advertising in the area or territory in which your PickUp USA Fitness Club is located. We reserve the right to conduct local, regional or national advertising campaigns.

We require that you contribute up to 2% of your gross revenues each week to the system marketing fund. As of the date this Disclosure Document was issued, you must contribute 1% of your gross revenues to the system marketing fund. We may change the amount of this fee at any time upon prior written notice to you. As of the date this Disclosure Document was issued, we require franchisees to contribute to the system marketing fund at the same rate, although there may be exceptions in some circumstances in the future. We anticipate that any PickUp USA Fitness Club owned by us or our affiliates will contribute to the system marketing fund on the same basis as franchisees although this may change in the future.

During the fiscal year ended December 31, 2022, the Marketing Fund was spent as follows:

Category	**2022 Expenses**	**Percent of Total 2022 Expenses**
Production	$27,216	73%
Media Placement	$9,572	26%
Administrative Expenses	$290	<1%
Total	$37,078	100%

We also require that you spend a minimum amount on local advertising each month, beginning immediately after your PickUp USA Fitness Club opens for business. As of the date this Disclosure Document was issued, we require that you spend at least $3,000 per month on local advertising. We may require you to submit receipts documenting this advertising activity. Any amount you reimburse us for expenditures we make on your behalf for social media promotions can be credited against the minimum amount you must spend on local advertising. We may change the minimum amount that you must spend on local advertising at any time upon prior written notice to you.

You must conduct a grand opening advertising and pre-sale program for your PickUp USA Fitness Club. You must spend a minimum of $15,000 on the program in your territory. The program must begin at least 60 days before you open your PickUp USA Fitness Club and continue through the day you open your PickUp USA Fitness Club. You must obtain our prior written approval of your grand opening marketing and pre-sale activities.

You may use your own advertising materials only after they have been approved in writing by us. You must submit such advertising materials to us at least 10 days before the date you wish to start using them. We do not currently have a franchisee advisory council, but we may create one in the future. As of the date this Disclosure Document was issued, we do not have any local or regional advertising cooperatives, but we may organize cooperatives in the future and require you to participate in them. If we do so, the amount you must contribute will offset your required local advertising expenditures.

The system marketing fund is not audited as of the date this Disclosure Document was issued. If financial statements of the fund are prepared in the future, they will be available to you upon reasonable request.

If all the contributions to the system marketing fund are not spent in any fiscal year, the surplus may be used in the next year. We do not plan to use any of the system marketing fund contributions principally to solicit new franchise sales.

We may develop discount programs or coupon or gift certificate programs in the future. If we do so, you must participate if that is permitted by applicable law and licensing boards. We have developed a reciprocity program that allows members of your PickUp USA Fitness Club to have access to any PickUp USA Fitness Club, and members of other PickUp USA Fitness Clubs to have access to your PickUp USA Fitness Club. We may make changes to the reciprocity program periodically.

Computers and Software

As of the date this Disclosure Document was issued, we require you to have a personal computer (PC) system and Internet access. Your PC system must meet our specifications and include two desktop personal computers and a laptop. We do not require you to have a specific Internet service provider. Your computer system must be in good repair, with sufficient memory to carry out ordinary business functions.

As of the date this Disclosure Document was issued, we require that you use ClubReady, a software program that facilitates club member check-in, member management, retail point-of-sale, collections, scheduling and other functions. ClubReady may charge you a set-up fee of up to $200. You must sign a merchant services agreement with ClubReady or any third party merchant services provider we designate. The form of agreement that ClubReady requires you to sign as of the date this Disclosure Document was issued is **Exhibit G** to the Disclosure Document. The ClubReady software was adapted for use in our affiliate's PickUp USA Fitness Club. It will provide you with generic templates for the agreements used in the operation of our affiliate's PickUp USA Fitness Club (such as membership agreements and liability waivers). You are not required to use these templates. We strongly recommend that you have any agreements and other documents you use in the operation of your PickUp USA Fitness Club reviewed by your own independent legal advisor.

We may change the computer system and software we require you to use at any time. We estimate that the initial cost of your PC system, if you do not already have one, and the required software, will be approximately $2,500.

We may require you to maintain, repair, upgrade or update any computer equipment you utilize in your PickUp USA Fitness Club to maintain compatibility with any software requirements and there are no contractual limitations on the frequency or cost of your obligation to do so. We estimate that your annual cost to do so will be approximately $1,000. You must provide us with user access to your ClubReady software. There is no contractual limit on our right to access this software and the information on it.

Training

You must complete a training program. The training is an intensive multi-module 8-day program at your location and a PickUp USA Fitness Club location of our choice. Other training is conducted over the phone and through web-based sessions.

Following is information on the training program:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING[1]	HOURS OF ON-THE-JOB TRAINING[2]	LOCATION
History of PickUp USA	2	0	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Use of the Manual	3	2	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Tour of PickUp USA	2	2	Remote, web-based &

SUBJECT	HOURS OF CLASSROOM TRAINING[1]	HOURS OF ON-THE-JOB TRAINING[2]	LOCATION
			telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Pre-Opening Procedures	2	2	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Personnel Issues	3	3	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Advertising	3	3	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Management Procedures	5	11	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Franchise Reporting Requirements	1	1	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Accounting/Record keeping	1	6	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Customer Service Procedures	4	7	Remote, web-based &

SUBJECT	HOURS OF CLASSROOM TRAINING[1]	HOURS OF ON-THE-JOB TRAINING[2]	LOCATION
			telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Sales Procedures	6	11	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Client Procedures	3	9	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Inventory Management	1	1	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
ClubReady	8	11	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Cleaning Procedures	1	6	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Safety Procedures	1	3	Remote, web-based & telephone sessions, and in-person training at your location and a PickUp USA Fitness Club location of our choice.
Totals	46	78	

Notes:

(1) Classroom training includes training over the telephone and web-based training, as well as on-site training at your location and at a PickUp USA Fitness Club location of our choice.

(2) On-the-job training takes place on-site at your location and at a PickUp USA Fitness Club location of our choice.

Before you open your PickUp USA Fitness Club, you, your operating partner, your general manager, and if we require, your assistant general manager, must complete our initial training program to our satisfaction. If you, your operating partner, your general manager or your assistant general manager fail to complete training to our satisfaction within three months after you sign the Franchise Agreement, we may terminate your Franchise Agreement. We have the right to further evaluate your fitness to operate under the Franchise Agreement during the initial training program. The initial training program lasts approximately 8 days, with a portion of the time spent at your location and a portion of the time spent at an established PickUp USA Fitness Club. We reserve the right to change the location of the training at any time to another location we designate. Training programs are held when necessary to train new franchisees.

Paolo Ontalan, our Vice President of Operations, and Aaron Magno, our Vice President of Marketing, will conduct initial training. These individuals have at least 9 years of experience in their fields and at least 5 years' experience with our affiliate.

We do not charge a separate fee for providing initial training to you, your operating partner, your general manager and assistant general manager if you all receive your training at the same time. You will receive no compensation or reimbursement for services or expenses for participation in training. You will be responsible for all of your and your personnel's expenses to attend the training program, including any travel, lodging and food.

In addition to the initial training, we may require you and your personnel to attend up to five days of refresher training each year at a location we designate. We may charge a fee for this additional training. We may also require you to attend a national business meeting or an annual convention for up to three days each year. You will be responsible for all of your and your personnel's expenses such as travel, lodging and food for attending these events.

We may require you to undergo additional training if we determine that you are not operating in accordance with our requirements. We may conduct this training at your site or a different location we select. You may also request additional on-site training or assistance and we will decide whether or not to provide it. In either case, you will be responsible for paying a daily training rate per trainer provided, and the expenses of the trainer or trainers including travel, lodging and food. The rate per trainer may be higher if we provide the additional training at your location.

ITEM 12

TERRITORY

Once the location of your PickUp USA Fitness Club is determined, you will have exclusive rights within a territory surrounding it. There is no specific radius for the territory. Rather, the territory will typically consist of a geographic area that has a minimum population base of 50,000 surrounding the PickUp USA Fitness Club. The size and shape of the territory will also take into consideration the specific market variables at the location, such as population density, population age, market trends, traffic flow, and the location of other PickUp USA Fitness Clubs. We will not operate a PickUp USA Fitness Club in this territory and we will not license third parties to do so (provided you are not in default of your obligations under the Franchise Agreement).

If you do not have a location for your PickUp USA Fitness Club when you sign the Franchise Agreement, we will designate a general geographic area in which you may search for locations. This area may be a city, a county or a state. You do not have any rights to exclusivity within this general geographic area, only in the area around your location once it is determined.

You may not relocate your business or establish additional PickUp USA Fitness Clubs without our prior written consent. If you request our approval for you to relocate your PickUp USA Fitness Club and we agree, you must pay a fee of 40% of the then-current franchise fee to us for our assistance in evaluating the new site, reviewing your new lease terms and lease document, assisting you with the design of the new location, assisting you in coordinating suppliers for the new location and providing you with onsite opening support and marketing planning assistance. You may not schedule any event or conduct any business activity outside of your territory without our prior written consent.

We do not ordinarily grant any options, rights of first refusal or similar rights to acquire additional franchises, but we have granted a right of first refusal in the past.

We or our affiliate may use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales to advertise in your territory, using our trademarks or other marks, but you will provide services to customers who respond and seek to join your PickUp USA Fitness Club. We do not provide you with any assurance that prospective customers in your territory will not respond to such advertisements by contacting and joining a different PickUp USA Fitness Club. We reserve the right to sell products through the channels of distribution identified above to customers in your territory without compensation to you.

You may not advertise outside of your territory but there are no restrictions on the customers you can accept at your facility.

You may not establish a website or other Internet on electronic presence without our prior written consent. We will assist you in setting up social media accounts with

Facebook, Instagram, Yelp, Google and Twitter, and provide best practices and standard brand language. We require administrative access to all of these social media applications. We may require you to remove any questionable usage or content involving our trademarks.

As of the date this Disclosure Document was issued, neither we nor any of our affiliates operates, franchises or has plans to operate or franchise a business under a different trademark that will offer similar services to the ones you will offer as an PickUp USA Fitness Club franchisee, but we reserve the right to do so.

The continuation of your territorial rights is not dependent on achievement of any certain sales volume, market penetration or other contingency other than your compliance with the terms of the Franchise Agreement.

ITEM 13

TRADEMARKS

We grant you the right to operate a single, full-service, basketball-focused fitness club under the name "PickUp USA Fitness," a design logo as seen on the cover page of this Disclosure Document, and related trademarks. You must also use other trademarks which we develop or prescribe to identify your business and its services and products. By trademark, we mean trade names, trademarks, service marks and logos used to identify your business, its services and its products.

You must follow our rules when you use these trademarks. You must use the ® symbol anytime you use the trademarked names or logos listed below. You must use the ™ symbol next to other unregistered trademarks that we designate. You cannot use a 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 our trademarks in the sale of an unauthorized product or service or in a manner not authorized in writing by us. If we adopt trademarks that you develop in the course of operating your franchised business, they will belong to us and you may only use them while you are a franchisee.

Our affiliate, PickUp USA, LLC, has obtained federal trademark registration for the following marks on the principal register of the U.S. Patent and Trademark Office ("USPTO"):

Registration Number	Description of Mark	Registration Date
5,077,318	PICKUPUSA	November 8, 2016
5,362,330	PICKUP USA	December 26, 2017

Registration Number	Description of Mark	Registration Date
5,362,331	PickUpUSA FITNESS	December 26, 2017
5,367,282	PickUpUSA FITNESS	January 2, 2018

Our affiliate has filed all required affidavits.

There are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and there are no pending infringement, opposition, or cancellation proceedings, or any pending material litigation, involving our principal trademark.

We have the right to use the trademarks and to license their use to you under an agreement with our affiliate dated as of April 7, 2016. Unless terminated, the agreement continues indefinitely, and the agreement may not be modified without both parties' consent. Our affiliate can terminate the agreement if we breach the quality control provisions and do not cure the breach within 30 days after notice, if we are involved in any litigation that affects the value of the trademarks, if we are accused of violating any franchise law that applies to us, if we are the subject of a criminal investigation, if we file for bankruptcy protection or are judicially found to be insolvent or otherwise unable to pay our debts as they become due, or if we otherwise materially breach the agreement and do not cure the breach within 30 days after notice. If the agreement is terminated for any reason, it provides that the owner of the trademarks has the option to continue to honor the rights we granted to you. No other agreements limit our right to use or license the use of the trademarks.

You must notify us immediately when you learn about a challenge to your use of our affiliate's trademark. The Franchise Agreement requires us to protect you against claims of infringement if you are using the trademark as required by the Franchise Agreement, if you are in good standing, if you notify us of the claim and if you cooperate in the defense of the claim. You must assist us and our affiliate in protecting any of our or our affiliate's rights, at our expense. We or our affiliate will control any administrative proceedings or litigation involving the trademark and decide whether or not to settle any action. You do not have the right to settle a claim without our consent.

If you learn about a third party's use of our affiliate's trademark or similar ones that you believe to be unauthorized, you must notify us immediately. We or our affiliate will decide whether or not to take action against the third party, and you must assist us or our affiliate, at our expense, if we or our affiliate decides to do so.

If we decide to add a new trademark, or modify or discontinue the use of any trademark, you must use the new trademark or change or discontinue the use of the trademark, all at your expense.

You must not contest our or our affiliate's right to our or our affiliate's trademarks, trade secrets or business techniques or our right to use them.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademark.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent.

We claim a copyright in the Brand Standards Manual. We may also claim copyright protection covering various other materials used in our business including videos, advertising, promotional and training materials. We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so. We may register any of these items or copyrightable materials in the future. Any and all copyright in materials you develop for the franchised business will belong to us. You must not contest our rights to our copyrights.

There are currently no material determinations of the USPTO, the United States Copyright Office or any court regarding any copyright we own. There is no material pending proceeding in the USPTO or any court concerning any copyrighted materials.

You must notify us immediately if you learn about a challenge to use of our copyrighted materials. We will defend you against claims of infringement if you are using the copyrighted material as required by the Franchise Agreement, if you notify us of the claim and you are in good standing. You must assist us in protecting any of our rights, at our expense. We will control any administrative proceedings or litigation involving the copyrighted materials. You do not have the right to settle a claim without our consent.

If you learn about a third party's use of these copyrighted materials which you believe to be unauthorized, you must notify us immediately. We will decide whether or not to take action against the third party, and you must assist us, at our expense, if we decide to do so.

We do not know of any superior rights or infringing uses that could materially affect your use of our copyrighted materials.

You also receive the right to use certain of our trade secrets and confidential and other proprietary information, including our proprietary practices and procedures, interior and exterior layout, construction plans and specifications, marketing strategies, operations, techniques, financial information, supplier and customer lists, specifications and materials about fitness services and activities, fitness plans and, in general, methods, techniques, formulas, formats, specifications standards, procedures, know-how, information systems and knowledge and the contents of our Brand Standards Manual. You must have any of your personnel with access to this information sign a confidentiality and non-competition agreement in a form acceptable to us. You must also obtain your staff's written consent that their telephone conversations at the PickUp USA Fitness Club may be recorded.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You (or if you are a business entity, your owners) must be actively engaged with the operation of your PickUp USA Fitness Club and you are typically required to work full-time in the business. If you do not work full-time in the business, we require you to designate an operating partner who lives close to your PickUp USA Fitness Club and who owns at least 10% of the business entity that is the franchisee. Your operating partner will be required to work full-time in the business. You must obtain our consent to any operating partner you designate, and your operating partner will be our primary day-to-day contact on all operations issues for your business. The Franchise Agreement requires that your PickUp USA Fitness Club always be under the direct on-site supervision of you or your operating partner. The Franchise Agreement also requires that you have a qualified general manager at the time you open your PickUp USA Fitness Club. If you elect to serve as general manager, we recommend that you employ an assistant general manager. Any on-site general manager or operating partner that you employ at your PickUp USA Fitness Club must successfully complete our training program. We may also require that any operating partner or general manager execute a confidentiality and non-competition agreement. If your operating partner or any general manager you employ is terminated or otherwise ends his or her relationship with your business, you must recruit a new operating partner or general manager within 30 days and submit his or her qualifications to us for review and consent. We may require that we provide training to any replacement operating partner or general manager and that he or she complete that training to our satisfaction.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that you offer and sell only those goods and services that we have approved.

You must offer all goods and services that we designate unless we otherwise agree in writing. We have the right to add, delete or change authorized goods or services that you must offer. There are no limits on our right to do so. In the future we may develop additional fitness services that we may require you to provide, and you may incur costs to provide such services.

We have developed a system of reciprocity that enables members of your PickUp USA Fitness Club to have access to any PickUp USA Fitness Club, and members of any other PickUp USA Fitness Club to have access to your PickUp USA Fitness Club. You must comply with the reciprocity programs we implement. We may make changes to this program.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Franchise Agreement

Provision	Section in Franchise Or Other Agreement	Summary
a. Length of the franchise term	Section 1E(1)	10 years.
b. Renewal or extension of the term	Section 1E(2)	If you meet certain conditions, you can enter into a successor Franchise Agreement for up to two additional five year terms. If you seek to renew your franchise, you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreement.
c. Requirements for franchisee to renew or extend	Section 1E(2)	You must sign our then-current Franchise Agreement; you must be in full compliance under all agreements with us or our affiliates and you must have paid all that you owe us as and when

Provision	Section in Franchise Or Other Agreement	Summary
		due; your club must meet our then-current requirements or you must update the club and its equipment to reflect our then-current requirements; you must successfully complete retraining; you must sign a general release; you must not have received three or more default notices in any 24 month period; we must not have decided to withdraw from your market; you must have the right to continue operating at your location, you must pay us a renewal fee of $3,000; you must have given us 120 days' notice of your election to renew and return documents within 20 days.
d. Termination by franchisee	Not applicable	Not applicable.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	Section 13	We can terminate if you default or if the events described in (h) occur.
g. "Cause" defined – curable defaults	Section 13B	You have five days to cure nonpayment, and up to 30 days to cure other types of noncompliance, subject to applicable law.
h. "Cause" defined – non-curable defaults	Section 13A	Noncurable defaults (subject to applicable law): Bankruptcy; insolvency; abandonment; you make material misrepresentations to us; your failure to obtain our consent to a location within twelve months after signing the Franchise

Provision	Section in Franchise Or Other Agreement	Summary
		Agreement; the failure to open your club by the earlier of six months after signing a lease for the location or 18 months after signing the Franchise Agreement; failure to complete training to our satisfaction; you or your principal are convicted or plead no contest to a felony or other crime or offense, or engage in conduct that reflects unfavorably on us or the franchised business; unauthorized transfer; termination of any other agreement with us or our affiliate because of your breach; you lose the right to your location and do not find a new location we approve within 60 days; your unauthorized use of our trademarks or trade secrets; failure to treat the Brand Standards Manual as confidential (including failure to keep it in a secure location) and to protect the confidential information contained within it; repeated failure to comply with Franchise Agreement requirements (three or more times during term); seizure or execution of levy by government official or lien holder; noncompliance with law within three days after notice; intentional failure to report gross revenues; undischarged execution of levy on your club; final judgment of more than $5,000 remains unsatisfied for

Provision	Section in Franchise Or Other Agreement	Summary
		30 days; we determine your operation is a danger to public health or safety; you become a specially designated national or blocked person; the right to operate under any license or permit is suspended, terminated or interrupted; fraudulent behavior; failure to submit any reports provided by local licensing authorities within ten days of receipt.
i. Franchisee's obligations on termination/nonrenewal	Section 14	Pay all amounts due to us; refrain from identifying yourself as our licensee or franchisee; return or destroy all products with our trademarks; refrain from engaging in competing business; discontinue use of trademarks and system; return the Brand Standards Manual and other confidential information; re-assign to us telephone and facsimile numbers, e-mail addresses, home pages, subdomain names, websites, social media pages and the like as we direct; provide us with customer lists if we request; refrain from soliciting customers or personnel; cancel fictitious business name statement; assist in smooth transition of the business; refrain from making disparaging remarks; de-identify; obtain tail insurance coverage that meets our specifications; and comply with all other requirements in the Brand Standards Manual; all obligations

Provision	Section in Franchise Or Other Agreement	Summary
		that survive shall continue.
j. Assignment of contract by franchisor	Section 15	No restrictions on our right to assign the Franchise Agreement.
k. "Transfer" by franchisee – defined	Section 15B(2)	Includes transfer of Franchise Agreement, assets of business or greater than 25% ownership of the franchisee.
l. Franchisor approval of transfer by franchisee	Section 15B(1)	You must obtain our consent to all transfers and meet certain conditions.
m. Conditions for franchisor approval of transfer	Section 15B(3)	Conditions include: You must not be in default under the Franchise Agreement or any other agreement with us or our affiliates; the club must meet our then-current standards; your lessor consents; transferee meets qualifications for new franchisee and must have completed training to our satisfaction; the transferee must sign the then-current form of Franchise Agreement and guaranty for remaining term; you pay the transfer fee; you sign a general release; transferee's obligations to you are subrogated to obligations to us; at our option, you must transfer all of your agreements with us; transferee must have all necessary licenses and transferee must not be a specially-designated national or blocked person under the anti-terrorism laws. If you want to transfer your franchise to an entity, you must own the entity, sign a personal service

Provision	Section in Franchise Or Other Agreement	Summary
		agreement with the entity and a personal guaranty, reimburse us for our expenses, the entity must agree to the Franchise Agreement and the franchise business must be the sole business of the entity.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15C	We or our nominee can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 14D	We or our nominee have the option of acquiring your assets if the Franchise Agreement expires or terminates. You must pay ½ the cost of the appraisal if we cannot agree on the fair market value of the assets.
p. Death or disability of franchisee	Section 15D	If you or your principal dies, your executor or representative may either satisfy the then-current qualifications for franchisees or transfer the Franchise Agreement to a qualified buyer within 60 days.
q. Non-competition covenants during the term of the franchise	Section 12A(1)	You may not be involved in any similar business.
r. Non-competition covenants after the franchise is terminated or expires	Section 12A(2)	You may not operate a similar business within 10 miles of an existing PickUp USA Fitness Club for two years after termination or expiration.
s. Modification of the agreement	Section 17I	No modifications without a writing signed by both parties, except that we may amend and supplement the Brand Standards Manual.
t. Integration/merger	Section 17I	Only the terms of the Franchise

Provision	Section in Franchise Or Other Agreement	Summary
clause		Agreement are binding. Any other promises may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim anything contained in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 17J	Except for certain claims (including claims related to non-curable defaults and quality control defaults), all disputes must be mediated and if not resolved, arbitrated.
v. Choice of forum	Section 17J	Mediation and arbitration must be in city where our headquarters is located, currently, Pasadena, California. These provisions may be subject to applicable state law.
w. Choice of law	Section 17J(1)	California law applies (except that the law where your club is located applies to covenants against competition), subject to the Lanham Act and the Federal Arbitration Act. These provisions may be subject to applicable state law.

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise as of the date this Franchise Disclosure Document was issued.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Below you will find information on sales metrics and operating cost metrics, which are based on the historical gross revenues and costs for all of our affiliate and franchised locations that were open during all or part of the twelve month period ended December 31, 2022.

PRE-OPEN METRICS AND OPERATING METRICS

These sales metrics are sales data from PickUp USA Fitness Clubs. Systemwide Customer Age Groups categorizes all PickUp USA customers across all clubs into age segments. Suggested Pricing is our suggested pricing for various PickUp USA services. Pre-Open Memberships Sold include sales activity that occurs from the first day of presales for a PickUp USA Fitness Club through grand opening, including demo days and a soft opening period. The data is for all new PickUp USA Fitness Clubs that opened in 2017 through 2022. Three new PickUp USA Fitness Clubs opened in 2022. The remaining Operating Club Metrics in the chart below are data for the PickUp USA Fitness Clubs that were operating during all 12 months of 2022. There were six locations open during all months of the period January 2022 through December 2022. For each open club, we take their total output on selected performance metrics in 2022 and divide that output by the number of full months they were open. That produces an average per month output for the selected metrics for each club. Then we report system-wide numbers that show the ranges, averages and medians for all the clubs on each selected performance metric. The data on customer age groups, memberships sold and revenue from private training are historical information. The cost items are projections based on historic data and requirements from the Franchise Agreement.

Systemwide Customer Age Groups

Youth vs. Adult Breakdown	
19 Years Old and Over	53%
18 Years Old and Over	47%

Youth Breakdown	
13 - 18 Years Old	27%
13 Years Old and Under	20%

Suggested Pricing

Adult Membership	$35 - $49 / Month
Youth Membership	$80 - $120 / Month
Private Training	$60 - $80 / Session
Court Rental	$50 - $80 / Hour
Shooting Machine	$30 - $60 / Hour

Operating Club Metrics				
	Lowest Recorded in the System	Highest Recorded in the System	Average Systemwide	Median Systemwide
Pre-Open Memberships Sold	76	625	367	368
Average Monthly Memberships Sold	33	88	57	55
Average Monthly Private Training Revenue	$2,166	$12,758	$7,076	$7,432

Cost Item	Projected Amount	Reference Note
Monthly Rent	See Note 1	1
Monthly Payroll Hours	500 – 900	2
Membership Commission Percentage	50%	3
Cost per Private Training Session	$25 - $33	4
Payroll Taxes and Worker's Compensation Insurance	8% - 15% of Gross Payroll	5
Monthly Local Marketing	$3,000	6

Cost Item	Projected Amount	Reference Note
Monthly SBA or Similar Loan Payment	See Note 7	7
Monthly Utilities	$1,000 - $3,000	8
Monthly Supplies	$250 - $500	9
Monthly Repair and Maintenance	$200 - $500	10
Monthly Cost of Merchandise (percentage of sales price)	35% - 50%	11
Monthly Cost of Concessions (percentage of sales price)	40% - 50%	12
Monthly Insurance	$400 - $800	13
Software and Bookkeeping	$200 - $400	14
Additional Franchisee Costs		
• Royalty Fee	6% of gross revenues	
• Marketing Fee	Up to 2% of gross revenues	
• Monthly Mystery Shop Fee	$150	
• Monthly Technology Fee	$150	

Reference Notes:

1 Your monthly rent rate will be a function of the size of your facility and the price per square foot of your facility. Current PickUp USA Fitness Clubs range in size from 9,500 square feet to 35,379 square feet. Base rent rates on current PickUp USA Fitness Clubs range from $0.42 to $1.50 per square foot per month. Some leases also include NNN (triple net rent) costs that landlords pass through to the tenant that can increase the price per square foot on a lease.

2 Your monthly payroll hours will vary depending on a variety of factors such as the operating hours of your club, the amount of daily training sessions and games you provide, and the staffing model that you implement. A PickUp USA Fitness Club that is open seven days per week, and that follows our suggested staffing model, can expect between 500 and 900 payroll hours per month, including managers, trainers, referees, and a janitor.

3 Your membership commission percentage will vary depending on the commission plan you choose to provide your staff. Our affiliate typically paid 50% commission to staff on these items in 2022.

4 Your cost per private training session will vary depending on the commission plan you choose to provide your staff. Our affiliate typically paid $25 - $33 commission to staff on these items in 2022.

5 Calculating these taxes involves applying a multiple to your total gross payroll (hourly plus commissions) for payroll taxes (local, state, federal, FICA, and any other taxes) and worker's compensation insurance. Local tax rates, as well as your PickUp USA Fitness Club's track record of unemployment claims and worker's compensation claims, and any employee benefits you offer affect these rates.

6 We require that you spend $3,000 on local marketing each month, but you may spend more if you prefer. This includes the cost of your local advertising, social media, AdWords, Yelp, mailers and similar costs.

7 If you are planning to finance a portion of your development costs with an SBA or similar loan, you will have monthly payments on this loan.

8 This estimate includes costs for satellite radio, telephone/internet, trash, water, electricity, cable, and a security system. Your local climate and local energy costs will impact your utility expenses.

9 This is a general category that incorporates costs to stock your PickUp USA Fitness Club with basic items needed for daily operations, including items like cleaning supplies, toilet paper, paper towels, soap, paper, and printer toner.

10 You should anticipate that periodic repair and maintenance needs will arise in your PickUp USA Fitness Club, on the building itself, as well as with the fitness and basketball equipment.

11 Your merchandise costs will vary depending on your product mix and the retail prices you choose to charge your customers. If you follow the MSRP on the merchandise that you sell in your retail section, your merchandise costs will typically be 35% to 50% of your selling price.

12 Your concession costs will vary depending on your product mix and the retail prices you choose to charge your customers. If you follow the MSRP on your concession products that you sell in your vending machine, your costs will typically be 40% to 50% of your selling price.

13 This insurance estimate is for the required general liability policy. Insurance premiums vary depending on a wide range of factors. If you choose additional supplementary insurance policies, that would be an additional cost not included in this range. Worker's compensation insurance is not included in this line item, but is included in the payroll taxes line item above, because worker's compensation is a multiple of total gross payroll.

14 This software and bookkeeping estimate is for required operating software and bookkeeping expenses.

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

Written substantiation for this financial performance representation will be made available to you upon reasonable request.

Other than as set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any 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 Jordan Meinster at 556 S. Fair Oaks Ave #101-455, Pasadena, California 91105 and (800) 584-9507, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	5	7	+2
	2021	7	6	-1
	2022	6	11	+5
Affiliate-Owned	2020	0	1	+1
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	5	8	+3
	2021	8	7	-1
	2022	7	12	+5

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other Than to Us)
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2020	0
	2021	0

	2022	0

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations -Other Reasons	Column 9 Outlets at End of Year
Arizona	2020	1	0	0	0	1	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
California	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	1	0	0
Colorado	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida	2020	1	0	0	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Indiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Maryland	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Missouri	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsyl-vania	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Total	2020	5	3	0	0	1	0	7
	2021	7	0	1	0	0	0	6

	2022	6	6	0	0	1	0	11

Table No. 4
Status of Affiliate-Owned Outlets
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of Year
Arizona	2020 2021 2022	0 1 1	0 0 0	1 0 0	0 0 1	0 0 0	1 1 0
California	2020 2021 2022	0 0 0	0 0 0	0 0 1	0 0 0	0 0 0	0 0 1
Total	2020 2021 2022	0 1 1	0 0 0	1 0 1	0 0 1	0 0 0	1 1 1

Table No. 5
Projected Openings
As of December 31, 2022

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
Alabama	1	0	0
Arizona	1	0	0
California	7	4	0
Colorado	1	1	0
Connecticut	1	1	0
Florida	7	4	0
Georgia	3	2	0
Massachusetts	1	1	0
Minnesota	1	1	0
Missouri	1	1	0
Montana	1	1	0

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
Nevada	1	0	0
New Jersey	1	1	0
New York	1	0	0
North Carolina	3	2	0
Ohio	1	1	0
Oklahoma	1	0	0
Pennsylvania	2	1	0
Tennessee	1	1	0
Texas	6	3	0
Utah	1	1	0
Virginia	1	0	0
Total	44	26	0

Our affiliate, PickUp USA, LLC, operates the following PickUp USA Fitness Club in Irwindale, California:

2387 Buena Vista Street
Irwindale, California 91010

Attached to this Disclosure Document as part of **Exhibit H** is a list of the names, addresses and telephone numbers of all existing franchisees of PickUp USA Franchise Company, LLC as of December 31, 2022. No franchisee has had an outlet terminated, canceled, not renewed or otherwise ceased to do business under the Franchise Agreement during the most recently completed fiscal year. There are no franchisees who have not communicated with us for the 10-week period before the date this Disclosure Document was issued. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about experience with PickUp USA. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have not created, sponsored or endorsed a trademark-specific franchisee association. No trademark-specific franchisee organization has made a request to be included in this Franchise Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached as **Exhibit C** to this Franchise Disclosure Document are our audited financial statements as of December 31, 2022, December 31, 2021 and December 31, 2020.

ITEM 22

CONTRACTS

Attached are copies of the following agreements proposed for use in this state:

Exhibit D – Franchise Agreement

Exhibit C to Exhibit D – Spousal Consent

Exhibit E to Exhibit D – Guaranty and Assumption of Franchisee's Obligations

Exhibit G – ClubReady Merchant Services Agreement

Exhibit I – Form of SBA Addendum to Franchise Agreement

Exhibit J – Lease Addendum

ITEM 23

RECEIPTS

Attached to the end of this Franchise Disclosure Document, following the Exhibits, is a receipt. Please sign it, date it the date you receive the Franchise Disclosure Document, and return it to us. Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise. A duplicate of the receipt is attached for your records.

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	Pending
Hawaii	Pending
Michigan	May 3, 2022
New York	February 2, 2023, as amended _______, 2023

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.

RECEIPT

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PickUp USA Franchise Company, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If PickUp USA Franchise Company, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchisor is PickUp USA Franchise Company, LLC located at 556 S. Fair Oaks Ave #101-455, Pasadena, California 91105. Its telephone number is (800) 584-9507.

Issuance date: March 10, 2023.

Following is information about the franchise seller(s) involved in this transaction:

□ Jordan Meinster, 556 S. Fair Oaks Ave #101-455, Pasadena, California 91105; (800) 584-9507.
□ Gary Mazakian, 556 S. Fair Oaks Ave., #101-455, Pasadena, California 91105; (800) 584-9507.
□ Grace Ronquillo, 556 S. Fair Oaks Ave., #101-455, Pasadena, California 91105; (800) 584-9507.

PickUp USA Franchise Company, LLC authorizes the respective state agencies listed on Exhibit B to receive service of process in the particular state.

I received a Disclosure Document dated March 10, 2023 that included the following Exhibits:

A. List of State Franchise Administrators
B. List of Agents for Service of Process
C. Financial Statements
D. Franchise Agreement and State-Specific Addenda
E. State-Specific Addenda to Disclosure Document
F. Brand Standards Manual Table of Contents
G. ClubReady Merchant Services Agreement
H. Information on Franchisees
I. Form of SBA Addendum to Franchise Agreement
J. Lease Addendum

Date: ______________________________ Franchisee: _________________________________

Print Name: _________________________________

Individually and as an officer, partner or member of
____,
a ____,
which has been or will be formed to act as franchisee
Address: _________________________________
____
Telephone: _________________________________

Complete and keep this copy of the Receipt for your records.

RECEIPT

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PickUp USA Franchise Company, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If PickUp USA Franchise Company, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

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Date: ______________________________ Franchisee: __________________________________

Print Name: _________________________________
Individually and as an officer, partner or member of
____,
a ____,
which has been or will be formed to act as franchisee
Address: ____________________________________
____
Telephone: __________________________________

Complete this copy of the Receipt and return it to Jordan Meinster at 556 S. Fair Oaks Ave #101-455, Pasadena, California 91105.