

FRANCHISE DISCLOSURE DOCUMENT



Premier Franchising Group, LLC,
a Tennessee limited liability company
2350 Airport Freeway, Suite 505
Bedford, Texas 76022
Telephone: 865-951-2780
support@premiermartialarts.com
www.premiermartialartsfranchise.com

You will operate a martial arts business which offers martial arts, self-defense, and character development products and services that we designate or approve under the Premier Martial Arts trademarks and system (“Premier Martial Arts Studios” or “PMA Studios”). The franchises offered are for the operation of an individual Premier Martial Arts Studio under a franchise agreement or for development of multiple Premier Martial Arts Studios under the development agreement.

The total initial investment necessary to begin operation of one Premier Martial Arts Studio ranges from \$183,650 to \$421,800. This includes \$50,250 to \$51,250 that must be paid to the franchisor or its affiliate.

We may offer to enter into a development agreement to establish and operate up to three PMA Studios at specific locations under individual franchise agreements. The total initial investment necessary under the development agreement for two to three PMA Studios ranges from \$99,050 to \$143,650. This includes \$97,550 to \$138,900 that must be paid to the franchisor or its 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 government 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 format, contact Josh Wall, Chief Growth Officer, Unleashed Services, LLC, 2350 Airport Freeway, Suite 505, Bedford, Texas 76022, 832.754.0846 or by email at josh.wall@unleashedbrands.com.

The terms of your contract will govern your franchise relationship. Do not 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: May 18, 2022.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G and 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 B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Premier Martial Arts 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 Premier Martial Arts franchisee?	Item 20 or Exhibits G and H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 and development agreement require you to resolve disputes with the franchisor by arbitration or litigation only in Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Texas than in your own state.
- 2. 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.
- 3. Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
- 4. Minimum Payments.** You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

NOTICE REQUIRED BY THE STATE OF MICHIGAN

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - i. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - ii. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

- iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

**PREMIER FRANCHISING GROUP, LLC
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify language in this disclosure document, Premier Franchising Group, LLC, the franchisor of the Premier Martial Arts franchise system, is referred to as the “Franchisor,” “we,” “us,” or “our.” We refer to a person who acquires a franchise from us as “franchisee,” “you” or “your.” The term “Owners” or “franchise owner” refers to any individual or entity holding more than a 10% equity interest in you if you are a business entity (regardless of voting rights), and the franchisee individual(s) or entity(ies) that enter into the Franchise Agreement (defined below) if you are a business entity. It includes all officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a business entity, then the term “Owner” also includes the owners of that business entity.

THE FRANCHISOR AND ITS PARENTS, PREDECESSORS, AND AFFILIATES

We are a Tennessee limited liability company formed on January 25, 2018, and our principal business address is 2350 Airport Freeway, Suite 505, Bedford, Texas 76022. We conduct business under our corporate name, and “Premier Martial Arts.” We began offering the PMA Studio franchises as of July 31, 2018. We do not engage in any other business activities. Our agents for service of process are identified in Exhibit I to this disclosure document.

Our parent is Premier Martial Arts International, Inc. (“PMAI”), a Tennessee corporation formed on June 27, 2007, which owns 100% of us. PMAI’s principal business address is 9202 S. Northshore Drive Knoxville, Tennessee 37922. PMAI began operating Premier Martial Arts schools (“Licensed PMA Schools”) beginning in November 2004 and offered licenses to third parties to operate Licensed PMA Schools. However, we no longer offer licenses to third parties to operate Licensed PMA Schools. There are currently eight Licensed PMA Schools operating in the United States. PMAI has licensed the intellectual property rights to us so that we can offer and sell franchises and provide licensed services to the Licensed PMA Schools. PMAI also operates www.martialartsmarketing.com and offers martial arts studio operations and marketing consulting services to us, our affiliates, our franchisees, and Licensed PMA Schools.

Our affiliate Studio Pro Enterprises, LLC, a Tennessee limited liability company (“Studio Pro”), was formed on September 9, 2013. Studio Pro licenses Studio Pro software to us, our affiliates, franchised PMA Studios, and Licensed PMA Schools. Our affiliate Premier Kidz Foundation, Inc. (“Premier Kidz”) is a not-for-profit corporation formed March 17, 2010 and engages in charitable activities. Premier Kidz’ and Studio Pro share PMAI’s principal business address.

Our 18 company-owned PMA Studios are owned and operated by the following, all of which share the same principal address as us: Barry Van Over d/b/a Premier Martial Arts; Northshore PMA, LLC; PMAI; PMAC Studios, LLC; the Franchisor; Premier Martial Arts Hardin Valley, LLC; Premier Martial Arts, Inc.; and Premier Martial Arts North Knoxville, LLC.

We have never offered franchises in any other line of business. However, our affiliates offer franchises in other lines of business. All of the affiliates listed below have the same business address as us.

On December 15, 2021, through the acquisition of our membership interest or stock, PMAI and we became a wholly owned subsidiary of Unleashed Brands, LLC (“Unleashed Brands”), which we consider our parent company. Unleashed Brands’ parent company is UA Holdings, LLC (“UA Holdings”). Our affiliate Unleashed Services, LLC (“Unleashed Services”) is a Delaware limited liability company established on June 21, 2021. Unleashed Services has been engaged by us to provide executive management services on our behalf. You will not directly conduct business with these affiliates.

Our affiliate UATP Management, LLC (“UATP”) is a Texas limited liability company established on May 31, 2013. UATP is the franchisor of Urban Air Adventure Parks and offers franchises for the development and operation of adventure parks under the Urban Air Adventure Parks brand and system (each an “Adventure Park”). Adventure Parks are fixed location venues that offer recreational activities, birthday parties, and other group events featuring attractions that include trampolines, foam pits, warrior/ninja courses, soft play, climbing walls, pro zone, ropes courses, Sky Rider®, indoor skydiving, dodge ball, rock climbing, digital climbing walls, arcades, bowling, bumper cars, whirly ball, mini golf, laser tag, spin zone, go karts, virtual reality, eSports, and other related activities. Adventure Park locations may include the operation of Snapology Businesses. UATP began offering franchises in May 2013 and had 148 open franchises as of December 31, 2021. Our affiliate UATP IP, LLC (“UATP IP”) is a Texas limited liability company established on May 31, 2013. UATP IP is the owner of certain trademarks and intellectual property associated with Urban Air Adventure Parks. Our affiliate UATP Canada Franchising, Ltd.’s offers and sells Urban Air Adventure Park franchises in Canada. You will not directly conduct business with UATP, UATP IP, or UATP Canada Franchising, Ltd.

Our affiliate TLGI, LLC (“TLGI”) is a Delaware limited liability company that was originally incorporated in Washington on June 16, 1992. TLGI offers THE LITTLE GYM franchises which provide physical fitness, recreational gymnastics, motor skills development, and other programs for children under The Little Gym name and trademarks. TLGI began offering franchises in September 1992 and had 167 franchises as of December 31, 2021.

Our affiliate Snapology, LLC, a Pennsylvania limited liability company (“Snapology”), offers SNAPOLGY franchises, which provide curriculum-based courses, events and hands-on learning experiences using LEGO® brand bricks, K’Nex® brand toys, and other building toys, robotics, animation, coding and engineering techniques. Snapology began offering franchises in March 2015 and had 105 franchises as of December 31, 2021. Snapology International, LLC, a Pennsylvania limited liability company, offers these franchises outside of the USA.

Our affiliate Class 101 Franchise, LLC, a Delaware limited liability company (“Class 101”), offers CLASS 101 franchises, which provide advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college. On April 11, 2022, Class 101 acquired the assets of Class 101, Inc., which began offering franchising in June 2007 and had 48 franchises as of December 31, 2021. Our affiliate Class 101 Franchise IP, LLC will soon become the owner of certain trademarks and intellectual property associated with Class 101 franchises, which are currently owned by Class 101, Inc.

Our affiliate, XP League Franchise, LLC (“XPL”), a Delaware limited liability company, offers eSports league franchises which follows traditional youth sports formats delivering values and life skills learned in coach-led athletics in an esports format, for elementary and middle school aged children, under the trademark XP LEAGUE. On April 21, 2022, XPL acquired certain assets of XP League, LLC, which began offering franchises in August 2020, and had 45 franchises as of December 31, 2021. XP League Franchise, LLC is the owner of certain trademarks and intellectual property associated with XP League franchises.

You will not conduct business directly with UATP, TLGI, Snapology, Class 101, or XPL, who all share our principal business address. Other than the above, we do not have any affiliates which offer or sell goods or services to our franchisees, and no other parent, predecessor, and affiliates offer franchises in this or any other lines of business.

THE FRANCHISED BUSINESS

We franchise the operation of martial arts, self-defense, and character development products and services that we designate or approve under the Premier Martial Arts trademarks and system. In this disclosure document, we refer to Premier Martial Arts Studios as “PMA,” “PMA Studios,” or “Studio.” We utilize a

distinctive business format and system for PMA Studios which features distinctive signs, programs, advertising material, systems and trade secrets and other confidential information, and includes architectural designs, trade dress, uniforms, equipment specifications, layout plans, inventory, record-keeping and marketing techniques for the development and operation of PMA Studios (the “System”). We refer to the PMA Studio business that you will operate utilizing the System under the Franchise Agreement (defined below) as the “Franchised Business.”

Our “Marks” or “Proprietary Marks” include our current and future trademarks, service marks and other commercial symbols to identify our franchise system, the Products and Services and in the operation of PMA Studios, including the trade and service marks, and other associated logos, designs, symbols and trade dress.

Our “Copyrights” include our information capable of being rendered into tangible form that we claim as our Copyrights, including spreadsheets, forms, marketing materials, labels, manuals, pricing lists, vendor lists, menus, advertisements, our website, and any other written materials, marketing materials, advertisements, or slogans (including the look, compilation, feel and content of them).

Our System includes distinctive interior and exterior design, décor, color scheme, graphics, fixtures, and furnishings (“Indicia”); our proprietary products and proprietary technology solutions, merchandise, and offerings which incorporate our trade secrets and proprietary information (“Proprietary Products”); our operation and customer service standards and procedures, our advertising and marketing specifications and requirements, and our other standards, our distinctive methods, workouts, lessons, training regimens, procedures, designs, layouts, signs, product and service offerings, standards, specifications, techniques, and procedures which we designate from time-to-time for developing, operating, and managing PMA Studios operating under the Premier Martial Arts brand (“System Standards”); all of which we may change, improve, and additionally develop from time-to-time. Our Manuals and other publications will define in more detail our System Standards, which will include, among others, the layout of the PMA Studios, number of personnel needed, types of Products or Services offered, amount of inventory carried and the like.

The existing Licensed PMA Schools also use various aspects of the Marks, Copyrights, and System.

To be eligible to be granted a PMA Studio franchise, you must meet our qualifications, demonstrate that you meet our brand values of community involvement, and empowering our members through martial arts, and be willing to undertake the investment and effort to embrace our brand values. If we agree to grant to you a franchise, you must sign and deliver to us our form of the franchise agreement attached as Exhibit C (the “Franchise Agreement”) to this disclosure document. If you are a corporation, partnership or other entity, each of your owners must sign our “Undertaking and Guaranty,” guaranteeing your performance and binding themselves individually to provisions of the Franchise Agreement. A copy of the form of our Undertaking and Guaranty is attached as Attachment D to the Franchise Agreement. If you are a trust, we may require the trustee and beneficiaries of the trust to sign the Undertaking and Guaranty.

DEVELOPMENT PROGRAM

Also, we may offer to enter into a development agreement (the “Development Agreement”, Exhibit E to this disclosure document) with qualified legal entities (a “Developer”), which grants the right to establish and operate up to three PMA Studios in a specified area (the “Development Area”) at specific locations that must be approved by us, each under a separate then-current franchise agreement. If we offer a Developer a Development Agreement, the Developer will be required to open at least two PMA Studios. Developers must open each PMA Studio in accordance with an agreed upon opening schedule (the “Development Schedule”) included as Attachment B to the Development Agreement. You will execute your first Franchise Agreement when you execute the Development Agreement for your first location. When you are ready to open your second and third Franchised Businesses, you will be disclosed with the then-current franchise disclosure document and execute the then-current franchise agreement for each additional Franchised

Business. The Development Fee the Developer must pay under the Development Agreement is paid in a lump sum at the time of execution of the Development Agreement and is non-refundable in all events and includes the initial franchise fee payable by you for all the franchise agreements to be developed thereunder.

MARKET AND COMPETITION

The market for the goods and services offered by PMA Studios (mixed martial arts, character building and martial arts Products and Services) is well established and very competitive. The market for PMA Studios is primarily children between the age of five and 12, as well to a lesser degree, those over 12 years of age and adult men and women. PMA Studios compete with national and regional chains, and local businesses which offer similar products and services, as well as other after school or other sports or activities for children. In addition, many customers can obtain similar products or services offered at the PMA Studios from other sources and can perform the services themselves. Additional market development, including development by competitors, should be expected. The market for mixed martial arts, martial arts, self-defense and character development is well developed in many areas and developing in others. Various factors can adversely affect your PMA Studio, including increased competition, increases in labor and energy costs, availability and cost of suitable sites, fluctuating insurance and interest rates, local, state and federal regulations and licensing requirements, and the availability of an adequate number of hourly-paid employees and, in some cases, employees with specialized training.

INDUSTRY SPECIFIC LAWS

Aside from the laws, rules and regulations that apply to business generally, there are laws and regulations specific to the industry in which PMA Studios operate. These include state laws governing the terms of membership agreements, membership sales and financing terms, privacy, auto-renewal laws, health and safety, childcare requirements, and the like. Certain states and local governments have laws relating specifically to health clubs or gyms, including laws requiring postings concerning steroids and other drug use, requiring certain medical equipment in the martial arts studio, club or gym, limiting the supplements that martial arts studios, health clubs or gyms can sell, requiring bonds if a martial arts studio, health club or gym sells memberships valid for more than a specified period of time, requiring club or gym owners to deposit into escrow certain amounts collected from members before the martial arts studio, club or gym opens ("presale" memberships), and imposing other restrictions on memberships that martial arts studios, health clubs or gyms sell. Similar state or local laws, rules and regulations may apply. You must also comply with all local, state, and federal laws.

Additionally, every state has enacted laws, rules, regulations and ordinances which may apply to the operation of a PMA Studio, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the premises, including Americans With Disabilities Act requirements; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking, and availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; and (d) set standards and requirements for fire safety and general emergency preparedness. You must comply with federal, state and local regulations concerning retail business practices.

You must comply with Payment Card Industry Data Security Standards and applicable state and federal laws regulating the privacy and security of sensitive consumer and employee information in connection with the operation of your PMA Studio. You must comply with federal and state truth in labeling and advertising laws and regulations. You must follow local and state laws, orders, and ordinances, especially short-term closure or lowered on-site occupancy capacity requirements or mask requirements to address COVID-19 and other pandemic concerns. Further, you may want to consider relevant guidance issued by federal agencies such as the Center for Disease Control and Occupational Safety and Health Administration for the safety of your customers and employees.

We strongly encourage you to investigate the local, state, and federal laws that may apply to your PMA

Studio and that you investigate local requirements relating to your ability to offer programs and to market and promote the PMA Studio to local schools within your territory. You should check with your local attorney for advice on complying with applicable law before you purchase a franchise and during the operation of your PMA Studio. You must investigate and satisfy and stay current on all local, state, and federal laws and regulations since they vary from place-to-place and can change over time.

ITEM 2 BUSINESS EXPERIENCE

PREMIER MARTIAL ARTS

Barry Van Over - Founder and Chief Executive Officer: Mr. Van Over has served as our Chief Executive Officer since our inception in January 2018 in Knoxville, Tennessee. He currently serves as the President of Premier Kidz Foundation, Inc. in Knoxville, TN since March 2010, and as the President of Premier Kidz Foundation, Inc. in Knoxville, TN since March 2010. Previously, he has also served as President and CEO for PMAI in Knoxville, TN from June 2007 to December 2021, President for Barry Van Over's Premier Martial Arts, LLC in Knoxville, TN, from July 2006 to October 2020, President of Northshore PMA, LLC in Knoxville, TN from September 2013 to December 2021, President of Studio Pro in Knoxville, TN from September 2013 to December 2021, President of Premier Martial Arts of Farragut, LLC in Knoxville, TN from April 2018 to December 2021, President of Premier Martial Arts Nashville, LLC in Nashville, TN from June 2018 to August 2021, President of Premier Martial Arts West Town, LLC in Knoxville, TN from July 2018 to December 2021, and the managing member of Hardin Valley Premier Martial Arts in Knoxville, TN from April 2018 to December 2021.

Vice President of Operations and Training: Myles Baker: Mr. Baker has served as our Vice President of Operations and Training in Knoxville, TN since our inception in January 2018. He served as managing member for Premier Martial Arts of Maryville, LLC in Maryville, TN from August 2013 to October 2019, as a partner of Premier Martial Arts Nashville, LLC in Nashville, TN, from June 2018 to January 2020, and a partner in Hardin Valley Premier Martial Arts in Knoxville, TN from April 2018 to December 2021.

Franchise Coordinator: Amanda Ellis: Mrs. Ellis has served as our Franchise Coordinator in Knoxville, TN since our inception in January 2018. She previously served as a Studio Pro Project Manager for PMAI from July 2013 to December 2017 in Knoxville, TN.

UNLEASHED SERVICES

Michael Browning, Jr. - Chief Executive Officer: Michael Browning, Jr. has been the Chief Executive Officer of both Unleashed Brands and Unleashed Services since July 2021. He is one of the co-founders and has served as the Chief Executive Officer of UATP since its inception in May 2013 to June 2021. Michael also served as the Chief Executive Officer of UA Attractions, LLC from May 2018 to October 2021. Previously, he has served as the Manager of Southlake Urban Air, LLC from March 2011 to December 2018 in Southlake, Texas; Mansfield Urban Air, LLC from January 2013 to September 2020 in Mansfield, Texas; Frisco Urban Air, LLC from May 2013 to February 2019 in Frisco, Texas; Garland Urban Air, LLC from March 2015 to July 2020 in Garland, Texas; Coppell Urban Air, LLC from March 2015 to July 2020 in Coppell, Texas; Fort Worth Urban Air, LLC since August 2016 in Bedford, Texas, and UASUA, LLC since June 2018 in Bedford, Texas, all of which are affiliates of UATP Management, LLC that operated corporate-owned Urban Air Adventure Parks. Michael was a Member of UATP IP, LLC from October 2013 to March 2018 and has been a Manager of UATP Holdings, LLC since 2015.

Joe Luongo – Chief Operating Officer: Joe Luongo has served as the Chief Operating Officer of Unleashed Services since April 2022. Currently, he also serves as a board member of PROSE Nails since February 2022 in Scottsdale, Arizona, and serves as the Chief Executive Officer of Stone Eagle Advisors since January 2016 in Marana, AZ. Previously, he has served as the Chairman of WellBiz Brands, Inc. from June 2019 to April 2022, and Executive Chairman from October 2017 to June 2019 in Englewood, Colorado.

Stephen Polozola – Chief Legal Officer: Stephen Polozola has served as the Chief Legal Officer of Unleashed Services since July 2021. Stephen Polozola is one of the co-founders and has served as the Executive Vice President and General Counsel of UATP since its inception in May 2013 to June 2021. He has served as a Manager of UATP Holdings, LLC since July 2015 and has served as Vice President of UATP IP, LLC from October 2013 to March 2018. Stephen has also served as President of Adventis Insurance Inc. in Bedford, Texas since March 2020. Prior to his affiliation with UATP Management, LLC, Stephen was a shareholder at Decker Jones, PC in Fort Worth, Texas, where he has practiced law from April 2007 to June 2017.

Scott Perry – Chief Financial Officer: Scott Perry has served as the Chief Financial Officer and Executive Vice President of UATP since March 2019 and as the Chief Financial Officer at Unleashed Services since July 2021. Previously, he was a Member of Laguna Woods Consulting, LLC from September 2018 to March 2019 in Austin, Texas. Scott was the Chief Financial Officer and Treasurer of Sport Clips, Inc. from November 2014 to July 2018 in Georgetown, Texas.

Josh Wall – Chief Growth Officer: Josh Wall has been the Chief Growth Officer of Unleashed Services since July 2021. Since June 2019, Josh Wall has served as UATP’s Executive Vice President and Chief Franchise Officer responsible for the growth and development of the brand and franchise relationships. Previously, Josh served as the Chief Development Officer for Christian Brothers Automotive Corporation in Houston, Texas from January 2018 to June 2019. Josh also led the franchise development, consumer marketing and training teams at Christian Brothers Automotive from July 2003 to December 2017.

Jessica Correa – Chief Marketing Officer: Jessica Correa has served as Unleashed Services’ Chief Marketing Officer since July 2021. She has served as UATP’s Chief Marketing Officer since August 2019 and still holds that position, overseeing marketing, sales, innovation, and supply chain. Previously, Jessica served as Head of Marketing for Planet Fitness in Hampton, New Hampshire from November 2014 to May 2018.

Chris Andrews – Chief Information Officer: Chris Andrews has been the Chief Information Officer of Unleashed Services since May 2022. Previously, from May 2019 to May 2022, he was the Chief Information Officer of Smoothie King in Coppell, Texas. From November 2018 to May 2019, he served as the Chief Information Officer at Pei Wei in Dallas, Texas. From July 2017 to November 2018, he served as the Vice President of Technology at Pei Wei in Phoenix, Arizona.

Josh Barker – Vice President of Franchise Recruitment: Josh Barker has served as Unleashed Services’ Vice President of Franchise Recruitment since August 2021. Previously, he served as the Vice President of Franchise Development at Neighborly in Waco, Texas from October 2020 to August 2021. At Christian Brothers Automotive in Houston, Texas, he served as the Franchise Development Manager from June 2017 to April 2018 and Director of Franchise Development from April 2018 to October 2020. From June 2015 to June 2017, he was the General Manager at Air Power Services Inc. in Houston, Texas.

ITEM 3 LITIGATION

The Commissioner of Financial Protection and Innovation v. Premier Franchising Group, LLC doing business as Premier Martial Arts International and/or Premier Martial Arts. On November 18, 2021, we entered into a consent order with the California Commissioner of Financial Protection and Innovation related to four licensees of PMAI. The Commissioner found that PMAI offered and sold at least four franchises in California without being registered with the Commissioner or exempt, in violation of Section 31110 of the California Franchise Investment Law. The Commissioner further found that we and PMAI willfully omitted to state in subsequent franchise registration applications the material fact that PMAI had at least four California studios, in violation of Section 31200 of the California Franchise Investment Law. Pursuant to the consent order, we agreed to (1) refrain from violating Sections 31110 and 31200, (2) pay a \$10,000 administrative penalty, (3) file a post-effective Amendment updating our current registration to

include the consent order, and (4) disclose the existence of each and every California studio in Item 20 and in the exhibit list of current and former franchisees in any PMA disclosure document filed with the Commissioner moving forward.

UATP Management, LLC v. Leap of Faith Adventures, LLC, District Court of Tarrant County, Texas Case No. 017-300796-18. On July 9, 2018, UATP filed this lawsuit (“Petition”) against the defendant Leap of Faith Adventures, LLC (“LOFA”), that, at the time of filing, was a distributor and installer of attractions used in Urban Air Adventure Parks. UATP claimed that LOFA had stopped paying UATP rebates on revenue LOFA received from selling attractions to UATP franchisees, alleging breach of contract and tortious interference and have since added a fraud and fraudulent inducement claims. UATP is seeking compensatory damages in excess of \$6.5 million on our various claims, attorneys’ fees, and costs. LOFA answered UATP’s Petition on August 13, 2018 and filed a counterclaim on October 31, 2018. LOFA alleged, among other things, conversion, breach of contract, interference with business relationships, violation of the Texas Theft Liability Act, and theft of trade secrets arising primarily from UATP’s alleged interference with LOFA’s contracts with our franchisees and relationships with other entities, all for the supposed purpose of bringing in house, to the exclusion of LOFA, the installation of attractions at Urban Air Adventure Parks. LOFA seeks unspecified compensatory and exemplary damages, equitable relief, and attorneys’ fees. On March 29, 2019, the Court granted UATP’s motion to dismiss certain of LOFA’s counterclaims, in particular the trade secrets claim. After UATP appealed the Court’s order, the Court of Appeals on May 4, 2021, dismissed additional claims asserted by LOFA, leaving only claims for, among other things, interference with contracts and business relationships with our franchisees, conversion, breach of contract, and violation of the Texas Theft Liability Act. Before the Appellate Court’s ruling, LOFA filed its own new petition on September 10, 2020, against certain of UATP’s affiliates and principals, including Michael Browning, Jr. and Stephen Polozola, which was consolidated with the lawsuit described in this paragraph. As of the issuance of this FDD, this lawsuit is pending.

Adventure Park Hamilton LLC, Adventure Quest, Inc., Adventure Park Manchester LLC, and TBSM Adventure Corporation vs. UATP Management LLC, Michael O. Browning, Jr., Alix Wren, and James Crowley, District Court of Tarrant County, Texas Case No. 017-325200-21. On October 22, 2020, three current franchisees (Adventure Quest, Inc., Adventure Park Manchester LLC, and TBSM Adventure Corporation) and one former franchisee (Adventure Park Hamilton LLC) (collectively, “Plaintiffs”) filed a complaint against UATP Management LLC, Michael O. Browning, Jr., Alix Wren, and James Crowley (collectively, “Defendants”) in the Superior Court of New Jersey, Bergen County, Law Division, with Case No. BER—L-006331-20 (“Original Complaint”). The Original Complaint includes claims of violation of the New Jersey Consumer Fraud Act, violation of the New Jersey Franchise Practices Act, violation of the Connecticut Unfair Trade Practices Act, violation of the Florida Deceptive and Unfair Trade Practices Act, violation of the New York Franchise Sales Act, breach of contract, common law fraud, and tortious interference with prospective economic advantage. The Original Complaint alleges that Plaintiffs were fraudulently induced to enter into their franchise agreements, that Plaintiffs were provided financial performance representations outside of the franchise disclosure document, that UATP breached the franchise agreements by imposing system-wide changes, and that UATP acted contrary to the disclosures in the franchise disclosure documents Plaintiffs received. The Original Complaint seeks damages, punitive damages, attorneys’ fees, interest, and costs. On January 11, 2021, the Defendants filed a motion to dismiss the Complaint, asserting that the Texas forum selection clauses in Plaintiffs’ franchise agreements needed to be enforced and that the court lacked personal jurisdiction over the individual defendants (Browning, Wren, and Crowley). On March 25, 2021, the Superior Court of New Jersey granted Defendants’ motion to dismiss the Complaint. After dismissal, on May 11, 2021, the Plaintiffs filed a new petition against the Defendants in the District Court of Tarrant County, Texas alleging the same claims as the Original Petition except for violation of the New Jersey Franchise Practices Act. As of the issuance of this FDD, this lawsuit is pending.

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

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

FRANCHISE AGREEMENT

When you sign a Franchise Agreement, you will pay us a \$49,500 initial franchise fee. Except for the differences described below, the initial franchise fee is uniform for all franchisees.

DEVELOPMENT AGREEMENT

If we award you development rights, you must sign our Development Agreement and pay us a development fee (the “Development Fee”), pursuant to the below schedule:

Number of PMA Studios	Development Fee for Each	Total Development Fee
1	\$49,500	\$49,500
2	\$44,550	\$94,050
3	\$39,600	\$133,650

The Development Fee that the Developer must pay under the Development Agreement includes the initial franchise fee payable by you for the franchise agreements to be developed. The Development Fee will be due in a lump sum payment upon the signing of the Development Agreement. The Development Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into the Development Agreement, and for our lost or deferred opportunities to enter into the Development Agreement with others. The Development Fee is uniform for all Developers, except for the discount described below.

VETERAN’S INCENTIVE

We offer a 10% discount off the initial franchise fee and the Development Fee for active-duty United States military and United States veterans that were honorably discharged. The Franchised Business must be operated under a business entity, and the active-duty personnel or veteran participant must maintain at least a 51% ownership interest in such entity throughout the initial term of the Franchise Agreement. A copy of either the active military ID or the form DD-214, evidencing the status of a participating veteran and discharge type, must be submitted with the Franchise Agreement to receive this discount. We reserve the right to cancel or modify any incentive program or discount at any time. If the veteran who was the basis of the veteran’s incentive is no longer an Owner for any reason, other than death or disability, at the fifth anniversary of the effective date of your franchise agreement, then you shall reimburse us for the veteran’s incentive discount applied to your initial franchise fee.

GRAND OPENING

You must spend between \$20,000 and \$25,000 in connection with your grand opening of the Franchised Business. We will consult with you in planning your grand opening, and a portion of your grand opening obligation may be paid to us, which we will then submit to our media partner no later than six weeks before your scheduled grand opening or once the grand opening media plan is submitted to you.

GRAND OPENING COORDINATOR

You have the option, subject to availability, to pay us \$1,000 (the “Grand Opening Coordinator Fee”) plus the above grand opening costs and travel and living expenses for a Grand Opening Coordinator. If you elect this option, a member from our staff will provide hands-on coordination of your pre-sales and grand opening plan.

DIGITAL FOOTPRINT

We or our affiliate will create your “digital footprint” prior to the opening of your PMA Studio. This includes your website, digital marketing setup, Facebook pages, and other social media presence. You will pay us, on request and in all events prior to the opening of your PMA Studio, a one-time fee of \$750 (“Digital Footprint Fee”) prior to the opening of your PMA Studio for this service.

Except as described in this Item 5 above, there are no other fees required to be paid or purchases required to be made from us or our affiliates, prior to your beginning operations of your PMA Studio. The fees described in this Item 5 are fully earned upon payment to us or an affiliate and not refundable. Except as described in this Item 5, all fees are uniformly imposed.

ITEM 6 OTHER FEES

FRANCHISE AGREEMENT

Type of Fee¹	Amount	Due Date	Remarks
Royalty Fee	7% of monthly Gross Sales, subject to a minimum Royalty Fee of \$600 per month starting the 13 th month of the effective date of the Franchise Agreement ²	Monthly on the 15 th of the month beginning on the established “Opening Date” (the date on which your PMA Studio opens for business to the public)	See <u>Note 3</u> for more information about Gross Sales of your PMA Studio prior to the Opening Date.
NAF Contribution ^{3,4}	Up to 5% of monthly Gross Sales, currently 0% of Gross Sales	Monthly on the 15 th of the month beginning on the established Opening Date	Currently, there is no National Advertising Fund (“NAF”), but we may establish the NAF on 30 days’ notice. The total contribution between NAF Contribution, Local Marketing Expenditure, and Advertising Cooperative shall not exceed 6% of Gross Sales.
Local Marketing Expenditure ^{4,5}	Up to 6% of monthly Gross Sales, currently 6% of Gross Sales	Monthly upon invoice	We may modify the Local Marketing Expenditure periodically by providing you at least 30 days’ notice.

Type of Fee ¹	Amount	Due Date	Remarks
Advertising Cooperative (if established) ⁶	Amount determined by majority vote of cooperative members	As incurred	Contributions to the Advertising Cooperative will be credited toward your Local Marketing Expenditure.
Grand Opening Advertising Amount	Between \$20,000 and \$25,000	Upon invoice	Payable to the supplier providing the services, which may be us.
Digital Footprint Fee	\$750	Upon invoice	This fee is payable to us in order to provide website set-up and our digital marketing program (optimization, ad setup, social media setup, pixeling, banner ads, etc.).
Additional Training ⁷	Reasonable fee (currently, \$500 per day) plus reimbursement of our actual costs	Upon invoice	Payable to us.
Compliance Review Fee	Actual cost of program, including cost of merchandise purchased as part of the mystery shop or audit	Upon invoice	Payable if we implement a mystery shop, audit, customer satisfaction, or similar program.
Studio Pro Software Fee	Currently \$49 to setup plus \$199 per month	Due within 15 days of invoice which is sent after you open.	Paid to us or Studio Pro for the Studio Pro software.
Dashboard Access License Fee	\$10 per month per license	Monthly upon invoice	This fee is payable to us and may be increased by Microsoft from time-to-time, which is a pass through fee and does not include any markup or rebate.
Supplier Testing Fee	Reimbursement of our costs incurred in product testing and evaluating suppliers	Upon invoice	Payable only if you request to purchase products from an alternative supplier or request to use an alternate product.
Renewal Fee	50% of our then-current initial franchise fee plus reimbursement of our legal and professional expenses and our other costs incurred in connection with the renewal	Upon invoice	Payable only if you exercise your successor term option and satisfy conditions for a successor term.
Relocation Fee	25% of our then-current initial franchise fee	Upon invoice	Payable prior to relocation only if you request and we approve your relocation.

Type of Fee ¹	Amount	Due Date	Remarks
Transfer Fee	<p>1) 50% of our then-current initial franchise fee if controlling interest (over 50%) is transferred to a new approved franchisee;</p> <p>2) 25% of our then-current initial franchise fee if controlling interest is transferred to an approved existing franchisee, plus reimbursement of our actual legal and professional expenses and our other costs incurred in connection with the transfer; or</p> <p>3) \$3,500 but only if 20% or less of the total outstanding units in the Franchised Business are being transferred to an approved Owner and limited to one time per rolling twelve-month period. Otherwise, such transfers are subject to the fee in #2 above.</p>	Upon invoice	Payable before transfer of your Franchised Business if you request and we consent to transfer.
Resale Program Fee	Greater of 4% of the purchase price paid for your Franchised Business (in any form, including cash, credit, debt or stock) and the then-current initial franchise fee.	Prior to closing	Payable only if you elect to participate in our Resale Program in connection with the sale of your Franchised Business to an approved transferee of the Franchise Agreement.
Interest	18% per year or maximum lawful rate	Upon demand	Interest is charged when any Royalty Fee or other fee or payment due to us is not paid when due or an audit reveals underpayment based on inaccurate Gross Sales. The maximum interest rate allowed by law in California is 10% annually.

Type of Fee ¹	Amount	Due Date	Remarks
Nonsufficient Funds Fee	\$100 per occurrence, not to exceed maximum allowed by applicable law.	Upon demand	Payable only if there are insufficient funds in the account designated by you for ACH debit to satisfy fees and amounts owed to us under the Franchise Agreement when due.
Audit Costs	Reasonable cost of audit	Upon invoice	Payable if the audit is made necessary by your failure to provide reports or supporting records as required, or provide those reports, records, or information on a timely basis, or if an understatement of Gross Sales for the period of any audit is determined to be greater than 2%
Indemnification ⁸	Varies depending upon claim and resolution of claim	Upon demand	
Liquidated Damages ⁹	The greater of (1) \$100,000 and (2) the average monthly Royalty Fee paid by you in the 12-month period preceding termination of the Franchise Agreement multiplied by 36.	Upon demand	
Public offering or private placement of your securities	Reimbursement of our actual costs and expenses incurred in having our legal and professional counsel review offering materials	Upon demand	Payable only if you offer your securities in a public or private offering.
Call Center Fee ¹⁰	Varies; we will charge you the pro rata share of the cost of operating, administering and upgrading the call center, which includes certain fees that we collect and pay to our Designated Suppliers (as defined in Item 8) on your behalf. Currently, the base fee is \$350-\$400 per month per PMA Studio.	Monthly on the 15 th of the month following performance or sale beginning on the established Opening Date.	Payable to us.

Type of Fee ¹	Amount	Due Date	Remarks
Technology Fee	.25% of Gross Sales	Monthly	Payable if we implement a fee for providing basic troubleshooting support to franchisees for certain technology system components used in the operation of the PMA Studio.
Membership Program Fee ^{3,11}	2.5% of monthly Gross Sales attributable to membership fees received by us for membership agreements purchased for access to and use of your Franchised Business, plus your pro rata share of costs incurred in connection with operating the Membership Program.	Monthly	Payable to Us.
Payment Processing Fee ¹²	Varies depending upon the volume of payments made by credit card at your PMA Studio	Monthly	Payable to Us.
Conference Fee	\$500 per attendee	Upon invoice	We require that you attend our annual conference. If you cannot attend and we excuse your absence, you must send your Designated Manager or general manager in your place. If you or your representative do not attend, you must pay us a conference materials fee of \$1,000 and we will provide you with relevant training materials from the PMA and/or Unleashed Brands' annual conference. In addition to payment of the Conference Fee, you are responsible for wages, travel, lodging, and other fees and costs for you, your Designated Manager, or other personnel to attend such conferences.

DEVELOPMENT AGREEMENT

Type of Fee ¹	Amount	Due Date	Remarks
Transfer Fee (Controlling Interest)	\$25,000 plus \$1,500 for each PMA Studio yet to be developed	Upon demand	Payable only if you transfer your obligations under the Development Agreement to an approved third-party

Type of Fee ¹	Amount	Due Date	Remarks
Transfer Fee (Convenience of Operation or Non-Controlling Interest)	\$3,500 but only if 20% or less of the total outstanding units in the Franchised Business are being transferred to an approved Owner and limited to one time per rolling twelve-month period. Otherwise, such transfers are subject to the Transfer Fee (Controlling Interest)	Upon demand	Payable only if you transfer your rights under this agreement to a business entity under your common control
Liquidated Damages	For each unit to be developed, 1/12th of the median Gross Sales of a PMA Studio operated by franchisees, as disclosed in Item 19 of the franchise disclosure document of the year the Development Agreement was executed, multiplied by the number of months remaining in the term the Development Agreement and with such product multiplied by seven percent.	Upon Demand	Payable only if you default and we terminate your Development Agreement.

Notes:

Note 1. Unless otherwise noted, all fees in this Item 6 are uniformly imposed and are non-refundable, and payable to us, our predecessor or our affiliate.

Note 2. “Gross Sales” means the dollar aggregate of: (1) the sales price of all products, services, memberships, merchandise, and other items sold, and the charges for all services you perform, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, including sales and services (A) originating at the Franchised Business premises even if delivery or performance is made offsite from the Franchised Business premises, (B) placed by mail, facsimile, telephone, the internet and similar means if received or filled at or from the Franchised Business premises, and (C) that you in the normal and customary course of your operations would credit or attribute to the operation of the Franchised Business; and (2) all monies, trade value or other things of value that you receive from Franchised Business operations at, in, or from the Franchised Business premises that are not expressly excluded from Gross Sales. Gross Sales does not include: (1) the exchange of merchandise between Franchised Businesses (if you operate multiple franchises) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Franchised Business premises; (2) returns to shippers, vendors, or manufacturers; (3) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (4) the sale of gift certificates, stored value cards and loyalty program benefits (the redemption value will be included in Gross Sales at the time of redemption); (5) insurance proceeds; (6) sales to employees at a discount (provided such discounts will not exceed 1.5% of Gross Sales during any reporting period); (7) cash or credit refunds for transactions included within Gross Sales (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (8) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling

price or absorbed therein and (B) paid to the taxing authority; (9) tips and gratuities; and (10) introductory lesson fees and other fees charged directly to customers by Franchisor and its affiliates. A purchase returned to the Franchised Business may not be deducted from Gross Sales unless the purchase was previously included in Gross Sales.

Note 3. If we approve your Franchised Business to engage in certain pre-opening sales, including advanced membership sales and Premier Martial Arts merchandise, you will pay us a Royalty Fee, Membership Program Fee, NAF Contribution, and other fees required under the Franchise Agreement consistent with the terms and conditions of the Franchise Agreement on all such pre-opening sales. Upon 30 days' notice to you, we may implement, and thereafter will administer and control the NAF. We can require your NAF Contribution to be up to 5% of Gross Sales.

Note 4. The Local Marketing Expenditure combined with the NAF Contribution and any Advertising Cooperative contribution described below will not exceed 6% of Gross Sales (as allocated by us between the Local Marketing Expenditure, Advertising Cooperative contribution and the NAF Contribution) during any 12-month period. If established, the NAF will contribute up to 5% of its monthly balance to a separate fund (the "Unleashed Fund") utilized for marketing all brands associated with Unleashed Services. See Item 11 for details on the Unleashed Fund.

Note 5. We reserve the right to identify a Designated Supplier of local and regional marketing services and establish a system-wide supply contract for local and regional marketing services. Under these circumstances, we may collect all or a portion of the Local Marketing Expenditure and apply it to fees payable to the Designated Supplier for those marketing services. If the full amount of the Local Marketing Expenditure is applied to fees due under a system-wide supply contract, you may, but are not required to, conduct additional or supplemental marketing activities as permitted under the Franchise Agreement. If we collect less than the full amount of the Local Marketing Expenditure, you must spend the remaining Local Marketing Expenditure on marketing activities in your Protected Area as permitted under the Franchise Agreement. Currently, the Local Marketing Expenditure is 6% of Gross Sales, of which 4% is collected by us and then provided to our Designated Supplier for use in local and regional marketing, promotional, and advertising campaigns for your PMA Studio, and the remaining 2% is allocated to advertising and marketing that you purchase directly from approved suppliers, subject to the guidelines described in the Manual.

Note 6. Currently, there is no established Premier Martial Arts advertising cooperative ("Advertising Cooperative"). If we establish an Advertising Cooperative, we may require that you participate in an approved local or regional Advertising Cooperative with certain other franchisees and sign our then-current form of cooperative advertising agreement. If an Advertising Cooperative is established, it will operate by majority vote, with each PMA Studio (whether franchised or affiliate-owned or managed) entitled to one vote. We also will have the right to cast one vote with respect to each Advertising Cooperative. The majority vote will determine the level of contributions. The amounts you contribute will be credited against the Local Marketing Expenditure. We do not currently expect that company-owned or affiliate-owned PMA Studios will have majority voting power in any Advertising Cooperative, but if they do, the required contribution by any member of the Advertising Cooperative will not exceed \$10,000 per year absent the consent of a majority (i.e., 51%) of the franchisees in the Advertising Cooperative.

Note 7. We do not currently charge for two attendees to attend our initial training program, but we reserve the right to charge for additional training that you request or we determine is required for you and your staff. If we provide remedial or additional training to you or your management personnel upon your request or as we determine necessary, you will pay us our then-current additional training fee (currently, \$500 per day) for such additional or remedial training and reimburse us for our out-of-pocket costs in providing such training, including travel, accommodations, and meals.

Note 8. You are required to pay us for all losses and expenses incurred by us in connection with any third party claim for which you are required to indemnify us under the Franchise Agreement.

Note 9. If we terminate your Franchise Agreement following your breach of the Franchise Agreement and failure to cure within the time period described in the Franchise Agreement, if any, then in addition to other remedies we may have under the Franchise Agreement and at law, and to the extent permitted by applicable law, you must pay to us as liquidated damages and not as a penalty an amount equal to the greater of: (1) \$100,000 and (2) the average monthly Royalty Fee paid by you in the 12-month period preceding termination of the Franchise Agreement multiplied by 36. If at the time your Franchise Agreement is terminated, you have been operating your PMA Studio for less than 12 months, the amount of liquidated damages will be based upon the system-wide Royalty Fee average for the month in which termination is effective multiplied by 36.

Note 10. If we so implement a national call center for the benefit of the PMA system, it will perform various functions including general customer support and promotion. We will apply a portion of the call center fee to pay directly Designated Suppliers of certain services provided to your PMA Studio, including the fee charged by the call center telephone provider, your license for software used for event lead generation and management, donation requests and routing customer service inquiries, or such other provider of event lead generation and management that we may select. In addition, we may assess a commission for booking parties and events at your PMA Studio. Currently, with respect to each birthday party, the commission is \$5 and an additional \$5 commission per each \$50 upsell related to the party, with upsell commissions not to exceed \$10 per birthday party, and, with respect to corporate and special events, if the call center books the event, the commission is 5% of the Gross Sales for the event. We may amend commissions periodically.

Note 11. We may administer a multi-tier membership program for PMA guests (“Membership Program”). Once established, you must participate in the Membership Program. In connection with the offer and sale of memberships for the Membership Program at your Franchised Business, you must comply with the Standards for the Membership Program, including Membership Program tiers, pricing and other terms and conditions we may establish periodically. We or our Designated Supplier will administer the Membership Program, and we reserve the right to modify the structure of such Membership Program and benefits of membership at any time upon notice to you. In connection with the sale of each membership, the customer must enter into a membership agreement in the form required by us and pay the applicable Membership Program dues. We will collect all such dues and disburse them to you, less the NAF Contribution and Membership Program Fee.

We and our affiliates have the right, through the point-of-sale or other technology system components, or otherwise, to independent and unrestricted access to lists of the Franchised Business’s members and prospects, including names, addresses and other related information (“Member Information”). We and our affiliates may use Member Information in our and their business activities, but, during the term of the Franchise Agreement, we and our affiliates will not use the Member Information that we or they learn from you or from accessing the point-of-sale or other technology system components to compete directly with the Franchised Business. Upon termination of the Franchise Agreement, we and our affiliates reserve the right to make any and all disclosures to the members of your PMA Studio and use the Member Information in any manner that we or they deem necessary or appropriate.

Note 12. We require that franchisees utilize the payment processor that we designate for processing credit card payments by PMA Studios customers. You will be charged each month a payment card processing fee by us, which represents your pro rata share of the system-wide fee assessed by our designated payment card processor based upon the volume of payments by credit card received at your PMA Studio.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – FRANCHISE AGREEMENT
(Per PMA Studio)

Type of Expenditure¹	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee	\$49,500 to \$49,500	Lump sum	When Franchise Agreement is signed	Us
Lease Payments ² (Deposits/Prepays)	\$5,000 to \$10,000	As incurred	Typically, upon execution of the commercial lease	Landlord
Leasehold Improvements ² (before any TI)	\$42,000 to \$150,000	As incurred	As incurred	Suppliers and tradesmen
Licenses, Architectural, Engineering Fee, Bid Assistance ³	\$15,500 to \$16,500	As incurred	As incurred	Licensing Authorities, and architect
Construction Management Fees ²	\$0 to \$18,250	As arranged	As required	Contractors and third-party suppliers
Wages, Travel & Living expenses during training ⁴	\$575 to \$7,000	As arranged	As incurred	Employees, and service providers
Furniture, fixtures, and equipment ⁵	\$17,000 to \$23,000	As arranged	As required	Third-party suppliers
Signs ⁸	\$7,000 to \$12,500	As arranged	As required	Third-party supplier
Initial Inventory & Supplies ⁹	\$800 to \$25,000	As arranged	As incurred	Third-party suppliers
Start Up Salaries (two to four months) ¹¹	\$9,900 to \$36,000	As arranged	As incurred	Employees
Insurance ¹⁴	\$125 to \$2,000	As arranged	As incurred	Designated Suppliers
Computer System & A/V Equipment ⁶	\$5,300 to \$14,800	As arranged	As incurred	Designated Suppliers
Software (Studio Pro, Franchise Resource Accounting) ⁷	\$700 to \$1,000	As arranged	As incurred	Designated Suppliers

Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment is Made
Legal & Accounting Fees ¹⁰	\$2,000 to \$14,000	As arranged	As incurred	Your accountant, attorney, and other professionals
Optional Pre-Sale/Grand Opening Coordinator ¹²	\$0 to \$1,000	As Arranged	As incurred	Third-Party or Us
Digital Footprint ¹³	\$750 to \$750	As arranged	As incurred	Us
Grand Opening Advertising ¹²	\$20,000 to \$25,000	As arranged	As incurred	Designated Suppliers
Additional Funds (3 months) ¹⁵	\$7,500 to \$15,000	As arranged	As incurred	Suppliers
Total	\$183,650 to \$421,800			

YOUR ESTIMATED INITIAL INVESTMENT – DEVELOPMENT AGREEMENT
(Additional Costs to the Above Per PMA Studio Initial Investment)

Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Fee	\$94,050 to \$133,650	Lump sum	When Franchise Agreement is signed	Us
Legal, Accounting, and Other Fees ¹⁰	\$5,000 to \$10,000	As arranged	As incurred	Your accountant, attorney, and other professionals
Total¹⁶	\$99,050 to \$143,650			

Notes:

1. For the estimated range of costs, we relied on our affiliate PMAI's experience in the martial arts industry and the experience of our franchisees to date. You should carefully review these figures with your business advisor before making any decision to purchase a franchised PMA Studio. Your costs may be higher due to inflation or other general increases in costs for services and products. The high and low range in the first table assumes it is your single and first PMA Studio. The Development Fee due under the Development Program if you sign a Development Agreement is based on the additional Initial Franchise Fees for the second and the third PMA Studio. All payments or fees in this Item 7 are not refundable.

2. Our model is that you lease and remodel an existing building (the “Site”) to a PMA Studio. This estimate assumes monthly lease payments of \$2,500 to \$5,000 per month. The low (1,200 sq. ft.) and high (1,800 sq. ft.) range assumes the landlord includes leasehold improvement costs in the rent (TI). The low range assumes the least amount of necessary leasehold improvements. The high range assumes up to \$150,000 in leasehold improvements are needed, which are not included in Tenant Improvement (“TI”). We assume approximately 0% to 50% of leasehold improvements may be included in TI. In some instances, leasehold improvements could be up to \$80,000 if there is no TI in the lease arrangement. You may choose to hire a construction manager to manage the general contractor and the overall construction of the PMA Studio (“Construction Management Fees”). The construction manager may assist you with determining the local requirements for the PMA Studio, such as providing permit assistance, obtaining zoning variances, and providing bid assistance. Without a construction manager, you may rely on your own experience to manage your general contractor and other contractors, and other tasks necessary for constructing your PMA Studio. The low range is managing construction yourself and the high range accounts for the cost of hiring a construction manager to manage construction of your PMA Studio. Further, there may be an increase in construction materials in 2022 and the leasehold improvement cost can vary due to the experience and quality of the materials used and contractors engaged. We do not recommend or estimate the cost of purchasing a building or constructing a building or paying cash for leasehold improvements. PMA Studios are generally located in strip malls and shopping centers or in line spaces. The rental rate will generally be between \$20 and \$30 per square foot, including build out allowance. The monthly rental for your franchised location may include common area maintenance fees and real estate taxes. The amount indicated also includes a one-month advanced rental payment, security deposit, and prepaid expenses. While we recommend you negotiate with the landlord to obtain 3 to 6 months of free rent, you must be prepared to pay rent prior to opening of the PMA Studio. If you choose to purchase the land and building for your PMA Studio, your initial costs likely will be significantly higher than if lease the premises. These estimates are based upon both our predecessor’s experience in Tennessee where its PMA Studios are currently located and our franchisees’ experience in various markets. These estimates assume real estate broker fees are included in the rent. Franchisees have the option of engaging a third-party vendor for real estate and project management services.

3. You will need to obtain licenses, bonds and other approvals needed, and may have an architect and engineer as necessary to build-out or remodel the site for your PMA Studio.

4. This is based on two trainees for one week. You must pay for the salaries, benefits, travel expenses and other expenses while you (or your Designated Manager) and your general manager attend the training program. If you elect to hire a general manager, you will also incur the cost of wages for such general manager (“GM”) from the date of hire. The totality of wages paid to your GM will vary based upon your pay structure and when you hire such person. The wages paid to your GM prior to the grand opening will also include time to attend the corporate training and other time related to preparing the PMA Studio for opening and training your employees. Local and state minimum wages for all of your employees, general managers, and employees may be higher in your jurisdiction and may result in higher wages, which may vary greatly.

5. The equipment and supplies necessary for operation will include mats, uniforms, chairs, desk, printer, counter and lobby furniture. We will provide the initial drawings of your space that you can provide locally to an architect for engineering and/or stamped drawings, depending on code requirements in your area. Your furniture, fixtures, equipment (“FFFE”) (martial arts and other) and signs may be financed through a bank or other financial institution, leased or purchased outright. If you cannot obtain leasing/financing, your low range of your estimated initial investment will increase by this amount.

6. The computer system includes the computers, iPad, credit card swipe and chip processor, barcode scanner, printer, speaker system, and camera system.

7. The \$248 fee to Studio Pro for a single PMA Studio consists of a \$49 set-up fee and a \$199 fee for its first month's subscription.
8. You must purchase signs that meet our System Standards. Required signage includes channel letters, monument and other signage available and must adhere to our design specifications.
9. You may need to purchase inventory for resale and consumable supplies (which require replenishing – these are not durable equipment or fixtures) to operate your PMA Studio, including branded items, martial arts equipment, logoware, which we require you to purchase from us, our affiliates, or Designated Suppliers.
10. You will likely need to employ an attorney, an accountant or CPA, and other consultants to assist you in setting up your business and in reviewing the franchise offering. We have negotiated an agreement with three law firms, who have no legal or other relationship with us and who will review and negotiate a commercial lease for you for a flat fee if you elect to retain their services. These fees can vary greatly depending on the hourly rate charged by the professional and the amount of work you request be performed.
11. You will need to hire employees and pay salaries to staff of the PMA Studio. This assumes 2 people during the pre-sale period (1 to 3 months prior to opening), and 2 people after opening, and martial arts instructors paid on a per class basis.
12. You must conduct Grand Opening Advertising, between \$20,000 and \$25,000, for the Grand Opening Program for your PMA Studio. This range does not include the cost for the Grand Opening Coordinator, which is listed separately. The expense reimbursements associated with the Grand Opening Coordinator are included in the miscellaneous costs in the Working Capital category.
13. We or our affiliate, PMAI, will utilize the Digital Footprint Fee create your required online presence prior to the opening of your PMA Studio. This includes your website, digital marketing setup, Facebook pages, and other social media presence.
14. You must purchase insurance that meets our minimum standards. Insurance premiums are dependent upon requirements of the state in which your franchise is located, the amount of your payroll and other factors. Your prepaid amount is also determined by your arrangements with your provider. This estimate is for your initial 1st quarter premiums. These fees are usually incurred annually or quarterly (sometimes monthly).
15. The Additional Funds estimate includes various expenditures in addition to those otherwise listed in this Item for the first three months including, but not limited to the following: (a) state and local licensing fees, if any; (b) taxes, such as sales, use and similar taxes levied or required by city, local, county, parish, state or federal laws or regulations by virtue of the operation of a business; (c) deposits and costs of utilities, telephone; (d) background checks on employees; (e) uniform costs for employees, and (f) other miscellaneous items, supplies, services, and expenses. These figures are estimates, and we cannot guarantee that you will not have additional expenses or a longer initial phase starting the business. Your actual costs will depend on factors such as the local economic conditions; the prevailing wage trade; competition; and the sales level reached during the initial period. The figures given are estimates and may vary from area to area. There may be other expenditures that are not listed above which may be incurred in certain areas and not others. Payments will be to third parties and are generally not refundable. These estimates do not include managerial salaries or any payment to you. These estimates also do not take into account finance payments and debt service (to the extent you obtain financing to develop your PMA Studio) and any related charges, interest, and costs you may incur if any portion of the initial investment is financed. These amounts are the minimum recommended levels to cover operating expenses. However, we cannot guarantee that those

amounts will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. In compiling these estimates, we relied on our franchisees' and our affiliates' experience in operating PMA Studios. You may be required by your lender to carry additional working capital.

16. The Development Fee range is for two to three PMA Studios. Except for the initial franchise fee in the first table in this Item 6, you are likely to incur all other expenses in the first table for each PMA Studio you develop under the Development Agreement.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

PURCHASES FROM APPROVED OR DESIGNATED SUPPLIERS; PURCHASES ACCORDING TO SPECIFICATIONS

You must purchase from us or from suppliers or distributors we designate (each a “Designated Supplier”) all of your requirements for developing, constructing, and operating the Franchised Business including: (1) fixtures, furniture and other furnishings, equipment, supplies, point-of-sale systems, signs, items of décor, architect services, paper products, and other products; (2) uniforms, shirts, and all merchandise and items intended for retail sale (whether or not bearing our Proprietary Marks); (3) advertising, point-of-purchase materials, and other printed promotional materials; (4) gift certificates and stored value cards; (5) stationery, business cards, contracts, and forms; (6) bags, packaging, and supplies bearing the Proprietary Marks; (7) insurance from our Designated Supplier and approved carriers or brokers, to the extent permitted by law; (8) local and regional marketing services through our Designated Supplier; (9) reputation management and customer service satisfaction evaluations, and other surveys, and (10) other products and services that we require. See Item 11 for information about our computer system requirements. We will notify you in our Manuals or other communications of our standards and specifications with respect to Designated Suppliers, including situations in which we may revoke approval.

You will be required to purchase the following through us or our affiliate where we are the only approved supplier: (1) licenses to the point of sale and other software programs that we designate, (2) technology solutions (e.g., Studio Pro Software) identified by us, (3) marketing programs, charity initiatives, and website development, and (4) certain support services related to the operation of your PMA Studio, including the accounting systems and third-party accounting services that we prescribe.

If we require that a product or service be purchased from a Designated Supplier and you wish to purchase it from an alternate supplier, you must submit to us a written request for approval and must include pertinent information about the supplier as required in the Manual. You may not purchase or lease the product or service until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications, and samples to us to enable us to determine whether the products or services, as applicable, comply with our standards and specifications and whether the supplier meets our criteria, as may be amended by us periodically. We also have the right to inspect the supplier's facilities and have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, traceability, consistency, and pricing as well as supplier financial condition, corporate social responsibility policies, reliability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints and positive complaint resolution history), and other criteria that we may establish periodically. You must reimburse us for all costs that we incur in connection with due diligence of your proposed supplier and our evaluation of such supplier as well as any costs we incur in monitoring a Designated Supplier's compliance with our requirements. We do not act as an agent, representative, fiduciary or other intermediary for you in our relationship with an alternative supplier you propose, and we approve. We have the right to monitor the quality of the services provided by Designated Suppliers in a

manner we deem appropriate. We may impose obligations on Designated Suppliers, which will be incorporated in a written license agreement with the supplier.

We are not required to approve any particular supplier. We will notify you of our approval or disapproval within 120 days of our receipt of complete information from you that we require to evaluate a proposed supplier. Our specifications for products and services and criteria for suppliers are generally issued through written communication and available to franchisees through the Manual, but we do not disclose information regarding specifications for products and services and criteria to suppliers that we consider proprietary or confidential to us. We may re-inspect the facilities and products of any Designated Supplier, and we may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier.

You may purchase from any supplier those items and services for which we have not specified Designated Suppliers or distributors, if the items and services meet our specifications, which may include brand requirements. If brand requirements have been identified, you may purchase and use only those brands approved by us. Our approved vendor list and standards and specifications, and our modifications to our standards and specifications, are communicated to our franchisees in the Manual.

We provide updates to our System Standards through electronic communications with you, through updates to our Manuals and website, as well as through meetings, conferences, webinars and the like. We do not provide material benefits to you (for example, renewing or granting additional franchises) based on your purchase of particular Products or Services or use of Designated Suppliers. However, if you do not use Designated Suppliers or follow our System Standards, we may terminate the Franchise Agreement. You must follow and honor all of the product and service warranty and customer service policy we may establish and publish in our Manuals.

The Franchise Agreement restricts the sources of products and services you utilize in establishing and operating a PMA Studio in three ways. Some items can be purchased only from us or our affiliates, some only from suppliers we have approved, and others only in accordance with our specifications and standards. We estimate that the aggregate cost of required purchases and leases of products and services from suppliers that we designate will constitute 80% to 90% of the total cost incurred by you for purchases and leases of products and services in connection with establishing and operating the Franchised Business.

REVENUE AND REBATES DERIVED FROM REQUIRED PURCHASES AND LEASES

We and our affiliates may derive revenue from franchisee purchases and leases to the extent that franchisees purchase products or services from us or our affiliates, and we also may receive payments or material benefits from suppliers based on your purchases or leases. Other than as described in this section, we do not currently derive any revenue from your purchases or leases from Designated Suppliers other than us, our predecessor or our affiliates; but we may in the future.

We and our affiliates have rebate programs or "Preferred Vendor" agreements with Designated Suppliers to franchised PMA Studios. We or our affiliates may negotiate with suppliers and manufacturers to receive rebates on certain items you must purchase. Our rebate programs may vary depending on the supplier and the nature of the product or service. We help arrange purchase and leasing programs for the martial arts equipment, but do not guarantee your purchase or lease obligations. Our or our affiliates obtain or may obtain rebate monies or remuneration from suppliers compensates us or our affiliates for our or their efforts to establish and maintain relationships with suppliers and distributors. Our System Standards require you to participate in any rebate programs we may establish.

Currently, Barry Van Over receives a rebate of 10% per transaction, and we receive a rebate of 15% per transaction from Designated Suppliers. Certain other suppliers and manufacturers may pay us a rebate based on products ordered, that may vary, but currently do not do so. Not every supplier pays or may pay rebates to us. We may require you to enter into agreements with approved or designated suppliers or distributors. We reserve the right to use rebate monies or remuneration in any way we choose. Also, our affiliates earn

profits on the sale of goods and services sold to us, and our franchisees. One of our officers, Barry Van Over, has direct ownership interests in our affiliates PMAI and Studio Pro, which are Designated Suppliers. We do not have any other owners, officers or directors who have ownership in PMAI, Studio Pro or other suppliers to our franchisees.

In the fiscal year ending December 31, 2021, we received rebates totaling \$55,562 from franchisee purchases or leases. This constitutes 1.3% of our total revenue for the 2021 fiscal year of \$4,329,788 (the “Total Revenue”). In the fiscal year ending December 31, 2021, we received \$61,500 from required purchases by our franchisees. This revenue comprised of Digital Footprint Fees and constituted 1.4% of our Total Revenue.

In the fiscal year ending December 31, 2021, Studio Pro received \$471,044 in total revenue from purchases from our franchisees. These monies were generated from the set up and license of Studio Pro software to our franchisees. In the fiscal year ending December 31, 2021, PMAI received \$770,473 from the sale of martial arts marketing services to our franchisees. In the fiscal year ending December 31, 2021, Barry Van Over received rebates totaling \$324,983.

PURCHASING COOPERATIVES; SUPPLIER NEGOTIATIONS AND ARRANGEMENTS

There currently are no purchasing or distribution cooperatives in existence connected to our franchise system. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of our franchisees, and we may but are not obligated to establish national buying accounts with vendors whose products meet our specifications. We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers.

INSURANCE

You must obtain and maintain, at your own expense, the insurance that you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Business, including the minimum limits of coverages described below:

1. Commercial General liability insurance on an “occurrence” form covering all your operations as named insured, with \$1,000,000 combined single limit occurrence and \$2,000,000 General Aggregate limit for the following types of claims: (a) premises and operations; (b) products and completed operations; (c) personal injury; (d) advertising liability; (e) broad form property damage; (f) contractual liability; (g) employees as insureds; (h) extended bodily injury coverage; (i) damage to premises rented to you; (j) owned, non-owned and hired automobile insurance, (k) student sport accident, (l) sexual harassment, abuse and molestation; (m) employment practices including unfair labor practices and joint employer liability; and (n) data breach, privacy breach, and cybercrime.
2. Professional liability coverage of \$1,000,000 per occurrence.
3. Property insurance covering business personal property and business income for one year of lost profit and continued business expenses, for full replacement cost of the Franchised Business’s contents.
4. Hired and Non-owned Auto - \$1,000,000 per occurrence.
5. Workers’ compensation with employer’s liability limit of \$1,000,000.
6. Other coverage as we may require from time to time.

You may only purchase the required worker’s compensation insurance from our Designated Supplier(s). With respect to all other required insurance, in lieu of purchasing the insurance through our Designated Supplier as we may designate from time-to-time, you may purchase the insurance from insurance brokers

and carriers that you select, subject to those brokers and carriers satisfying our Standards and minimum requirements. You must submit to us the information and documentation that we request in connection with your request for our consent to purchase insurance from any unapproved insurance broker or insurance carrier.

You must include us as an additional insured on all of the above policies except Worker’s Compensation and Professional Liability. All insurance must be provided by an approved vendor or an insurer with an A.M. Best rating of not less than an A-VIII (“excellent” and \$100,000,000 to \$250,000,000 in policy holder surplus) that is authorized to sell insurance in the state in which your Franchised Business is located. You must provide us with a certificate of insurance and additional insured endorsement complying with the above requirements no less than 30 days prior to opening your Franchised Business and at least 30 days prior to any renewal providing the endorsements as noted below. All insurance policies (except worker’s compensation) must include a waiver of subrogation in favor of us and our affiliates, and each company’s officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

We have the right to establish and modify the minimum required coverages and to require different or additional kinds of insurance. Each policy must include those terms and endorsements that we require, as specified in the Franchise Agreement and the Manual. We may designate periodically one or more Designated Suppliers for the required insurance, and you must use those Designated Suppliers, to the extent permitted by applicable law.

In we have not named a Designated Supplier, you may purchase the insurance from insurance brokers and carriers that you select, subject to those brokers and carriers satisfying our Standards and minimum requirements. You must submit to us the information and documentation that we request in connection with your request for our consent to purchase insurance from any unapproved insurance broker or insurance carrier.

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	Sections in Franchise Agreement	Sections in Development Agreement	Disclosure Document Items
a. Site Selection and acquisition/lease	Article 3 and Attachment G	Articles 1 and 4	Items 6, 11, and 12
b. Pre-opening purchase/leases	Article 4	Not Applicable	Items 7 and 8
c. Site development and other pre-opening requirements	Articles 4 and 5	Article 4	Item 7
d. Initial and ongoing training	Article 8 and Section 2.B.(3)	Section 6.2	Item 11
e. Opening	Article 5	Article 4	Item 11
f. Fees	Article 6	Article 3	Items 5 and 6

Obligation	Sections in Franchise Agreement	Sections in Development Agreement	Disclosure Document Items
g. Compliance with standards and policies/Operating Manual	Articles 9, 10, and 11	Article 5	Item 11
h. Trademarks and proprietary information	Articles 9 and 13, and Section 14.A.	Section 1.4	Items 1, 13, and 14
i. Restrictions on products/services offered	Articles 9, 10, and Sections 11.B.-11.D.	Article 1	Items 8 and 16
j. Warranty and customer service requirements	Section 15.F.	Not Applicable	Item 16
k. Territorial development and sales quotas	Section 1.B.	Article 4	Item 12
l. Ongoing product/service purchases	Sections 11.B.-11.F.	Not Applicable	Item 8 and 16
m. Maintenance, appearance and remodeling requirements	Article 10 and Sections 2.B(2), and 11.B.	Not Applicable	Items 7 and 8
n. Insurance	Article 16 of the Franchise Agreement	Not Applicable	Items 6, 7, and 8
o. Advertising	Article 15	Not Applicable	Items 6, 7, and 11
p. Indemnification	Article 20	Section 7.2	Item 6
q. Owner's participation/management/staffing	Sections 11.J.-11.K.	Article 5	Item 15
r. Records and reports	Article 7	Section 5.3	Items 6 and 11
s. Inspections and audits	Article 7 and Sections 4.D., 4.E., and 11.G.	Not Applicable	Items 6 and 11
t. Transfer	Article 17	Article 8	Item 17
u. Renewal	Section 2.B.	Section 5.2	Items 6 and 17
v. Post-termination obligations	Article 19	Article 9	Item 17
w. Non-competition covenants	Sections 14.B.-14.F.	Section 6.3	Items 15 and 17
x. Dispute resolution	Article 23	Article 11	Item 17
y. Guaranty	Attachment D	Attachment D	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases or obligations.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

FRANCHISE AGREEMENT

Before you begin operating the Franchised Business, we will:

1. Review your franchise site information and notify whether your proposed site is approved or rejected after receiving the complete (as determined by us) site application package. (Franchise Agreement, Section 3.B.) Factors considered in site selection are based upon our proprietary methods and analyses developed by us and our designees based upon our experience operating and franchising Premier Martial Arts businesses.
2. Provide to you specifications, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront, signage, graphics, color schemes, and opening inventory. (Franchise Agreement, Section 4.A.) You must have all required construction plans and specifications prepared to suit the shape and dimensions of the Franchised Business and ensure that the plans and specifications comply with applicable law, building codes, permit requirements, and any lease requirements and restrictions.
3. Conduct the initial training program for you (or your Designated Manager) and a general manager without charge. (Franchise Agreement, Section 8.A.)
4. Give you access to our operations manual (the "Manual"). The Manual may be in electronic format. A copy of the table of contents of the Manual is attached to this disclosure document as Exhibit F. We consider the contents of the Manual to be proprietary and confidential, and you are bound by the restrictive covenants regarding our confidential information in the Franchise Agreement with respect to your use of the Manual. The Manual contains 825 pages, and the table of contents can be found in Exhibit F to this disclosure document. These Manual consists of online pages, videos, and printed pages. (Franchise Agreement, Section 9.)
5. For all Franchised Businesses you open, we may at our option, or we will at your request, provide you with one member of our training team to provide pre-opening assistance, subject to the availability of personnel, in which case we may require you to reimburse us for our related expenses, including travel, lodging and dining costs for those additional trainers who provide opening assistance. If you request additional members of our training team, in addition to reimbursement of costs, you will also pay our then-current training fee (as published in the Manual) and to (Franchise Agreement, Section 8.B.)

During the operation of the Franchised Business, we will:

1. Periodically, as we deem appropriate, advise and consult with you in connection with the operation of the Franchised Business. (Franchise Agreement, Section 8.C.)
2. Provide to you our knowledge and expertise regarding the System and pertinent new developments, techniques, and improvements in the areas of management, sales promotion, service concepts, and other areas. We may provide these services through on-site visits, through the distribution of printed

- or filmed material or electronic information, meetings or seminars, telephone communications, email communications, or other communications. (Franchise Agreement, Section 8.C.)
3. Use good faith efforts to approve or disapprove your proposed promotional and marketing materials within 10 business days after we receive them. (Franchise Agreement, Section 15.A.)
 4. If you participate in our Digital Marketing Program at your option, we will provide maintenance of your website, introductory lessons, course scheduling, text and email prospect communication, and management of digital advertising campaigns for your PMA Studio. (Franchise Agreement, Section 15.H.)
 5. Establish and administer a membership program, gift card acceptance program, loyalty program and master insurance program for so long as we elect to do so. (Franchise Agreement, Sections 11.P., 15.F. and 16.B.)

DEVELOPMENT AGREEMENT

When you sign the Development Agreement, we will provide you site selection guidelines, including our minimum standards for PMA Studio sites and sources regarding demographic information, and such site selection counseling and assistance as we may deem advisable.

During the course of the Development Agreement, we will:

1. Evaluate each site application, and conduct on-site evaluation as we deem advisable in response to your request for site approval for each proposed site (through us or our appointed representatives). (Development Agreement, Section 5.1.)
2. Upon your request, disclose to you the then-current franchise disclosure document and, upon your compliance with the Development Agreement and our requirements, issue and execute remaining franchise agreements pursuant to your Development Schedule. (Development Agreement, Section 4.3.)

SITE SELECTION

The Franchise Agreement will contain a site selection area within which you must identify a site for the PMA Studio (the “Site Selection Area”). You must submit our form of a site application for each site you identify, which we will review and notify you whether we accept or reject your proposed site. Upon our acceptance of a site, you must execute a lease within the lease deadline specified in the Franchise Agreement, which is typically within 180 days after the effective date of the Franchise Agreement. Failure to identify a site within this period is a default of the Franchise Agreement for which we will have the right to terminate the Franchise Agreement if you fail to cure the default within seven days after delivery of written notice of default. Upon execution of the lease, we will establish a Protected Area as described in Item 12, which may differ from the Site Selection Area, and you shall forfeit the Site Selection Area.

We will provide you with site selection assistance as we consider advisable, including providing our site selection guidelines and design specifications and conducting an on-site evaluation of the proposed site; however, we will not conduct an on-site evaluation for any proposed site prior to the receipt of the complete site application. If we conduct an on-site evaluation, you must reimburse us for our out-of-pocket expenses incurred in connection with the evaluation.

If we do not notify you in writing that we approve a site you propose, we will be deemed to have rejected the proposed site. No site may be used for the location of the Franchised Business unless we first approve it in writing.

Under the Development Agreement, you will have the right to develop, open, and operate up to three PMA Studios within a certain Development Area that we determine according to a certain development schedule. Upon development of each Franchised Business, we will identify a Site Selection Area that is within your Development Area in which you shall identify a suitable site. We will follow the procedure outlined above, or our then-current procedure if different, regarding establishing a Protected Area and executing a lease. Each Franchised Business must be developed and opened according to our then-current system standards and other approval requirements, and pursuant to the corresponding franchise agreement.

TIME TO OPENING

We estimate that there will be an interval of approximately 10 to 12 months between the signing of the Franchise Agreement and the opening of your PMA Studio. The interval for the time to opening may vary based upon many factors that may include among them, your ability to get any bonds required by local law, city zoning and permitting, the location, availability, and condition of the Site, lease negotiations, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements, governmental inspections and regulations, and completing training and your compliance with local laws and regulations. The low range of time to opening assumes you are taking over an existing space with minimum build-out or remodel needed. Unless we grant an extension, within 12 months of signing the Franchise Agreement, we require you to find a location, purchase or lease and obtain our approval of a Site, construct the premises according to our specifications, and open the PMA Studio.

You may not open your PMA Studio for business until: (1) you are not in default of the Franchise Agreement; (2) you are current on all obligations due to us, including payment of the initial franchise fee and any other fees then due; (3) we are satisfied that the PMA Studio was constructed or renovated substantially in accordance with approved plans and you have provided documentation satisfactory to us that such construction or renovation was completed in accordance with applicable federal, state, and local laws, regulations, and codes; (4) we have received a copy of the approved and fully executed lease and lease rider; (5) you have obtained a certificate of occupancy and any other required health, safety, or fire department certificates; (6) you have certified to us in writing that the installation of all items of furnishings, fixtures, equipment, signs, computer terminals, and related equipment, supplies, and other items has been accomplished in accordance with the Standards and applicable law; (7) your Designated Manager and one other person has attended and successfully completed our initial training program and you have hired and trained your personnel in accordance with the requirements of this agreement, including without limitation ensuring that your personnel have obtained all required safety training and certifications; (8) we have received copies of all insurance policies required, and all such insurance is in full force and effect; (9) you have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your PMA Studio, including, without limitation, by ensuring that your planned membership offerings follow the PMA Studio's opening and your forms of membership agreement comply with applicable law; and (10) you have conducted or are conducting the Grand Opening Program according to our Standards. You cannot open your PMA Studio until we are satisfied that you have completed all necessary steps to open. We may terminate the Franchise Agreement if you fail to open in the time required.

ADVERTISING

We have no obligation to conduct advertising, except through the National Advertising Fund (“NAF”) described below. If we conduct media advertising, we may use direct mail, print, radio, Internet, or television, which may be local, regional, or national in scope. We may produce the marketing materials in-house or employ a local, regional, or national advertising agency. We are not obligated to conduct any advertising or marketing programs within your market.

We have established and maintain a URL website promoting Premier Martial Arts system and identifying the location of PMA Studios. You will participate in all system-wide promotions that we conduct. Our System Standards allow us to require you to contract with Designated Suppliers for reputation management

and net promoter score responses, as well as to allow us or the reputation management providers to respond to all website inquiries or other inquiries for all franchisees.

GRAND OPENING ADVERTISING

You must conduct a grand opening advertising and promotional program before the Franchised Business opens for business in accordance with the Standards set forth in the Manual and using our required marketing and media partners. We will consult with you in planning the grand opening program. You must spend between \$20,000 and \$25,000 in connection with your grand opening. The media portion of this grand opening expenditure should be submitted to us for processing through our required media partner no later than 6 weeks prior to planned opening or once the grand opening media plan is submitted to you. This amount is in addition to the other required advertising investments described in this Item 11. Any creative associated with your grand opening will be developed by us. Pre-opening and grand opening advertising will also consist of a variety of meetings with potential members, participation in local events, and public relations, marketing and advertising initiatives intended to publicize the opening of the PMA Studio. This minimum requirement does not include the Grand Opening Coordinator Fee and related expenditures.

NATIONAL ADVERTISING FUND

We administer the NAF for the creation and development of marketing, advertising, and related programs, campaigns and materials for the implementation of our brand positioning. As noted in Item 6, you will pay to Franchisor a continuing, non-refundable monthly contribution of up to 5% of monthly Gross Sales (“NAF Contribution”); currently the NAF Contribution is 0% of Gross Sales. We reserve the right to suspend or increase the NAF Contribution at any time upon 60 days’ prior notice to you; however, if we increase the NAF Contribution, the sum of the NAF Contribution, Advertising Cooperative contribution, and Local Marketing Expenditure will not exceed 6% of Gross Sales (as allocated by us between the NAF Contribution, Advertising Cooperative contribution, and the Local Marketing Expenditure) during any 12-month period. (Franchise Agreement, Section 15.E.) Any corporate-owned PMA Studio locations will contribute to the NAF at the same rate as franchisees.

We direct all initiatives related to the positioning of the brand using the NAF, including advertising and marketing programs (for example, research methods, branding, creative concepts and materials, sponsorships, and endorsements used in connection therewith); selection of geographic and media markets; and media placement and the allocation thereof. We may use the NAF to pay the costs of research (including product and services research and development), market research (for example, customer engagement with the brand, including design and décor, concept development, uniform design, customer service techniques, customer research and focus groups) creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in online, social media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist therewith; conducting community relations activities; supporting public relations, maintenance of the System Websites, and online presence; and other advertising, marketing, and promotional activities as we determine are appropriate for PMA Studio businesses, the Proprietary Marks and the System. You will ultimately be responsible for the costs associated with the placement of any such marketing and media for the Franchised Business. The NAF will furnish you with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when we deem appropriate. Multiple copies of those materials will be provided to you at your sole cost.

The NAF will be accounted for separately from our other funds, will not be used to defray any of our general operating expenses, but may be used to cover reasonable salaries, administrative costs, travel expenses, and overhead as we may incur in activities related to the administration of the NAF and its programs, including as described above and with respect to collecting and accounting for contributions to the NAF. We will not use NAF funds to solicit new franchise development. We will not act as trustee with respect to the NAF

and have no fiduciary duty to you or your affiliates, owners or any other franchisees. We may spend on behalf of the NAF, in any fiscal year, an amount that is greater or less than the aggregate contributions to the NAF in that year, and the NAF may borrow from us or others to cover deficits or may invest any surplus for future use. All interest earned on monies contributed to the NAF will be used to pay advertising costs before other assets of the NAF are expended. The NAF will not be audited. We will, upon your written request (but no more than once annually) provide a copy of our unaudited annual statement of monies collected and costs incurred by the NAF. We have the right to cause the NAF to be incorporated or operated through a separate entity we own and manage if we deem it appropriate, and the successor entity will have all of the same rights and duties.

Although we endeavor to utilize the NAF to develop advertising and marketing materials and programs and to place advertising that will benefit the System, we have no obligation to ensure that expenditures by the NAF in or affecting any geographic area are proportionate or equivalent to the contributions to the NAF by PMA Studio businesses in that geographic area, or spent marketing your PMA Studios. Nor are we under any obligation to ensure that any franchisee will benefit directly or in proportion to its NAF Contribution from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering the NAF. We reserve the right to suspend or terminate (and, if suspended or terminated, to reinstate) the NAF. If the NAF is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees in proportion to their respective contributions to the NAF accrued during the preceding three-month period, and those amounts will be spent on local marketing.

NAF Contributions

Franchisees’ NAF Contributions may not be uniform. Some of our earlier franchisees may pay lower amounts and we may phase in their commencement of NAF Contributions. We and our affiliates, and our predecessor’s licensees are not required to contribute to the NAF on the same basis. During the fiscal year ending December 31, 2021, we collected \$388,212.45 in NAF Contributions and expenditures were used in the following manner:

Additional Trainings	50%
Website/Social Media Maintenance	30%
Video Production	20%

Unleashed Fund

We have the right to establish an advertising fund separate from the NAF, which we call the Unleashed Fund. You will not contribute directly to the Unleashed Fund. The Unleashed Fund is identical to the NAF except that the funds are spent marketing all brands under the Unleashed Services umbrella; these brands currently include Urban Air Adventure Park, Snapology, TLG, PMA, Class 101, and XPL, but may include other brands in the future (collectively, the “Unleashed Brands”). When the Unleashed Fund is established, the NAF may contribute up to 5% of its monthly balance to the Unleashed Fund. All of the Unleashed Brands are expected to contribute to the Unleashed Fund, except the percentage contributed by each Unleashed Brand’s fund may vary. Only the Unleashed Brands that contribute to the Unleashed Fund are included in the advertising conducted by the fund. The Unleashed Fund is not audited, and we are not required to provide you a report of Unleashed Fund. We will have the right to cause the Unleashed Fund to be incorporated or operated through a separate entity our affiliates own and manage if we deem it appropriate, and the successor entity will have all of the same rights and duties.

LOCAL MARKETING EXPENDITURE

You must make the Local Marketing Expenditure, as may be amended by us periodically, but which, when combined with the NAF Contribution and Advertising Cooperative, will not exceed 6% of Gross Sales (as allocated by us between the NAF Contribution, the Advertising Cooperative, and the Local Marketing Expenditure) during any 12-month period. At our request, you must provide us copies of invoices and other documentation reasonably satisfactory to us to evidence your compliance with this obligation. If we determine that you have failed to comply with the Local Marketing Expenditure requirement for any period, we may notify you of any additional amounts that you must spend (up to the then-current percentage of Gross Sales required by us) on local marketing, and if you have not spent such additional amounts (in addition to any ongoing marketing requirements) within the time period required by us, we may collect those unspent amounts directly from your account and contribute them to the NAF, without any liability or obligation to use such funds for your local advertising. Alternatively, at our discretion, we may collect these monies from you and place the advertising on your behalf.

You must focus your marketing activities within your Protected Area. You may engage in direct marketing activities in the Protected Area only. “Direct marketing activities” include personal solicitations, direct mailings, sporting event sponsorships and advertising, and school event sponsorships and advertising but do not include web site advertising or targeted emails or text messages to existing customers. We may develop policies and procedures that apply to all types of advertising and marketing efforts, including social media advertising, and you must comply with those policies and procedures. You may not conduct marketing activities outside of your Protected Area, unless we provide you written consent specifically identifying the additional areas and time frame in which you may market outside of your Protected Area.

Your promotional and marketing materials must comply with applicable law and conform to our standards and specifications related to advertising, marketing, and trademark use. You must submit to us samples of proposed promotional and marketing materials, and notify us of the intended media, before first publication or use. We will use good faith efforts to approve or disapprove proposed promotional and marketing materials within 10 business days after receipt. You may not use the promotional or marketing materials until we expressly approve the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. We may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

As stated in Item 6, we reserve the right to identify a Designated Supplier of local and regional marketing services and establish a system-wide supply contract for local and regional marketing services, which may be one of our affiliates. Under these circumstances, we may collect all or a portion of the Local Marketing Expenditure and apply it to fees payable to the Designated Supplier for those marketing services. If the full amount of the Local Marketing Expenditure is applied to fees due under a system-wide supply contract, you may, but are not required, to conduct additional or supplemental local marketing activities as permitted under the Franchise Agreement. If we collect less than the full amount of the Local Marketing Expenditure, you must spend the remaining Local Marketing Expenditure on marketing activities in your Protected Area as permitted under the Franchise Agreement.

ADVERTISING COOPERATIVE

If we believe that two or more PMA businesses may benefit by pooling their advertising dollars, we may form a local or regional Advertising Cooperative for this purpose. If we form an Advertising Cooperative for the region in which your Franchised Business is located, your membership to the advertising cooperative is automatic, and you must participate in the Advertising Cooperative. Contributions to the Advertising Cooperative will be credited toward your Local Marketing Expenditure. We have the right to create, dissolve, and merge advertising cooperatives. We will also have the power to require Advertising Cooperatives to be formed, changed, dissolved, or merged, and to create and amend their governing

documents. No advertising cooperative has yet been created and, therefore, no governing documents are available for your review.

Governing documents will provide that any Advertising Cooperative created under authority of the Franchise Agreement will (1) operate by majority vote, with each PMA business (whether franchised or affiliate-owned or managed) being entitled to one vote, (2) entitle us to cast one vote (in addition to any votes we may cast for affiliate-owned locations), (3) permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions, and (4) provide that any funds left in the Advertising Cooperative at the time of its dissolution be returned to the members in proportion to their contributions made during the 12-month period immediately preceding dissolution. All members (including company-owned and our affiliate-owned locations) will contribute at the same rate. The majority vote will determine the level of contributions. We do not currently expect that company-owned or affiliate-owned PMA businesses will have majority voting power in any Advertising Cooperative, but if they do, the required contribution to the Advertising Cooperative for each member will not exceed \$10,000 per year without consent of a majority (*i.e.*, 51%) of franchisee members of such Advertising Cooperative.

ADVERTISING COUNCIL

There currently are no franchisee advertising councils or advertising cooperatives that advise us on advertising policies. In our discretion, we reserve the right to establish an advisory council of franchisees that does advise us on advertising policies and other matters.

COMPUTER SYSTEMS AND POS SYSTEM

Studio Pro

We require the use of Studio Pro martial arts Management and Marketing Software at the following current fees: initial set up cost of \$49.00 and an ongoing cost of \$199 per month. These fees may vary over time. This software, provided through our affiliate, Studio Pro, will be used for member management, member billing, inventory, point of sale, statistics tracking, task management and digital marketing. Our predecessor, PMAI, has used Studio Pro since September 2013 and we have used it since our inception.

You must buy and install, if you do not already have, the computer hardware, software, printers, and communications equipment and services we designate or approve (collectively the “Computer System”). Your Computer System must allow you to access the internet at the speed we require from time to time. You will have sole responsibility for the acquisition, operation, maintenance, and upgrading of the Computer System. You must use the Computer System for on-line reporting of sales, keeping customer information, and reporting other information to us as required under the Franchise Agreement.

The Franchisee will, at its sole expense, lease or purchase the computer hardware, software and computer peripherals required by us for your PMA Studio that meet the specifications set forth in the Operations Manuals. The other typical hardware required as part of your Computer System includes a personal computer, tablet, multi-function printer, USB card swiper, 4 cameras, 3 microphones, USB barcode scanner with keyboard emulation, cash drawer and receipts printer. Your Computer System is required to perform word processing, accounting, record keeping, scheduling, and have Internet access and e-mail functions for your PMA Studio. Fax and telecommunications equipment, computer hardware and peripherals, maintenance agreements, and computer software and operating systems are all available through commercial office and telecommunications equipment, and computer hardware and software vendors. The cost of your Computer System ranges from \$5,300 to \$14,800.

You will, upon written notice from us, update the Computers and Software to the standards and specifications set forth in the Operations Manuals or otherwise in writing by us. You must also enter into software license agreements with Designated Suppliers for the Software required by us for your PMA Studio. You will be responsible for paying us, Designated Suppliers and/or vendors the licensing or other fees, costs and expenses incurred to acquire, install and implement the Computers and Software and any

updates to the Computers and Software. (Franchise Agreement, Section 11.E.)

You will have a contractual obligation to upgrade or update your computer hardware and software programs during the term of the Franchise Agreement as required by us. There is no contractual limitation on the frequency or cost of this obligation, although we estimate that expenditures for Computer System upgrades or updates will generally not exceed \$2,000 each year. You may choose to establish a contractual relationship with a third-party supplier to provide ongoing maintenance, repairs, upgrades or updates, at an estimated annual cost of \$1,000 to \$2,000 per year. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. There are no contractual limitations on the frequency or cost of this obligation. We do not have any obligation to provide ongoing maintenance, repairs, upgrades or updates to the Computer System, nor do we have any obligation to reimburse you for any Computer System costs.

We will have remote access to the information and data collected and generated by your Computer System. We currently require you to provide us continuous uninterrupted “24/7” independent access to your Computer System to monitor your social media, sales, receivables and other financial and operational data we designate. There is no contractual limitation on our right to access these records. There are no contractual limitations on our right to access or retrieve any information contained and/or utilized by your Computer System.

WEBSITE

We and our affiliate, PMAI, have established and maintain an Internet website at the uniform resource locator (currently, www.premiermartialarts.com) that provides information about the System and PMA Studios (the “Website”). We may enhance our Website to include a series of interior pages that identify PMA Studios by address and telephone number. We may (but are not required to) include at the Website an interior page containing additional information about your PMA Studio. If we include your information on the Website, we have the right to require you to prepare all or a portion of the page, at your expense, using a template that we provide. All information is subject to our approval before posting. (Franchise Agreement, Section 15.D.)

We will have sole discretion and control over the Website’s design and content. We have the sole right to approve any linking to, or other use of, the Website. We have no obligation to maintain the Website indefinitely, but may discontinue it at any time without liability to you. Furthermore, as we have no control over the stability or maintenance of the Internet generally, we are not responsible for damage or loss caused by errors of the Internet.

We also may establish and maintain one or more social media sites (e.g., www.twitter.com; www.facebook.com; www.instagram.com; www.pinterest.com, or such other social media sites). You may not establish or maintain any social media sites utilizing any user names, or otherwise associated with the Marks, without our advance written consent. We may designate from time to time regional or territory-specific user names/handles that you must maintain. You must adhere to the social media policies that we establish from time to time, and must require your employees to do so as well. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with our Manuals and System Standards, including our take-down policies. You are responsible for ensuring that all of your managers, trainers, sales associates and owners comply with our social media policies. (Franchise Agreement, Section 15.H.)

TRAINING

After you sign the Franchise Agreement and pay the Initial Franchise Fee, we will provide initial training to you or the Designated Manager, and one other staff member such as a general manager for a maximum of 14 days (“Initial Training”), which they must complete before your PMA Studio opens. You are responsible for all costs of your trainees attending any training, including but not limited to wages, travel, lodging expenses, and published materials.

Out initial training is under the supervision of our Chief Executive Officer, Barry Van Over, and our Vice President of Operations and Training, Myles Baker. Barry Van Over provides training on franchise operations and Studio operations. Barry has over 11 years of training and operational experience in senior level sales and operations aspects in the health and martial arts industry. Myles Baker will assist with training. He has over five years of operational and training experience training personnel at and serving as managing member for Premier Martial Arts of Maryville.

Up to two consecutive days of this training will be furnished at your PMA Studio during the end of its build-out phase and/or at an operating PMA Studio or at a corporate-owned location in Knoxville, Tennessee. Another two days of informal training will take place after opening while the Opening Training Team is at your PMA Studio. We may substitute any of these training days at your PMA Studio or our headquarters with training at another PMA Studio. We will also provide general sales training for up to 3 sales employees (“PMA Studio Staff Training”). PMA Studio Staff Training generally takes place 1 to 2 months before you are scheduled to open. Your martial arts trainers will be trained separately at your PMA Studio or a designated PMA Studio for a period of 5 to 10 days. Your martial arts trainers must be trained by us and must pass the training. The instructional materials used in training will include the Manuals, as well as other training materials we will provide or designate.

You and trainee employees must complete the Initial Training to our satisfaction. You also must participate in all other activities required to operate your PMA Studio, including any subsequent mandatory training we designate for new martial arts programs, equipment, or other activities. There are additional fees for the ongoing optional or mandatory training that range from up to \$500 per trainee per day to up to \$1,000 per trainer per day. We also charge this additional training fee if we require or you request, and we agree to provide, additional On-Site training or Opening Training Team training, and if we provide additional Opening Training Team members. We offer additional mandatory training when needed and when we can schedule it approximately at least 2 to 3 times per year.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome, History, and Orientation; Franchisee/Franchisor Relationship	1	0	Knoxville, Tennessee or another operating PMA Studio
PMA Curriculum	15	0	Corporate Headquarters or other designated facility
Management – Classroom Management	8	0	Knoxville, Tennessee or another operating PMA Studio
Pre-Sales	8	0	Knoxville, Tennessee or another operating PMA Studio
Marketing and Sales	16	0	Knoxville, Tennessee or another operating PMA Studio
Business Goals and Projections	2	0	Knoxville, Tennessee or another operating PMA Studio
Management	6	0	Knoxville, Tennessee or another

			operating PMA Studio
OTJ Training at local PMA Studio	0	2	Knoxville, Tennessee or another operating PMA Studio
TOTAL	56	2	

All training in the table above will be offered as often as we deem necessary, and will be held in Knoxville, Tennessee or at another location designated by us. This training program will include classroom and on-the-job instruction on topics selected by us. There currently are no fixed (*i.e.*, monthly or bi-monthly) training schedules. Training days may be up to 12 hours in length. The hours of classroom or on the job training overlap and the subjects are not distinctly separated during training.

We also provide you an “Opening Team” for a time period that we may designate to assist you with the opening of your PMA Studio. Currently, the Opening Training Team is provided for at least 1 day of pre-sale focus and 1 day of Grand Opening focus with at least one trainer/Opening Training Team member. We may require additional Opening Training Team members or additional days, and if you request additional days or Opening Training Team members, we charge our then current additional opening expenses. We require you to, at your expense; provide on-site meals and beverages for the Opening Training Team plus all of its travel and living expenses. We are not required to provide an Opening Training Team or other on-site training to you if you are a transferee of an existing PMA Studio.

This is a minimum of 2 days of on-site training (1 pre-sale and 1 Grand Opening Program focus). If more than 2 days of on-site opening assistance is necessary for pre-sale and Grand Opening Program, you will also pay the then-current per day on-site training fee for each additional day of opening assistance required.

We expect that you complete initial training during the 1-month period prior to the opening of your PMA Studio. Generally, the opening of your PMA Studio will take place within 3 to 12 months after you sign the Franchise Agreement. Factors which will affect your opening date include selecting and acquiring the location for your PMA Studio, remodeling or constructing your business premises, obtaining the required licenses, the delivery of your furniture, fixtures and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees, and completing the training program. You must obtain written approval from us to open your PMA Studio.

You, your Designated Manager, and/or previously trained and experienced general managers must at your expense attend any periodic refresher training courses that we or our designees provide from time to time and pay the applicable fees. When training is onsite, you must provide an alternative training facility if we feel that construction or other distractions prevent us from satisfactorily performing the training on premises. Currently, we charge \$500 per person per day, plus travel and living expenses for mandatory or optional additional or periodic training.

ITEM 12 TERRITORY

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

FRANCHISE AGREEMENT

You must operate your PMA Studio at a site approved by us (“Approved Location”) within the Protected Area as identified in the Franchise Agreement. If you have not identified an Approved Location upon execution of the Franchise Agreement, we may grant you a Site Selection Area within which you must locate your Approved Location. Upon execution of the lease for the Approved Location, your Franchise Agreement will be amended to identify your “Protected Area,” which will be determined by us, and which

may be based upon any or all of the following: zip codes, geographic boundaries, or a radius surrounding the Approved Location. There is no minimum Protected Area. Typically, but not in all cases, available Protected Areas will encompass a population of approximately 8,000 children aged infant to 14 years based upon the most recent U.S. Census or other publicly available data that we designate. Once the Protected Area is established, you forfeit the Site Selection Area. The Protected Area may differ from the Site Selection Area. The boundaries of your Protected Area may be altered only by written consent of the parties, except as provided in your Franchise Agreement with respect to any default of your representations, warranties, covenants, or obligations therein.

During the term of and subject to your compliance with the Franchise Agreement and any other agreement between you and us or our affiliates, we will neither operate nor grant others the right to operate another PMA Studio in the Site Selection Area until the Approved Location is identified and, thereafter, we identify the Protected Area, except for those rights reserved to us and our affiliates. This restriction will not apply to any PMA Studio that is operating or in development within the Site Selection Area as of the effective date of the Franchise Agreement. The Protected Area may overlap with or be overlapped by the protected area of other PMA Studio franchisees or PMA Studios that our affiliates own or operate, so long as there are no other PMA Studios in the area of overlap.

We retain for ourselves and our affiliates all other rights in and to the Proprietary Products, Proprietary Marks, Indicia, and System, including: (1) the right to own and operate and to grant others the right to own and operate PMA Studios at any location outside the Protected Area, regardless of proximity to the Protected Area; and (2) the right to distribute any and all products and services and their components identified by the Proprietary Marks, including those used or sold in your Franchised Business, including proprietary merchandise (such as shirts, hats, jackets, etc.) and pre-packaged products, through alternative channels of distribution, including direct mail, the Internet or any other form of e-commerce, or any other channel of distribution, except a Franchised Business, whether or not such sales occur within your Protected Area; you are not entitled to compensation for any such sales made in your Protected Area. We also may establish and operate, and license others to establish and operate, any business other than an PMA Studio, under the Proprietary Marks or under other marks, including fitness studios or other businesses that we or our affiliates may operate, acquire, be acquired by or be merged or consolidated with.

As stated in Item 11, you must focus your marketing activities within your Protected Area. You may engage in direct marketing activities in the Protected Area (even if they overlap another franchisee's protected area). We may develop policies and procedures that apply to all types of advertising and marketing efforts, including Social Media advertising, and you must comply with all policies and procedures that we develop. You may not conduct marketing activities outside of your Protected Area, unless we provide you with written consent specifically identifying the additional areas and time frame in which you may market outside of your Protected Area. You may not sell products through alternative channels of distribution, such as the internet, direct mail, telemarketing, or other direct marketing without our consent. Continuation of your territorial protection under the Franchise Agreement does not depend on you achieving a certain sales volume, market penetration, or other contingency.

You may relocate your PMA Studio only with our written consent. If your lease expires or terminates through no fault of yours, or if the Franchised Business premises are destroyed or materially damaged by fire, flood, or other natural catastrophe, we will permit you to relocate to another location within your Protected Area. If we grant relocation rights for this reason, you must open the Franchised Business for business at the new location within 180 days of closing the original location. If we permit you to relocate the Franchised Business for any other reason, you must open the Franchised Business for business at the new location within 30 business days of closing the original location.

DEVELOPMENT AGREEMENT

When you execute your Development Agreement, we will identify a Development Area in which you shall open your PMA Studios. During the term of the Development Agreement, Franchisor shall not own or operate, or grant anyone else the right to operate, a PMA Studio within the Development Area. When you are ready to open each Franchised Business, we may identify a smaller Site Selection Area if we deem appropriate, before we establish a Protected Area. Upon expiration or termination of the Development Agreement, your rights to the Development Area also terminate, except for the Protected Areas defined in each PMA Studio’s franchise agreement.

ADDITIONAL FRANCHISE RIGHTS

Other than what is set forth in your Franchise Agreement and Development Agreement, we do not grant you any options or rights of first refusal to acquire additional franchises.

**ITEM 13
TRADEMARKS**

Our affiliate PMAI has registrations for the following Marks on the Principal Register of the United States Patent and Trademark Office (the “USPTO”):

MARK	REGISTRATION NUMBER	REGISTRATION DATE	INTERNATIONAL CLASS
 (Design plus words, letters, and/or numbers)	3282683	August 21, 2007	035
 (Design plus words, letters, and/or numbers)	6431589	July 27, 2021	25, 28, 41

<p>PREMIER MARTIAL ARTS (standard character mark)</p>	<p>6459164</p>	<p>August 24, 2021</p>	<p>25, 28, 41</p>
<p>CROSS KICK (standard character mark)</p>	<p>4629125</p>	<p>October 28, 2014</p>	<p>35</p>

All affidavits required to date for these marks have been filed. We claim common law trademark rights in the names of our classes, which may change.

There are no currently effective determinations of the USPTO, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which is relevant to their ownership, use, or licensing. There is no pending material federal or state court litigation regarding our use or ownership rights in any trademark.

USE OF PROPRIETARY MARKS

PMAI has granted us the perpetual right to use and sublicense the use of the Proprietary Marks, including those listed above and those developed in the future, together with other intellectual property critical to the System pursuant to a written license agreement (“License Agreement”). If the License Agreement terminates, PMAI will assume all of our rights and obligations under your Franchise Agreement.

Except for the License Agreement, there are no agreements currently in effect that significantly limit our rights to use or to license the use of the Proprietary Marks in any manner material to the Franchised Business. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to you.

You must use the Proprietary Marks in full compliance with provisions of the Franchise Agreement and according to the trademark usage guidelines and rules we periodically prescribe. You may not use any Proprietary Mark as a part of your corporate name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed by us to you) and you may not use them to incur any obligation or indebtedness on our behalf. You may not use any name or mark associated with the sale of any unauthorized product or services in any other manner not explicitly authorized in writing by us.

You may use only the Proprietary Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, “®,” “™,” or “SM,” as appropriate. You may use the Proprietary Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner we prescribe. You may not contest ownership or validity of the Proprietary Marks or any registration of the Proprietary Marks, or our right to use or to sublicense the use of the Proprietary Marks. You must sign all documents that we require to protect the Proprietary Marks and to maintain their validity and enforceability.

INTERNET AND SOCIAL MEDIA USAGE

You may not cause or allow all or any recognizable portion of the Proprietary Marks to be used or displayed as all or part of an e-mail address, Internet domain name, uniform resource locator (“URL”), or meta-tag, or in connection with any Internet home page, web site, mobile channels, or any other Internet-related

activity without our express written consent, and, then, only in a manner and consistent with our procedures, standards and specifications. This prohibition includes use of the Proprietary Marks or any derivative of the Proprietary Marks as part of the registration of any username on any gaming website, personal blogs or social networking website including Facebook, LinkedIn, Yelp, Pinterest, Instagram, TikTok, or Twitter, or any virtual worlds, file sharing, audio sharing and video-sharing sites. You must comply with our social media and networking policies, which will be provided to you in the Manual and which may be modified, amended, or terminated by us at any time (Franchise Agreement, Section 13.D.)

You may not establish or maintain a web site or other presence on the World Wide Web portion of the Internet, including gaming websites or social networking websites such as Facebook, LinkedIn, Yelp, Pinterest, Instagram, Tik Tok or Twitter, that reflects any of the Proprietary Marks or any of our copyrighted works, including the term “Premier Martial Arts” or “PMA” as part of its URL or domain name, that otherwise states or suggests your affiliation with us or the System, or that uses or displays any collateral merchandise offered at the Franchised Business, without our express written consent, and, then, only in a manner and consistent with our procedures, standards and specifications. We will create all social media accounts related to the Franchised Business and license such accounts to you for use in promoting the Franchised Business while the Franchise Agreement is in effect. (Franchise Agreement, Section 15.G.) Our social media and networking policies will be provided to you in the Manual and may be modified, amended, or terminated by us at any time. (Franchise Agreement, Section 15.D.)

INFRINGEMENT

If there is any infringement of, or challenge to, your use of any name, mark, or symbol, you must immediately notify us, and we may take any action that we deem appropriate, in our sole discretion. The Franchise Agreement does not require us to take affirmative action if notified of the claim. We have the right to control all administrative proceedings or litigation involving your use of the Proprietary Marks. The Franchise Agreement does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Proprietary Marks, or if the proceeding is resolved unfavorably to you. We have the right to designate one or more new, modified or replacement Proprietary Marks for your use and to require you to use the new, modified or replacement Proprietary Marks in addition to or in lieu of any previously designated Proprietary Marks. You must comply with the directive, at your expense, within 60 days following your receipt of written notice of the change. These rights arise only under the Franchise Agreement.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights material to the franchise, but we claim copyright protection in many elements of the System including our training and marketing material, advertising, confidential operations content, software, designs, creative works, Web pages, and other works of authorship in any media (“Copyrighted Works”).

No agreement limits our right to use or license the Copyrighted Works. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Copyrighted Works. We need not protect or defend the Copyrighted Works or take any action if notified of infringement, and you have no obligation to notify us of any infringement. We may take the action we deem appropriate (including no action) and exclusively control any proceeding involving the Copyrighted Works. No agreement requires us to participate in your defense or indemnify you for damages or expenses in a proceeding involving a Copyrighted Work or claims arising from your use of the Copyrighted Works.

You and your owners and employees must maintain the confidentiality of all trade secrets, the Standards and all other elements of the System, all customer information, all information contained in the Manual, and any other information that we designate as confidential and as trade secrets (“Confidential Information”). Each of your owners must sign the Undertaking and Guaranty Agreement attached as

Attachment D to the Franchise Agreement and the Confidentiality and Non-Competition Agreement attached as Attachment E to the Franchise Agreement. All of your employees with access to Confidential Information must also sign a confidentiality and non-competition agreement in the form designated by us.

You must promptly notify us of any apparent infringement of, or challenge to, your use of any of the Copyrighted Works or Confidential Information. We are not required to take affirmative action when notified of a claim, or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Copyrighted Works or Confidential Information, or if the proceeding is resolved unfavorably to you, but will take whatever action we determine to be appropriate under the circumstances. We have the right to control all administrative proceedings or litigation involving the Copyrighted Works and Confidential Information. If we or our affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Copyrighted Works or Confidential Information, you must sign all documents and perform such acts and things as, in the opinion of our legal counsel, may be necessary to carry out the defense or prosecution.

If you or any of your owners develops any new concept, product, sales technique, or improvement in the operation or promotion of the Franchised Business, you must promptly notify us, and provide to us all necessary related information. By signing the Franchise Agreement, you and each owner permanently and irrevocably assign your respective rights in and to the concept, product, sales technique, or improvement and permit us to use or disclose the information to our affiliates and other PMA franchisees as we determine appropriate, without providing you any compensation.

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

FRANCHISE AGREEMENT

The Franchised Business must be supervised at all times by a “Designated Manager.” Your Designated Manager must attend and complete to our satisfaction our initial training program and all other training that we require, devote substantial full-time and best efforts, in person on a daily basis, to the supervision, operation, and conduct of the Franchised Business, and sign and deliver to us a Confidentiality and Noncompete Agreement in the form attached as Attachment E to the Franchise Agreement. We must approve your Designated Manager. We highly recommend, but do not require, that your Designated Manager own an equity interest in you if you are a business entity. If your Designated Manager ceases to serve in, or no longer qualifies for, the position, you must designate another qualified person to serve as your Designated Manager within 30 days. Your proposed replacement Designated Manager must successfully complete the initial training program and sign and deliver to us a Confidentiality and Noncompete Agreement before assuming Designated Manager responsibilities.

Neither you nor your Designated Manager may own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any direct or indirect interest in (as owner or otherwise) or relationship or association with, any business that competes with PMA Studios or any of the products or services they offer. You also may not disclose any information contained in our Manual or other information proprietary to the System. Each Owner (regardless of the limitation of their ownership percentage in the Franchised Business), Designated Manager, any supervisors, and other key employees having access to our Manual and proprietary information must sign a Confidentiality and Non-Competition Agreement substantially in the form of Attachment E to the Franchise Agreement.

Each Owner of the franchise or the franchisee entity must sign an Undertaking and Guaranty substantially in the form of Attachment D to the Franchise Agreement to personally guarantee to us that you will perform all obligations under the Franchise Agreement in a timely manner according to the respective terms of the Franchise Agreement.

“Owner” means you if you are an individual, or each individual or entity holding more than a ten percent equity interest in you if you are a business entity (regardless of voting rights), and the franchisee individual(s) or entity(ies) that enter into the Franchise Agreement if you are a business entity. It includes all officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a business entity, then the term “Owner” also includes the Owners of that business entity.

DEVELOPMENT AGREEMENT

You must appoint a person who shall serve as the “Designated Principal,” who is an Owner of the Developer. The Designated Principal shall be responsible for general oversight and management of the development of the Franchised Businesses under Development Schedule. Once each Franchised Business is open, the Developer or Designated Principal may appoint another to serve as that PMA Studio’s Designated Manager. Each Owner and Designated Principal of the Developer must sign an Undertaking and Guaranty substantially in the form of Attachment D to the Development Agreement to personally guarantee to us that you will perform all obligations under the Development Agreement in a timely manner according to the respective terms of the Development Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only the products, goods, and services specifically authorized by us in writing, including without limitation ancillary services that Franchisor may authorize from time to time. You may not offer or sell any products, goods, or services not specifically authorized by us in writing. We may, at any time and in our sole and absolute discretion, add, eliminate, or modify authorized products, goods, and services; there are no contractual limitations on our rights to make such changes.

We administer a multi-tier membership program for PMA businesses (“Membership Program”). You must participate in the Membership Program. In connection with the offer and sale of memberships for the Membership Program at your Franchised Business, you must comply with the Standards for the Membership Program, including Membership Program tiers, pricing and other terms and conditions we may establish periodically. We or our Designated Supplier will administer the Membership Program, and we reserve the right to modify the structure of such Membership Program and benefits of membership at any time upon notice to you. In connection with the sale of each membership, the customer must enter into a membership agreement in the form required by us and pay the applicable Membership Program dues.

We reserve, to the fullest extent permitted by then-applicable law, the right to establish policies and programs regarding pricing of products and services, including, but not limited to, establishing the maximum and minimum retail prices and membership program prices, recommending retail and membership program prices, advertising specific retail prices for some or all products or services sold at your Franchised Business, and developing and advertising price promotions or package promotions. We may compel you to observe, honor, and participate in any such policies or programs we establish.

The Franchise Agreement gives you the right to operate a single PMA business and to offer approved products, goods, and services only at the Approved Location. To the extent that we may periodically expand our service offerings to provide on-site entertainment, after school programs, supplementary education or social “camps” or similar services, you may provide such services at the Approved Location and in the Protected Area (or other area that we may authorize) according to the Franchise Agreement and our then-current Standards, policies, and procedures. You may not host or permit third parties to host programs (including after school programs, children’s “camps” or similar services) at the Approved Location unless we have authorized such services to be offered in advance in writing.

You must participate in and offer to your customers all customer loyalty and reward programs and all contests, sweepstakes, and other prize promotions. We will provide you the details of each program and promotion, and you must promptly display all point-of-sale advertising and promotion-related information at such places within the Franchised Business premises as we may designate. You must purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) we designate for use in connection with each such program or promotion.

You may only use marketing and promotional materials that we have approved. As stated in Items 11 and 12, you must focus your marketing activities within your Protected Area. You may engage in direct marketing activities in the Protected Area. We may develop policies and procedures that apply to all types of advertising and marketing efforts, including social media advertising, and you must comply with those policies and procedures. You may not conduct marketing activities outside of your Protected Area, unless we provide our written consent that specifically identifies the additional areas and time frame in which you may market outside of your Protected Area. Except as described in this Item, you are not limited in the type of customers to whom you may sell approved products or services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.A.	10 years from the grand opening of the Franchised Business.
b. Renewal or extension	Section 2.B.	If you are in good standing you may elect to continue operating the franchise for two additional, consecutive five-year successor terms. You must pay us a successor fee equal to 50% of our then-current initial franchise fee plus reimbursement of our legal and professional expenses.
c. Requirement for franchisee to renew or extend	Section 2.B.	Provide notice; you may not be in default of the Franchise Agreement or any other agreement; you must renovate and modernize the Franchised Business premises to conform to our then-current image; you and employees must be in compliance with our then-current training requirements; you must have the right to possess the Franchised Business premises or have secured a substitute location; you and all guarantors must execute our then-current form of general release, subject to applicable law; and you may not have a continued pattern of non-compliance as evidenced by repeated failed quality assurance evaluations, regardless of whether you have taken corrective action. If we grant you the right to a successor term, you must sign our then-current form of franchise agreement, which may be materially different than the current form and may reflect different royalty fee and advertising obligations.
d. Termination by franchisee	No provision	Not applicable.

Provision	Section in Franchise Agreement	Summary
e. Termination by franchisor without cause	No provision	Not applicable.
f. Termination by franchisor with cause	Article 18	We can terminate only if you are in default.
g. "Cause" defined – curable defaults	Section 18.C.	<p>(1) You fail to identify a site for the Franchised Business or fail to sign a lease for your Approved location in accordance with Section 3.C., and you fail to cure within seven (7) days after delivery of written notice of default;</p> <p>(2) You passed on an acceptable site and fail to sign a lease for your Approved Location by the lease deadline, and you fail to cure within seven (7) days after delivery of written notice of default;</p> <p>(3) You do not obtain or maintain all insurance coverage required, and you fail to cure within five (5) days after delivery of written notice of default;</p> <p>(4) The manager or Owners of the Franchised Business do not successfully complete initial training, in our sole judgment, and you fail to cure within ten (10) days after delivery of written notice of default;</p> <p>(5) You fail to commence construction of your Franchised Business in accordance with Section 4.C. and fail to cure within 30 days after delivery of written notice of default;</p> <p>(6) You fail to decorate your Franchised Business in accordance with the PMA requirements and are in violation of PMA Standards, and fail to cure within 30 days after delivery of written notice of default;</p> <p>(7) You fail to commence operation of your Franchised Business by its required opening date and fail to cure within 30 days after delivery of written notice of default;</p> <p>(8) You or your affiliate fails to pay any monies owed to Franchisor, its Affiliates or your trade creditors when due and fail to cure within ten days after delivery of written notice of default;</p> <p>(9) You misuse the Proprietary Marks or the other intellectual property, including without limitation by offering and selling unauthorized products or services under or in conjunction with the Proprietary Marks or intellectual property, and fail to correct the misuse within five days after delivery of written notice of default;</p> <p>(10) You infringe on the rights of third parties, including unauthorized use of third-party trademarks, service marks, patents, copyrights, and all other intellectual property, and fail to cure immediately after</p>

Provision	Section in Franchise Agreement	Summary
		<p>Franchisor’s written or verbal notice, depending on the severity of such infringement;</p> <p>(11) The Franchised Business is cited for violation of health, sanitation, or safety laws or regulations, and fails to cure the violation within five days after the date the citation is issued; or</p> <p>(12) You purchase or use items for which Franchisor has identified Designated Suppliers from an unapproved source;</p> <p>(13) You purchase, use, or sell items not approved by the Franchisor;</p> <p>(14) You knowingly maintain false books or records or submit any false reports or statements to Franchisor;</p> <p>(15) You fail to obtain or maintain required insurance coverage, and fail to cure within five days of Franchisor’s written notice;</p> <p>(16) You are not in compliance with federal, state, or local laws, including but not limited to employment, environmental, occupancy, or other laws affected the day-to-day operations of your Franchised Business; or</p> <p>(17) You fail to comply with any provision of this Agreement (except as otherwise provided in Section 18.A and Section 18.B and this Section 18.C) and fail to take appropriate corrective action within 30 days after delivery of written notice of a default.</p>

Provision	Section in Franchise Agreement	Summary
<p>h. “Cause” defined – non-curable defaults</p>	<p>Sections 18.A. and 18.B.</p>	<p>The Franchise Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or upon foreclosure or lien against the assets of the Franchised Business.</p> <p>We may terminate the Franchise Agreement without providing you an opportunity to cure if you fail to identify a site for the Franchised Business or to open the Franchised Business by its required opening date; you abandon the Franchised Business; your lease for the Franchised Business expires or terminates for any reason or you otherwise lose the right to occupy the premises of the Franchised Business; you have made any false or misleading representations in your franchise application; you or any of your owners or affiliates is or has been held liable for, convicted of or pleads no contest to a felony or indictable offense or engages in any conduct that we believe will materially and adversely affect the System; you violate any applicable law or you experience revocation or suspension of any necessary license or certification; you or any owner violates confidentiality obligations; the Franchised Business fails two consecutive quality assurance inspections; you experience termination of any other franchise agreement between you or your affiliates and us; we deliver to you three or more notices of defaults during any rolling 24-month period, whether or not the defaults described in the notices ultimately are cured; you transfer or attempt to transfer in violation of our transfer requirements; if an imminent threat or danger to public health or safety results from the operation of the Franchised Business; you fail to follow our instructions or protocol upon any crisis management event; if an imminent threat or danger to public health or safety results from the operation of the Franchised Business; if you utilize unapproved non-cash payment systems in the Franchised Business; or you accept or process non-U.S. currency for products and services offered by the Franchised Business, including but not limited to cryptocurrency.</p>
<p>i. Franchisee’s obligations on termination/ non-renewals</p>	<p>Article 19</p>	<p>Under the Franchise Agreement, obligations include payment of all amounts owed to us (including without limitation a lump sum payment of liquidated damages, described in Item 6), ceasing to hold yourself out as a franchisee or former franchisee; transferring the Franchised Business’ telephone number to us; at our option, assigning us your interest in the lease for the Franchised Business premises; sell to us any of the</p>

Provision	Section in Franchise Agreement	Summary
		Franchised Business' assets we elect to purchase; notify members of the closure of your Franchised Business using our then-current form of notice and offering those members the option to terminate their membership and receive a pro rata refund; and comply with post term obligations (also see r, below).
j. Assignment of contract by franchisor	Section 17.A.	No restriction on our right to assign our interest in the Franchise Agreement or to transfer any of our assets.
k. "Transfer" by franchisee – defined	Section 17.B.	Includes transfer of Franchise Agreement, transfer of the assets of the Franchised Business, and ownership changes.
l. Franchisor approval of transfer by franchisee	Section 17.B.	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 17.B.	We may condition approval on satisfaction of the following: all monetary obligations must be satisfied; you must be in full compliance with the Franchise Agreement and all other agreements; you and each owner must sign a then-current form of general release; the transferee must meet our Standards for new franchisees; the transferee must sign our then-current form of franchise agreement for the remainder of the franchise term left on your agreement; the transferee must agree to refurbish the Franchised Business premises; you must agree to remain liable for all pre-transfer obligations; the transferee must comply with our then-current training requirements; you or the transferee must provide us a copy of the agreements governing the purchase and sale between you and the transferee and the economic terms of the transfer may not, in our opinion, materially and adversely affect the post transfer viability of the Franchised Business; and if you participate in our resale program, comply with our then-current resale program requirements, which may include payment of a then-current resale program fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 17.G.	We may match any bona fide offer to purchase your business.
o. Franchisor's option to purchase franchisee's business	19.B.	Upon the happening of a " <u>Triggering Event</u> " (meaning termination or expiration of the franchise, notice to you that we intend to purchase all or substantially all of the franchises in the System, or the date of an initial public offering), we may purchase the assets of the Franchised

Provision	Section in Franchise Agreement	Summary
		Business for a purchase price equal to “Fair Market Value” of the assets, excluding goodwill or going concern value.
p. Death or disability of franchisee	Section 17.H.	Transfer of interest to his or her spouse or third party within 90 days of such death or incapacity, subject to our approval and right of first refusal.
q. Non-competition covenants during the term of the franchise	Sections 14.B. and 14.C.	Neither you nor any owner may be involved in any Competitive Business. A Competitive Business is any business or facility (on a fixed location or mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any studio, school, gym, dojo, store, business, service, event or facility that features martial arts, self-defense, or character building, fitness training or any other products or services or related products and accessories that are the same or similar to the Products and Services offered by PMA Studios (other than a PMA Studio under a franchise agreement with us). The words “fitness training” shall not be included in the definition of “Competitive Business” after Franchisee has opened its PMA Studios under all Franchise Agreements with us. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us.
r. Non-competition covenants after the franchise is terminated or expires	Article 14	For a two (2) year period following termination or expiration of the franchise, neither you nor any owner may be involved in any Competitive Business located (1) at the former Franchised Business location, (2) within the former Protected Area, (3) within a 25-mile radius of any other PMA Studio, or (4) deliver services through the internet or mobile channels to customers within a 25-mile radius of your former Franchised Business location
s. Modification of the agreement	Section 22.B.	The Franchise Agreement may be modified only by a written document signed by both parties.
t. Integration/merger clause	Section 22.A.	The Franchise Agreement and its Attachments constitute the full and final agreement and are binding (subject to state law). Any other promises or statements may not be enforceable. No claim made in the Franchise Agreement is intended to disclaim the express representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Section 23.G.	Except for certain claims, all disputes must be arbitrated in Texas unless contrary to applicable state law.
v. Choice of forum	Section 23.G(9)	Litigation must be instituted and maintained in the state or federal courts serving the district in which we maintain our principal headquarter at the time litigation is initiated

Provision	Section in Franchise Agreement	Summary
		(currently Tarrant County, Texas) (subject to applicable state law).
w. Choice of law	Section 23.A.	Texas law applies (subject to applicable state law).

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 2.A.	Unless sooner terminated, the term will commence on the effective date of the Development Agreement and will expire on the earlier of (i) the date you execute the final Franchise Agreement in accordance with the Development Schedule; or (ii) the expiration date set forth on the summary page of the Development Agreement.
b. Renewal or extension	No provision	Not Applicable
c. Requirement for Developer to renew or extend	No provision	Not Applicable
d. Termination by Developer	No provision	Not applicable.
e. Termination by franchisor without cause	No provision	Not applicable.
f. Termination by franchisor with cause	Article 9	Franchisor can only terminate if Developer is in default.
g. "Cause" defined – curable defaults	Sections 9.3. and 9.4.	Developer shall have 10 days to cure the following upon Franchisor's written notice: (a) failure to obtain or maintain required insurance coverage at the Franchised Business; (b) failure to pay any amounts due to Franchisor; (c) failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); (d) failure to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; (e) inappropriate, misuse, or otherwise utilize the Marks and Confidential Information in a way not authorized by Franchisor; and (f) if an approved transfer is not effected within the designated time frame following a death or permanent incapacity (mental or physical). Developer shall have 30 days to cure any other curable defaults upon delivery of Franchisor's written notice.

Provision	Section in Development Agreement	Summary
h. "Cause" defined – non-curable defaults	Sections 9.1. and 9.2.	<p>The Development Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or upon foreclosure or lien against the assets of the Developer.</p> <p>We may terminate the Franchise Agreement without providing you an opportunity to cure if (a) you fail to meet the Development Schedule; (b) you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; (c) there is any transfer or attempted transfer in violation of the Development Agreement; (d) you or any Owner fails to comply with the confidentiality or non-compete covenants; (e) you or any Owner has made any material misrepresentations in connection with your developer application; or (f) Franchisor delivers to you three or more written notices of default within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.</p>
i. Developer's obligations on termination/ non-renewal	Section 9.7.	<p>Developer shall have no right to establish or operate any PMA Studio for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Our remedies for Developer's breach of this Agreement shall include, without limitation, Developer's loss of its right to develop additional PMA Studios under this Agreement, and our retention of all development fees paid or owed by Developer. Upon termination or expiration, we shall be entitled to establish, and to franchise others to establish PMA Studios in the Development Area, except as may be otherwise provided under any franchise agreement which has been executed between Franchisor and Developer or Developer's affiliates. In addition, if the Development Agreement is terminated due to a breach by you, you will be required to pay us liquidated damages for breach of that agreement.</p>
j. Assignment of contract by franchisor	Section 8.1.	<p>No restriction on our right to assign our interest in the Development Agreement or to transfer any of our assets.</p>
k. "Transfer" by Developer – defined	Sections 8.2., 8.3., and 8.4.	<p>Includes transfer of the Development Agreement, ownership changes, and transfer to an entity.</p>
l. Franchisor approval of	Sections 8.3. and 8.4.	<p>We have the right to approve all transfers but will not unreasonably withhold approval.</p>

Provision	Section in Development Agreement	Summary
transfer by Developer		
m. Conditions for franchisor approval of transfer	Sections 8.3. and 8.4.	We may condition approval on satisfaction of the following: all monetary obligations must be satisfied; you have obtained our prior written consent and deliver the proposed transfer agreements to us; you must be in full compliance with the Development Agreement and all other agreements; you and each Owner must sign a release; the transferee must meet our Standards for new developers; the transferee must sign our then-current form of development agreement for the remainder of the term left on your Development Agreement; the transferee must comply with our then-current training requirements; you must satisfy all of your accrued monetary obligations to us; you must pay us the corresponding transfer fee; you and the transferee must execute the consent to transfer agreement in the form we require; transferee and its Owners must sign our form of the Undertaking and Guaranty; and, if applicable, pay any fees related to any resale program that Franchisor maintains.
n. Franchisor's right of first refusal to acquire Developer's business	No provision	Not applicable.
o. Franchisor's option to purchase Developer's business	No provision	Not applicable.
p. Death or disability of Developer	Section 8.9.	Upon the death or permanent incapacity (mental or physical) of the Developer or any Owner, the executor, administrator, or personal representative shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet Franchisor's requirements, the executor, administrator, or personal representative of the decedent may transfer the decedent's interest to another party approved by Franchisor within six months. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement.
q. Non-competition covenants	Section 6.2.	Neither you nor any owner may be involved in any Competitive Business.

Provision	Section in Development Agreement	Summary
during the term of the franchise		A Competitive Business is any business or facility (on a fixed location or mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any studio, school, gym, dojo, store, business, service, event or facility that features martial arts, self-defense, or character building, fitness training or any other products or services or related products and accessories that are the same or similar to the Products and Services offered by PMA Studios (other than a PMA Studio under a franchise agreement with us). The words “fitness training” shall not be included in the definition of “Competitive Business” after Franchisee has opened its PMA Studios under all Franchise Agreements with us. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us.
r. Non-competition covenants after the franchise is terminated or expires	Section 6.3.	For a two (2) year period following termination or expiration of the franchise, neither you nor any owner may be involved in any Competitive Business located (1) within the Development Area (other than the Franchised Businesses already open pursuant to the Development Schedule), or (2) within a 25-mile radius of any other PMA Studio.
s. Modification of the agreement	Section 13.1.	The Franchise Agreement may be modified only by a written document signed by both parties.
t. Integration/merger clause	Section 13.1.	The Development Agreement and its Attachments constitute the full and final agreement. Any other promises or statements may not be enforceable. No claim made in the Development Agreement is intended to disclaim the express representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Sections 11.2. and 11.3.	Except for certain claims, we and you must first mediate, and if unsuccessful, arbitrate all disputes within a five (5) mile radius of Franchisor’s principal headquarters at the time arbitration is initiated
v. Choice of forum	Section 11.4.	Litigation must be instituted and maintained in the state or federal courts serving the district in which we maintain our principal headquarters at the time litigation is initiated (currently Tarrant County, Texas) (subject to applicable state law).
w. Choice of law	Section 11.1.	Texas law applies (subject to applicable state law).

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

TABLE 1 – GROSS SALES¹ OF PMA FRANCHISED UNITS FOR THE 2021 FISCAL YEAR

	Top 15 Studios	All Studios²	Bottom 15 Studios
Average	\$548,345	\$315,850	\$151,484
Median	\$508,180	\$286,336	\$157,695
Minimum	\$380,494	\$36,516	\$36,516
Maximum	\$889,730	\$889,730	\$210,265
#/% Attaining or Surpassing Average	3/33.3%	26/44.1%	7/46.7%

TABLE 2 – EXPENSES AND EBITDA OF PMA FRANCHISED UNITS FOR THE 2021 FISCAL YEAR

	Top 15 Studios		All Studios²		Bottom 15 Studios	
	Average	Median	Average	Median	Average	Median
Cost of Goods Sold ³	\$ 70,894	\$ 70,342	\$ 42,803	\$ 19,757	\$ 23,194	\$ 23,820
Occupancy ⁴	\$ 61,273	\$ 62,220	\$ 50,760	\$ 39,524	\$ 45,220	\$ 50,029
Advertising ⁵	\$ 27,679	\$ 35,159	\$ 23,841	\$ 27,146	\$ 21,013	\$ 6,216
Payroll ⁶	\$127,809	\$149,124	\$ 86,969	\$ 81,478	\$ 61,347	\$ 51,666
Other Costs ⁷	\$ 64,187	\$ 57,469	\$ 35,617	\$ 29,290	\$ 16,505	\$ 21,095
EBITDA ⁸	\$196,504 ¹⁰	\$133,864	\$75,950 ¹¹	\$89,140	\$(15,795) ¹²	\$4,869
EBITDA % ⁹	35.1%	26.3%	24.0%	31.1%	(10.4)%	3.1%

Notes:

Note 1. “Gross Sales,” as used in this Item 19 (and Item 6), means the dollar aggregate of: (1) the sales price of all products, services, memberships, merchandise, and other items sold, and the charges for all services the franchisee performed, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, including sales and services (A) originating at the Franchised Business premises even if delivery or performance is made offsite from the Franchised Business premises, (B) placed by mail, facsimile, telephone, the internet and similar means if received or filled at or from the Franchised Business premises, and (C) that franchisees, in the normal and customary course of its operations, would credit or attribute to the operation of the Franchised Business; and (2) all monies, trade value or other things of value that franchisees received from Franchised Business operations at, in, or from the Franchised Business premises that are not expressly excluded from Gross Sales. Gross Sales does not

include: (1) the exchange of merchandise between Franchised Businesses (if the franchisee operated multiple franchises) if the exchanges are made solely for the convenient operation of its business and not for the purpose of depriving Franchisor of the benefit of a sale that otherwise would have been made at, in, on or from the Franchised Business premises; (2) returns to shippers, vendors, or manufacturers; (3) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (4) the sale of gift certificates, stored value cards and loyalty program benefits (the redemption value will be included in Gross Sales at the time of redemption); (5) insurance proceeds; (6) sales to employees at a discount (provided such discounts will not exceed 1.5% of Gross Sales during any reporting period); (7) cash or credit refunds for transactions included within Gross Sales (limited, however, to the selling price of merchandise returned by the purchaser and accepted by franchisee); (8) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority; (9) tips and gratuities; and (10) introductory lesson fees and other fees charged directly to customers by Franchisor and its affiliates. A purchase returned to the Franchised Business may not be deducted from Gross Sales unless the purchase was previously included in Gross Sales.

Note 2. Table 1 and Table 2 contain data from fifty-nine (59) franchised PMA Studios that were open and operating for the entire fiscal year 2021. Table 1 and Table 2 exclude nine (9) company owned Studios, four (4) PMA Studios operating under license agreements (as opposed to franchise agreements), 72 franchised PMA Studios not open and operating for the entire fiscal year 2021, and 30 franchised PMA Studios that provided incomplete financial information for the fiscal year 2021.

Note 3. “Costs of Goods Sold” includes the total cost of all merchandise and other costs related to products and services sold by PMA Studios, including merchant fees.

Note 4. “Occupancy” includes rent (including both minimum rents and percentage rents), utilities (e.g., electricity, gas, water, cable, internet, telephone), and any sales or other taxes imposed thereon and any pass-through expenses from the landlord. Taxes refer to real estate taxes and assessments levied against the property upon which the PMA Studio is located. Sales and use taxes are excluded from occupancy costs. The amount or rate of taxation for all such taxes varies from jurisdiction to jurisdiction. You should consult with your tax advisors regarding the impact such taxes will have on this analysis. Common area expenses reflect charges for maintenance of parking lots and common use areas, landscaping design and maintenance, weather-related maintenance (e.g., removal of debris and snow), security staff, taxes and insurance for common areas and such other charges customarily paid by tenants for services typically provided by landlords. Common area expenses may vary depending upon the geographic area and individual PMA Studio.

Note 5. “Advertising” includes advertising, promotional and marketing expenses for the PMA Studios in the Protected Area to satisfy the Local Marketing Expenditure requirement. See Item 6 for minimum Local Marketing Expenditure requirement.

Note 6. “Payroll” includes personnel wages, management salaries, benefits and payroll taxes but excludes bonuses, paid time off, severance payments and fringe benefits. In addition, payroll excludes any disbursements made to the owners of the Franchisees. The costs of providing medical and dental insurance for employees will vary depending on many factors, including the extent and amount of coverage provided and the size of the PMA Studio’s staff.

Note 7. “Other Costs” includes Royalty Fees, system development fees, office expenses (e.g., office and cleaning supplies), insurance, and payroll processing fees.

Note 8. “EBITDA” means earnings before interest, taxes, depreciation, and amortization. As is customary, it excludes expenses related to debt services costs, whether principal or interest.

Note 9. “EBITDA %” means EBITDA as a percentage of Gross Sales.

Note 10: Of the top 15 reporting studios open the entire 2021 fiscal year, 4 (or 26.7%) had an actual EBITDA equal to or exceeding the average EBITDA.

Note 11: Of the 63 reporting studios open the entire 2021 fiscal year, 28 (or 47.5%) had an actual EBITDA equal to or exceeding the average EBITDA.

Note 12: Of the bottom 15 reporting studios open the entire 2021 fiscal year, 7 (or 46.7%) had an actual EBITDA equal to or exceeding the average EBITDA.

TABLE 3 – PRESALES PRIOR TO GRAND OPENING¹³

Fiscal Year	Number of Franchised Reporting Studios¹⁴ Providing Presales	Statistical Data Category	Number of Presold Students¹⁵	Length of the Presale Period in weeks¹⁶	Number of Presales per week in the Presale Period
2020 ¹⁷	24	Average	99	12.4	8
		Median	94	12.5	8.1
		#/% Attaining or Surpassing Average	10/41.7%	12/50.0%	14/ 58.3%
2021	70	Average	91	11	8.3
		Median	84	10	8.6
		#/% Attaining or Surpassing Average	29/41.4%	27/38.6%	26/37.1%

Notes:

Note 13. This table reflects presales data for franchised PMA studios for the fiscal years 2020 and 2021. “Presales” indicate the number of membership sales prior to a PMA Studio’s grand opening, *i.e.*, before the PMA Studio opened its doors to the public for business. Presales are conducted as part of a PMA Studio’s grand opening advertising and collected through online sales.

Note 14. “Reporting Studios” means the number of reporting franchised PMA Studios that had a grand opening in 2021.

Note 15. “Presold Students” indicates the number of students who purchased classes prior to the franchised PMA Studio’s grand opening.

Note 16. “Presale Period” indicates the period that the PMA Studio offered Presales prior to its grand opening.

Note 17. During 2020, PMA Studios were impacted by the COVID-19 pandemic. Some of the PMA Studios were required to close for periods of time. Some of the PMA Studios were required to operate with limited capacity. In response to the pandemic, we modified the franchise model to include significantly more online content available to members.

General Notes:

We prepared this financial performance representation based on information submitted to us by franchisees in accordance with regular reporting requirements pursuant to the applicable Premier Martial Arts franchise agreements. We cannot verify the accuracy or completeness of the data supplied by the franchisees.

This financial performance representation was prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to their contents or form.

You should consult with your tax and accounting advisors regarding the effect, if any, of existing and proposed tax legislation and accounting pronouncements related to this information. Gross Sales, costs and

other results will vary among PMA Studios for a variety of reasons, including the impact of other expenses that may not be reflected in Table 2 but will nevertheless apply to PMA Studios. These include terms of agreements with third party providers of credit card/gift card processing, utilities and insurance arrangements which may vary depending upon various factors, including credit history, risk history and ability to maximize economies of scale in acquiring services and coverage for multiple PMA Studios.

Written substantiation for this financial performance representation will be made available to you upon reasonable request. Please carefully read all of the information in these financial performance representations, and the notes following the charts, in conjunction with your review of the historical data.

Some PMA Studios have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Other than the preceding financial performance representation, Premier Franchising Group, LLC does 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 Josh Wall, 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
System-Wide Outlet Summary
For Years 2019 to 2021**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	62	68	+6
	2020	68	94	+26
	2021	94	166	+72
Company Owned	2019	5	4	-1
	2020	4	5	+1
	2021	5	9	+4
Total Outlets	2019	67	72	+5
	2020	72	99	+27
	2021	99	175	+76

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Table No. 2
Transfers of Outlets from Franchisee to New Owners (other than the Franchisor)
For years 2019 to 2021

State	Year	Number of Transfers
Florida	2019	0
	2020	0
	2021	1
Georgia	2019	0
	2020	2
	2021	2
Indiana	2019	0
	2020	0
	2021	1
Oregon	2019	1
	2020	1
	2021	0
Tennessee	2019	0
	2020	0
	2021	1
Texas	2019	0
	2020	0
	2021	1
Total	2019	2
	2020	3
	2021	6

Table No. 3
Status of Franchised Outlets
For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
Colorado	2019	1	0	0	0	0	0	1
	2020	1	4	0	0	0	0	5
	2021	5	2	0	0	0	0	7
California	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Connecticut	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Delaware	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	7	1	0	0	0	0	8
	2020	8	0	0	0	0	1	7
	2021	7	6	0	0	0	0	13
Georgia	2019	7	0	0	0	0	0	7
	2020	7	6	0	0	0	0	13
	2021	13	3	0	0	2	0	14
Indiana	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	1	0	3
Kansas	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	2	0	0	0	0	4
Kentucky	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Louisiana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Massachusetts	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	3	0	0	0	0	7
Michigan	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	3	0	0	0	0	5
Missouri	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	2	0	0	0	0	5
Mississippi	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
North Carolina	2019	3	0	0	0	0	0	3
	2020	3	2	0	0	0	0	5
	2021	5	5	0	0	0	0	10
Nebraska	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2021	0	1	0	0	0	0	1
New Jersey	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
Nevada	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
New York	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Ohio	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	2	0	0	0	0	3
Oregon	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Pennsylvania	2019	5	0	0	0	0	0	5
	2020	5	2	0	0	0	0	7
	2021	7	2	0	0	0	0	9
Rhode Island	2019	3	0	0	0	0	0	3
	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
South Carolina	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
Tennessee	2019	0	2	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	5	0	0	0	0	8
Texas	2019	14	2	0	0	0	0	16
	2020	16	3	0	0	0	0	19
	2021	19	19	0	0	0	0	38
Utah	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	4	0	0	0	0	6
Virginia	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
Wisconsin	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
Total	2019	62	6	0	0	0	0	68

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	68	27	0	0	0	1	94
	2021	94	75	0	0	3	0	166

Table No. 4
Status of Company Owned Outlets
For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Georgia	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	2	0	0	2
Indiana	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
Tennessee	2019	5	0	0	1	0	4
	2020	4	1	0	0	0	5
	2021	5	2	0	0	1	6
Total	2019	5	0	0	1	0	4
	2020	4	1	0	0	0	5
	2021	5	2	3	1	0	9

Table No. 5
Projected Openings
As of December 31, 2021

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
Arizona	8	4	0
Arkansas	2	2	0
California	7	7	0
Colorado	11	6	0
Delaware	2	2	0
Florida	15	13	0
Georgia	7	5	0
Idaho	1	1	0
Illinois	6	5	0
Indiana	1	1	0
Kansas	3	1	0
Kentucky	2	2	0
Massachusetts	5	3	0
Michigan	9	4	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
Minnesota	1	1	0
Missouri	5	1	0
Montana	2	1	0
Nebraska	2	2	0
Nevada	2	2	0
New Jersey	17	7	0
New Mexico	1	1	0
New York	3	3	0
North Carolina	7	5	0
Ohio	4	2	0
Oklahoma	3	3	0
Oregon	6	2	0
Pennsylvania	15	7	0
South Carolina	2	2	0
Tennessee	5	2	0
Texas	30	22	0
Utah	8	1	0
Virginia	2	2	0
Washington	6	6	0
Washington, DC	1	1	0
Total	201	129	0

See Exhibit G to this disclosure document for a list of our current franchisee locations, developers, and affiliate-owned locations. Exhibit H also reflects franchisees and developers, if any, who had a franchise agreement terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or has failed to communicate with us within ten weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Premier Martial Arts. 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.

There are no franchisee organizations sponsored or endorsed by us.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit B are our audited, fiscal year end financials as of December 31, 2021, 2020, and 2019, and the related statements of income and cash flows for the years then ended. We have also included our unaudited balance sheet as of April 30, 2022 and our unaudited profit and loss statement from January 1, 2022 to April 30, 2022.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts:

- | | |
|-----------|---|
| Exhibit C | Franchise Agreement, Attachments, and State Specific Amendments |
| Exhibit D | Sample Form of General Release |
| Exhibit E | Development Agreement, Attachments, and State Specific Amendments |

ITEM 23
RECEIPTS

The last two pages of this disclosure document are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt page also contains the names, addresses and telephone numbers of our franchise sellers or brokers.

**EXHIBIT A
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

STATE SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT

**CALIFORNIA ADDENDUM
TO THE PREMIER FRANCHISING GROUP, LLC DISCLOSURE DOCUMENT**

The following paragraphs are added to the disclosure document:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

THE ANTITRUST LAW SECTION OF THE OFFICE OF THE CALIFORNIA ATTORNEY GENERAL VIEWS MINIMUM OR MAXIMUM PRICE AGREEMENTS AS PER SE VIOLATIONS OF THE CARTWRIGHT ACT.

The following paragraphs are added at the end of Item 17 of the disclosure document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Non-renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. Seq.).

Post-Termination Non-competition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Texas. These provisions may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

None of the franchisor, any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. Seq., suspending or

expelling such persons from membership in such association or exchange.

The highest interest rate allowed by law in California is 10% annually.

**ILLINOIS ADDENDUM
TO THE PREMIER FRANCHISING GROUP, LLC DISCLOSURE DOCUMENT**

1. Illinois law governs the Franchise Agreement(s). Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Items 17(v) and (w) are amended to state “none”
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.
5. The franchise agreement will become effective on its acceptance and signing by us in the State of Texas.

**INDIANA ADDENDUM
TO THE PREMIER FRANCHISING GROUP, LLC DISCLOSURE DOCUMENT**

1. The following statement is added to Item 3 of the disclosure document:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the disclosure document is amended to reflect the requirement under Indiana Code 23-2-2.7-1(9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.
3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

**MARYLAND ADDENDUM
TO THE PREMIER FRANCHISING GROUP, LLC DISCLOSURE DOCUMENT**

a) Item 17 is amended by adding the following language:

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The franchise agreement (and/or development agreement) provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise and/or development rights.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

**MICHIGAN ADDENDUM
TO THE PREMIER FRANCHISING GROUP, LLC DISCLOSURE DOCUMENT**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE
SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS
ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT
BE ENFORCED AGAINST YOU.**

a. Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

ii. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise
670 G. Mennen Williams Building Lansing, Michigan 48933
Telephone Number: (517) 373-7117

**MINNESOTA ADDENDUM
TO THE PREMIER FRANCHISING GROUP, LLC DISCLOSURE DOCUMENT**

The following amends and supersedes any conflicting terms of the Premier Franchising Group, LLC Minnesota Franchise disclosure document.

1. Item 17, summary column for (f) is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure), and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

2. Item 17, summary column for (m) is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

3. Item 17, summary columns for (v) and (w) are amended to add the following:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. The following language is added to the Minnesota disclosure document:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise disclosure document or agreement(s) can abrogate or reduce your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. Such release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

6. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.

7. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.

8. Item 13 of the disclosure document are amended to provide the following:

We will protect your right to use our trademark, service marks, trade names, logo types or other commercial symbols and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your authorized use of the same.

**NEW YORK ADDENDUM
TO THE PREMIER FRANCHISING GROUP, LLC DISCLOSURE DOCUMENT**

- The following information is added to the cover page of the franchise disclosure document:
INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT I OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

- The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

- No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

- No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

- No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity

as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

- The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

- The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

- The following is added to the end of the “Summary” sections of Item 17(l), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

- The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

- The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

- The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

- The following is added to Item 20:

The following licensees have entered into License Agreements with our parent, PMAI, in New York:

Todd Peters	800 Miller & Finch St., Newark, NY 14513	(315) 331-0878
Mario Guerrero	220 E. 86 th St., New York, NY 10028	(212) 772-3700
Erik Russell	22066 US Rte. 11, Watertown, NY 13601	(315) 788-7246
Storm’s Karate Inc.	7608 Oswego Rd., Liverpool, NY 13090	(315) 715-9417

**NORTH DAKOTA ADDENDUM
TO THE PREMIER FRANCHISING GROUP, LLC DISCLOSURE DOCUMENT**

- The Summary column of Item 17 paragraph I of the disclosure document is modified to read as follows:

“Give us at least 90 days notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the “**ND Law**”).”

- The Summary column of Item 17 paragraph I of the disclosure document is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

- The Summary column of Item 17 paragraph (v) of the disclosure document is amended to read as follows:

Except for matters coming under the ND Law, litigation must be in Tarrant County Texas.

- The Summary column of Item 17 paragraph (w) of the disclosure document is amended to read as follows:

Except for matters coming under the ND Law, the law of Texas (subject to state law).*

- The Franchisee is not required to waive jury trial for any matters coming under ND Law.

**RHODE ISLAND ADDENDUM
TO THE PREMIER FRANCHISING GROUP, LLC DISCLOSURE DOCUMENT**

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

**VIRGINIA ADDENDUM
TO THE PREMIER FRANCHISING GROUP, LLC DISCLOSURE DOCUMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure document for Premier Franchising Group, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**WASHINGTON ADDENDUM TO THE PREMIER FRANCHISING GROUP, LLC
DISCLOSURE DOCUMENT**

See Exhibit “C” to the Premier Franchising Group, LLC Franchise Agreement (Exhibit C to the disclosure document) for Washington Addendum to the Franchise disclosure document, Franchise Agreement, Development Agreement, Franchise Disclosure Questionnaire, and Related Agreements

**EXHIBIT B
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

FINANCIAL STATEMENTS

Unaudited Balance Sheet as of April 30, 2022, and Unaudited Profit and Loss Statement for the period from January 1, 2022 to April 30, 2022.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION TO THE CONTENT OR FORM.

PREMIER FRANCHISING GROUP, LLC
Balance Sheet
April 30, 2022

Assets

Current assets

Cash and cash equivalents	\$	1,575,074
Accounts receivable, net		395,135
Prepays		9,695
Prepaid commissions - current		325,783
Due from related parties		26,779
Total current assets		<u>2,332,466</u>
Property and equipment, net		45,066
Prepaid commissions, net of current portic		17,112,040
		<u>17,157,106</u>
		<u><u>\$ 19,489,572</u></u>

Liabilities and Member's Deficit

Current Liabilities

Accounts payable	\$	105,719
Accrued expenses and liabilities		355,893
Deferred marketing revenue		135,250
Due to related parties		188,193
Deferred franchise fees - current		509,725
Total current liabilities		<u>1,294,780</u>
Deferred franchise fees, net of current po		20,488,409
		<u>21,783,189</u>
Total liabilities		21,783,189
Member's deficit		<u>(2,293,617)</u>
		<u><u>\$ 19,489,572</u></u>

PREMIER FRANCHISING GROUP, LLC
Statement of Operations and Member's Equity (Deficit)
For the four months ending April 30, 2022

Revenue:

System development fees	\$ 176,223
Royalties and licensing income	1,171,635
Digital marketing, merchandising sales and other income, net of purchases of \$594,101 in 2022	<u>468,992</u>

1,816,850

Operating expenses

1,036,953

Income from operations	779,897
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Member's deficit at beginning of year	<u>(3,073,514)</u>
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Member's deficit at end of year	<u><u>\$ (2,293,617)</u></u>
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PREMIER FRANCHISING GROUP, LLC

Financial Statements

Year ended December 31, 2021

(With Independent Auditors' Report Thereon)



PREMIER FRANCHISING GROUP, LLC

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INDEPENDENT AUDITORS' REPORT

To the Member
Premier Franchising Group, LLC:

Opinion

We have audited the accompanying financial statements of Premier Franchising Group, LLC (the "Company"), which comprise the balance sheet as of December 31, 2021, and the related statement of operations and member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

LBMCP

Knoxville, Tennessee
April 1, 2022

PREMIER FRANCHISING GROUP, LLC

Balance Sheet

December 31, 2021

Assets

Current assets:

Cash and cash equivalents	\$	368,473
Accounts receivable, less allowance for doubtful accounts of \$14,496		182,503
Prepaid commissions - current		250,683
Prepaid expenses		14,671
Due from related parties		<u>12,200</u>
Total current assets		<u>828,530</u>

Property and equipment, net		46,433
Prepaid commissions, net of current portion		<u>15,517,868</u>
	\$	<u>16,392,831</u>

Liabilities and Member's Deficit

Current liabilities:

Accounts payable	\$	128,064
Accrued expenses and liabilities		123,631
Territory deposits		35,000
Deferred marketing revenue		126,350
Deferred franchise fees - current		317,410
Due to related parties		<u>105,566</u>
Total current liabilities		<u>836,021</u>

Deferred franchise fees, net of current portion		<u>18,630,324</u>
Total liabilities		<u>19,466,345</u>

Member's deficit		<u>(3,073,514)</u>
	\$	<u>16,392,831</u>

See accompanying notes to the financial statements.

PREMIER FRANCHISING GROUP, LLC

Statement of Operations and Member's Equity (Deficit)

Year ended December 31, 2021

Revenue:

System development fees	\$ 388,212
Royalties and licensing income	3,438,206
Digital marketing, merchandising sales and other income, net of purchases of \$1,692,982 in 2021	<u>503,370</u>
	4,329,788
Operating expenses	<u>6,194,635</u>
Loss from operations	(1,864,847)
Paycheck Protection Program loan forgiveness	<u>71,015</u>
Net loss	(1,793,832)
Member's equity at beginning of year	131,815
Member distributions	(4,880,810)
Member contribution (Note 9)	<u>3,469,313</u>
Member's deficit at end of year	\$ <u>(3,073,514)</u>

See accompanying notes to the financial statements.

PREMIER FRANCHISING GROUP, LLC

Statement of Cash Flows

Years ended December 31, 2021

Cash flows from operating activities:	
Net loss	\$ <u>(1,793,832)</u>
Adjustments to reconcile net income to cash flows provided by operating activities:	
Depreciation	5,318
Provision for doubtful accounts	26,815
Paycheck Protection Program loan forgiveness	(71,015)
Non-cash compensation expense	3,469,313
(Increase) decrease in operating assets:	
Accounts receivable	(137,696)
Prepaid expenses	6,472
Due from Related Parties	30,975
Prepaid commissions	(7,272,782)
Increase (decrease) in operating liabilities:	
Accounts payable	(57,987)
Accrued expenses and liabilities	(59,051)
Deferred marketing revenue	126,350
Deferred franchise fees	8,581,665
Territory deposits	15,000
Due to Related Parties	<u>105,566</u>
Total adjustments	<u>4,768,943</u>
Net cash provided by operating activities	<u>2,975,111</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(27,548)</u>
Net cash used by investing activities	<u>(27,548)</u>
Cash flows from financing activities:	
Member distributions	<u>(4,689,519)</u>
Net cash used by financing activities	<u>(4,689,519)</u>
Decrease in cash and cash equivalents	(1,741,956)
Cash and cash equivalents at beginning of year	<u>2,110,429</u>
Cash and cash equivalents at end of year	\$ <u><u>368,473</u></u>

See accompanying notes to the financial statements.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2021

(1) Nature of operations

Premier Franchising Group, LLC ("the Company"), a wholly-owned subsidiary of Premier Martial Arts International, Inc. ("International"), was organized in Tennessee on January 25, 2018. The Company was established to develop and franchise Premier Martial Arts Schools (the "Schools" or "PMA Schools") throughout the United States. The Schools provide the skills needed to help students succeed in life such as confidence, focus, self-esteem, and physical well-being through certified training in martial arts such as Krav Maga, Kickboxing, Jiu Jitsu, and Kali.

Prior to inception, International had entered into license agreements with operators of certain PMA Schools ("Licensed Schools") throughout the United States. During the period from inception until December 31, 2018, 62 Licensed Schools were converted to franchised Schools whereby the previous license to operate executed with International was terminated and replaced with a franchise agreement with the Company. During the period from inception through December 31, 2018, there were no other franchised Schools in operation other than those subject to Conversion Agreements. During 2021, the Company entered into 252 new franchise agreements. As of December 31, 2021, the Company has entered a total of 556 franchise agreements and has 4 Licensed Schools in operation.

On December 8, 2021, International adopted a reorganization plan forming Premier Martial Arts Seller, LLC ("PMAS"), whereby the sole shareholder of International contributed all of International's shares to PMAS. On December 15, 2021, PMAS entered into a Securities Purchase Agreement with UA Holdings, LLC ("UA") to sell all of the equity interests of PMAS.

(2) Summary of significant accounting policies

(a) Basis of accounting

The Company uses the accrual method of accounting for financial reporting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

(b) Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

(c) Receivables and credit policies

Accounts receivable consists of receivables for monthly royalties and system development fees due from Schools. Management performs ongoing credit evaluations of its franchisees and establishes an allowance for estimated uncollectible accounts when the potential for such losses becomes probable.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2021

(d) Property and equipment

Property and equipment is stated at cost. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives for the different types of property and equipment range from 5 to 10 years.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

(e) Income taxes

The Company, with the consent of its member, has elected to be taxed as a partnership for federal and state income tax purposes. As such, taxable income of the Company is included in the federal and state income tax returns of the individual member, and no provision for income taxes has been included in the financial statements.

Due to the Company being a disregarded entity, the Company does not have any stand-alone state filing requirements and apportionable income or loss of the Company is reported on the state income tax returns filed by the sole member. The Company is currently open to audit under the statute of limitations for the years ended December 31, 2018 through 2021.

(f) Revenue recognition

The Company typically receives a nonrefundable initial franchise fee ranging from \$21,000 to \$49,500 based on the number of Schools included in the franchise agreement. The franchise agreements also provide for ongoing royalty fees based on 7% of a franchisee's monthly gross sales and system development fees based on up to 1% of a franchisee's monthly gross sales. PMA Schools who converted are not required to pay the initial franchisee fee, but are required to pay monthly system development fees of 1% of gross sales. In addition, a flat monthly royalty fee is payable to the Company in lieu of the percentage based royalty.

Under ASU 2014-09, *Revenue from Contracts with Customers* ("ASC 606"), revenue is recognized when a company transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2021

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Under ASU 2021-02, *Franchisors - Revenue from Contracts with Customers, Subtopic 952-606*, the Company has identified certain pre-opening activities as distinct performance obligations that are satisfied at the time of opening of the Licensed School with the remaining performance obligation, which is the ongoing support and development of the franchises, satisfied over the life of the franchise contracts (typically 10 years).

Performance obligations related to pre-opening activities are satisfied once the Licensed School opens; therefore, the associated revenue is recognized upon opening of the Licensed School. The remaining portion of the initial franchise fee is recognized ratably over the life of the franchise agreements commencing upon opening. The franchise agreements include provisions for terminating the agreements. At the time of termination, the nonrefundable deposits are fully recognized as revenue, along with recognition of expense of any associated prepaid commission.

Ongoing royalties and system development fees are recognized monthly as earned.

The Company has agreements with certain third party providers to facilitate the sale of franchises. The terms of these agreements require that the Company pay commissions to these providers for each franchise that is sold. Under ASC 606 these commissions are recorded as prepaid commissions and recognized beginning when the performance obligation commences through the life of the contract.

The Company has recorded both the current portion and the long-term portion of prepaid commissions and deferred franchise fees. The current portions consist of the Company's estimate of commission expense and revenue, respectively, which is expected to be recognized within one year of the balance sheet date based on the schools that are open as of December 31, 2021.

The amount of prepaid commissions and deferred franchise fees amortized through December 31, 2021 were \$596,617 and \$1,336,987, respectively.

The Company recognizes revenue relating to merchandise sales at the time the inventory is ordered and shipped. Inventory is delivered direct to the customer from the vendor. The Company recognizes revenue related to digital marketing sales at the time the order is placed and use of marketing advertisements is passed to the customer.

(g) Advertising and promotion costs

Advertising and promotion costs are expensed as incurred.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2021

(h) Shipping and handling fees and costs

The Company includes shipping and handling fees billed to customers in net sales. Shipping and handling costs associated with inbound freight are included in cost of sales.

(i) Recently issued accounting pronouncement

The Financial Accounting Standards Board's ("FASB") new lease accounting standard, ASU No. 2016-02, *Leases*, which was issued in February 2016, will generally require recognition on the statement of financial position for all leases with terms that exceed twelve months. The new lease accounting model will continue to reflect two types of leases. Under the new rules, a lessee would account for most existing capital leases as finance leases (that is, recognizing amortization of the right of use ("ROU") asset, as well as separately recognizing interest on the lease liability in the statement of activities). Most existing operating leases will result in the lessee recognizing a ROU asset and a lease liability. The guidance is effective for the Company beginning January 1, 2022. The Company continues to evaluate the impact the standard will have on its financial statements.

(j) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Events occurring after reporting date

The Company has evaluated events and transactions that occurred between December 31, 2021 and April 1, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(3) Credit risk and other concentrations

The Company generally maintains cash and cash equivalents on deposit at banks in excess of federally insured amounts. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk related to cash and cash equivalents.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2021

(4) Property and equipment

A summary of property and equipment, net as of December 31, 2021 is as follows:

Leasehold improvements	\$	1,434
Office equipment		14,059
Furniture and fixtures		<u>42,322</u>
		57,815
Accumulated depreciation		<u>(11,382)</u>
	\$	<u>46,433</u>

(5) Paycheck Protection Program loan

During April 2020, the Company utilized the Paycheck Protection Program ("PPP") from the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act to support operations during the COVID-19 pandemic. The Company received a \$71,015 note payable bearing interest of 1% payable in 18 equal monthly installments of principal and interest maturing on April 15, 2022.

The Company received forgiveness of the loan in August of 2021, and the debt was extinguished. The Company recognized \$71,015 in other income on the accompanying statement of operations and member's equity (deficit) for the year ended December 31, 2021.

(6) Advertising expenses

Advertising costs of \$91,991 were expensed during 2021.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2021

(7) Lease commitments

The Company utilizes office space under operating leases. Rent expense under these leases amounted to \$79,849 in 2021. A summary of approximate future minimum payments under these leases as of December 31, 2021 is as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 71,823
2023	25,927
2024	2,979
2025	2,979
2026	<u>497</u>
	<u>\$ 104,205</u>

It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the commitments for 2022.

(8) Related party transactions

The Company paid \$95,645 to International for reimbursement of the Company's expenses paid by International, primarily for digital marketing and merchandise. The Company also paid \$127,647 to International for reimbursement of the Company's expenses, and International paid \$272,075 on behalf of the Company for various expenses. The Company made a non-cash dividend of \$191,291 to settle amounts owed from International.

The Company owes \$5,566 as of December 31, 2021 to International, as a result of each of these transactions conducted between the two parties. The Company is owed \$12,200 from other Premier Martial Arts studios owned by UA as of December 31, 2021.

The Company owes UA \$100,000 as of December 31, 2021 for reimbursement of operational expenses.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2021

(9) Equity appreciation right

An employee of the Company held an equity appreciation right (the "EAR") that entitled the employee to receive a portion of the net proceeds received in a transaction resulting in a change in control of the Company. The EAR was contingent upon their employment at the time of the transaction resulting in the change of control and subject to other conditions in their employment agreement. Pursuant to the transaction with UA in Note (1), the employee received \$3,469,313 of the net proceeds from UA, which is reported as compensation expense and included in operating expenses in the statement of operations and member's equity (deficit). The payment by UA to the employee on behalf of the Company is reported as a member contribution of capital.

(10) Contingent liabilities

The Company is subject to various legal proceedings and claims that arise in the ordinary course of its activities. In the opinion of management, the ultimate liability, if any, with respect to those claims will not materially affect the financial position of the Company.

The United States, as well as many other countries around the world, are experiencing an emerging infectious disease (COVID-19) outbreak, impacting individuals, governments, businesses and financial markets with unprecedented disruption and risk. While it is not possible to predict the future impacts of the outbreak on the Company's financial condition and results of operations, significant disruptions to key business drivers, such as a inability to open franchise locations and decrease demand for merchandise due to franchise closings. Management continues to closely monitor the situation and develop strategies designed to mitigate such impacts. The Company has continued to operate during the COVID-19 outbreak.

PREMIER FRANCHISING GROUP, LLC

Financial Statements

Years ended December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)



PREMIER FRANCHISING GROUP, LLC

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INDEPENDENT AUDITORS' REPORT

To the Member
Premier Franchising Group, LLC:

We have audited the accompanying financial statements of Premier Franchising Group, LLC, which comprise the balance sheet as of December 31, 2020, and the related statements of income and member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the 2020 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Prior Period Financial Statements

The financial statements of Premier Franchising Group, LLC as of and for the year ended December 31, 2019, were audited by other auditors whose report dated January 31, 2020, expressed an unmodified opinion on those statements.

L B M C, P C

Knoxville, Tennessee
February 8, 2021

PREMIER FRANCHISING GROUP, LLC

Balance Sheets

December 31, 2020 and 2019

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 2,110,429	\$ 471,314
Accounts receivable, less allowance for doubtful accounts of \$8,354 in 2020	71,622	33,974
Prepaid expenses	21,143	28,813
Prepaid commissions - current	<u>65,934</u>	<u>53,348</u>
Total current assets	<u>2,269,128</u>	<u>587,449</u>
Property and equipment, net	24,203	21,644
Prepaid commissions, net of current portion	8,429,835	3,494,297
Due from parent	<u>234,466</u>	<u>-</u>
	<u>\$ 10,957,632</u>	<u>\$ 4,103,390</u>
	<u>Liabilities and Member's Equity (Deficit)</u>	
Current liabilities:		
Accounts payable	\$ 186,051	\$ 135,116
Accrued expenses and liabilities	182,682	27,019
Territory deposits	20,000	-
Current maturities of Paycheck Protection Program note payable	31,590	-
Deferred franchise fees - current	<u>102,713</u>	<u>65,957</u>
Total current liabilities	<u>523,036</u>	<u>228,092</u>
Paycheck Protection Program note payable, net of current portion	39,425	-
Deferred franchise fees, net of current portion	<u>10,263,356</u>	<u>4,320,193</u>
Total liabilities	<u>10,825,817</u>	<u>4,548,285</u>
Member's equity (deficit)	<u>131,815</u>	<u>(444,895)</u>
	<u>\$ 10,957,632</u>	<u>\$ 4,103,390</u>

See accompanying notes to the financial statements.

PREMIER FRANCHISING GROUP, LLC

Statements of Operations and Member's Equity (Deficit)

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue:		
System development fees	\$ 187,660	\$ 191,147
Royalties and licensing income	1,388,049	761,265
Digital marketing, merchandising sales and other income, net of purchases of \$1,010,213 in 2020	<u>368,690</u>	<u>12,285</u>
	1,944,399	964,697
Operating expenses	<u>1,857,903</u>	<u>930,837</u>
Net (loss) income	86,496	33,860
Member's (deficit) equity at beginning of year	(444,895)	663
Member distributions	(55,000)	(609,917)
Member contributions	<u>545,214</u>	<u>130,499</u>
Member's equity (deficit) at end of year	<u>\$ 131,815</u>	<u>\$ (444,895)</u>

See accompanying notes to the financial statements.

PREMIER FRANCHISING GROUP, LLC

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Net (loss) income	\$ <u>86,496</u>	\$ <u>33,860</u>
Adjustments to reconcile net (loss) income to cash flows provided by operating activities:		
Depreciation	4,284	1,780
Provision for doubtful accounts	8,354	-
(Increase) decrease in operating assets:		
Accounts receivable	(46,002)	(23,483)
Prepaid expenses	7,670	(28,813)
Due from parent	(234,466)	-
Prepaid commissions	(4,948,124)	(3,547,645)
Increase (decrease) in operating liabilities:		
Accounts payable	50,935	123,120
Accrued expenses and liabilities	155,663	27,019
Deferred franchise fees	5,979,919	4,386,150
Territory deposits	<u>20,000</u>	<u>-</u>
Total adjustments	<u>998,233</u>	<u>938,128</u>
Net cash provided by operating activities	<u>1,084,729</u>	<u>971,988</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(6,843)</u>	<u>(23,424)</u>
Net cash used by investing activities	<u>(6,843)</u>	<u>(23,424)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program note payable	71,015	-
Member distributions	(55,000)	(609,917)
Member contributions	<u>545,214</u>	<u>130,499</u>
Net cash provided (used) by financing activities	<u>561,229</u>	<u>(479,418)</u>
Increase in cash and cash equivalents	1,639,115	469,146
Cash and cash equivalents at beginning of year	<u>471,314</u>	<u>2,168</u>
Cash and cash equivalents at end of year	\$ <u>2,110,429</u>	\$ <u>471,314</u>

See accompanying notes to the financial statements.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2020 and 2019

(1) Nature of operations

Premier Franchising Group, LLC ("the Company") was organized in Tennessee on January 25, 2018. The Company was established to develop and franchise Premier Martial Arts Schools (the "Schools" or "PMA Schools") throughout the United States. The Schools provide the skills needed to help students succeed in life such as confidence, focus, self-esteem, and physical well-being through certified training in martial arts such as Krav Maga, Kickboxing, Jiu Jitsu, and Kali.

Prior to inception, Premier Martial Arts International, Inc. ("International"), had entered into license agreements with operators of certain PMA Schools ("Licensed Schools") throughout the United States. During the period from inception until December 31, 2018, 62 Licensed Schools were converted to franchised Schools whereby the previous license to operate executed with International was terminated and replaced with a franchise agreement with the Company. During the period from inception through December 31, 2018, there were no other franchised Schools in operation other than those subject to Conversion Agreements. During 2019, the Company entered into 133 new franchise agreements, none of which had commenced operations as of December 31, 2019. An additional 171 new franchise agreements were entered into during 2020 and as of December 31, 2020, 22 Licensed Schools had commenced operations.

(2) Summary of significant accounting policies

(a) Recently adopted accounting standard

In January 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2021-02, *Franchisors - Revenue from Contracts with Customers, Subtopic 952-606* ("ASU 2021-02"). The amendments in ASU 2021-02 introduce a new practical expedient that permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. On January 1, 2019, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers* ("ASC 606") using the modified retrospective method with no cumulative effect adjustment to member's equity upon adoption as of January 1, 2019. Due to adopting ASC 606, ASU 2021-02 allows for early adoption and retrospective application for the year ending December 31, 2020. As no Schools were open as of December 31, 2019, there was no adjustment made to revenue recognized in 2019. The Company recognized \$210,000 related to pre-opening services for franchises that opened in 2020.

(b) Basis of accounting

The Company uses the accrual method of accounting for financial reporting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2020 and 2019

(c) Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

(d) Receivables and credit policies

Accounts receivable consists of receivables for monthly royalties and system development fees due from Schools. Management performs ongoing credit evaluations of its franchisees and establishes an allowance for estimated uncollectible accounts when the potential for such losses becomes probable. The allowance for doubtful was \$8,354 as of December 31, 2020. Management did not believe an allowance for doubtful accounts was necessary as of December 31, 2019.

(e) Property and equipment

Property and equipment is stated at cost. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives for the different types of property and equipment range from 5 to 7 years.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

(f) Income taxes

The Company, with the consent of its member, has elected to be taxed as a partnership for federal and state income tax purposes. As such, taxable income of the Company is included in the federal and state income tax returns of the individual member, and no provision for income taxes has been included in the financial statements.

Due to the Company being a disregarded entity, the Company does not have any stand-alone state filing requirements and apportionable income or loss of the Company is reported on the state income tax returns filed by the sole member. The Company is currently open to audit under the statute of limitations for the years ended December 31, 2018 through 2020.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2020 and 2019

(g) Revenue recognition

The Company typically receives a nonrefundable initial franchise fee ranging from \$15,000 to \$49,500 based on the number of Schools included in the franchise agreement. The franchise agreements also provide for ongoing royalty fees based on 7% of a franchisee's monthly gross sales and system development fees based on up to 1% of a franchisee's monthly gross sales. PMA Schools who converted are not required to pay the initial franchisee fee, but are required to pay monthly system development fees of 1% of gross sales. In addition, a flat monthly royalty fee is payable to the Company in lieu of the percentage based royalty.

Under ASC 606, revenue is recognized when a company transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Under ASU 2021-02, the Company has identified certain pre-opening activities as distinct performance obligations that are satisfied at the time of opening of the Licensed School with the remaining performance obligation, which is the ongoing support and development of the franchises, satisfied over the life of the franchise contracts (typically 10 years).

Performance obligations related to pre-opening activities are satisfied once the Licensed School opens; therefore, the associated revenue is recognized upon opening of the Licensed School. The remaining portion of the initial franchise fee is recognized ratably over the life of the franchise agreements commencing upon opening. The franchise agreements include provisions for terminating the agreements. At the time of termination, the nonrefundable deposits are fully recognized as revenue, along with recognition of expense of any associated prepaid commission.

Ongoing royalties and system development fees are recognized monthly as earned.

The Company has agreements with certain third party providers to facilitate the sale of franchises. The terms of these agreements require that the Company pay commissions to these providers for each franchise that is sold. Under ASC 606 these commissions are recorded as prepaid commissions and recognized beginning when the performance obligation commences through the life of the contract.

The Company has recorded both the current portion and the long-term portion of prepaid commissions and deferred franchise fees. The current portions consist of the Company's estimate of commission expense and revenue, respectively, which is expected to be recognized within one year of the balance sheet date based on the schools that are open as of December 31, 2020.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2020 and 2019

Prior to 2019, the Company's only franchise agreements were previously Licensed Schools that entered into Conversion Agreements, as described in Note 1. The amount of prepaid commissions and deferred franchise fees amortized through December 31, 2020 were \$180,126 and \$428,656, respectively.

The Company recognizes revenue relating to merchandise sales at the time the inventory is ordered and shipped. Inventory is delivered direct to the customer from the vendor. The Company recognizes revenue related to digital marketing sales at the time the order is placed and use of marketing advertisements is passed to the customer.

(h) Advertising and promotion costs

Advertising and promotion costs are expensed as incurred.

(i) Shipping and handling fees and costs

The Company includes shipping and handling fees billed to customers in net sales. Shipping and handling costs associated with inbound freight are included in cost of sales.

(j) Recently issued accounting pronouncement

The Financial Accounting Standards Board's ("FASB") new lease accounting standard, ASU No. 2016-02, *Leases*, which was issued in February 2016, will generally require recognition on the statement of financial position for all leases with terms that exceed twelve months. The new lease accounting model will continue to reflect two types of leases. Under the new rules, a lessee would account for most existing capital leases as finance leases (that is, recognizing amortization of the right of use ("ROU") asset, as well as separately recognizing interest on the lease liability in the statement of activities). Most existing operating leases will result in the lessee recognizing a ROU asset and a lease liability. The guidance is effective for the Company beginning January 1, 2022. The Company continues to evaluate the impact the standard will have on its financial statements.

(k) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Reclassifications

Certain reclassifications have been made to the 2019 financial statements in order for them to conform to the 2020 presentation. These reclassifications have no effect on net loss or as previously reported.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2020 and 2019

(m) Events occurring after reporting date

The Company has evaluated events and transactions that occurred between December 31, 2020 and February 8, 2021, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(3) Credit risk and other concentrations

The Company generally maintains cash and cash equivalents on deposit at banks in excess of federally insured amounts. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk related to cash and cash equivalents.

(4) Property and equipment

A summary of property and equipment, net as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 1,434	\$ 1,434
Office equipment	8,684	5,419
Furniture and fixtures	<u>20,149</u>	<u>16,571</u>
	30,267	23,424
Accumulated depreciation	<u>(6,064)</u>	<u>(1,780)</u>
	<u>\$ 24,203</u>	<u>\$ 21,644</u>

Depreciation expense recorded for financial reporting purposes was \$4,284 and \$1,780, for the years ended December 31, 2020 and 2019, respectively.

(5) Paycheck Protection Program loan

During April 2020, the Company utilized the Paycheck Protection Program ("PPP") from the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act to support operations during the COVID-19 pandemic. The Company received a \$71,015 note payable bearing interest of 1% payable in 18 equal monthly installments of principal and interest maturing on April 15, 2022.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2020 and 2019

A summary of future maturities of the PPP loan as of December 31, 2020 is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 31,590
2022	<u>39,425</u>
	<u>\$ 71,015</u>

However, the Company intends to apply for debt forgiveness under the terms of the CARES Act during the year ended December 31, 2021, and anticipates not having to repay the loan balance, as scheduled above. Additionally, repayment installments originally scheduled to begin November 15, 2020 have been deferred until the SBA makes a determination of debt forgiveness.

(6) Advertising expenses

Advertising costs of \$88,934 and \$78,670 were expensed during 2020 and 2019, respectively.

(7) Lease commitments

The Company utilizes office space under operating leases. Rent expense under these leases amounted to \$73,436 and \$32,849 in 2020 and 2019, respectively. A summary of approximate future minimum payments under these leases as of December 31, 2020 is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 68,844
2022	68,844
2023	<u>22,948</u>
	<u>\$ 160,636</u>

It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the commitments for 2021.

(8) Related party transactions

Effective January 1, 2020, the Company assumed the merchandising and digital marketing sales from International for the Company's franchisees. At that time, International contributed the cash assets from their merchandise sales and digital marketing sales accounts, which totaled \$545,214, and was reflected as member contribution.

The Company paid \$170,940 for merchandising expenses from 2019 on behalf of International. The Company also paid \$368,073 to International for reimbursement of the Company's expenses paid by International, primarily for digital marketing. International paid \$275,370 on behalf of the Company for various expenses.

PREMIER FRANCHISING GROUP, LLC

Notes to the Financial Statements

December 31, 2020 and 2019

The Company received fees owed to International totaling \$50,804 and International received fees owed to the Company totaling \$21,626 during 2020.

The Company is owed \$234,466 at December 31, 2020 from International, as a result of each of these transactions conducted between the two parties. These amounts are expected to be fully repaid as cash flow permits.

(9) Contingent liabilities

The Company is subject to various legal proceedings and claims that arise in the ordinary course of its activities. In the opinion of management, the ultimate liability, if any, with respect to those claims will not materially affect the financial position of the Company.

The United States, as well as many other countries around the world, are experiencing an emerging infectious disease (COVID-19) outbreak, impacting individuals, governments, businesses and financial markets with unprecedented disruption and risk. While it is not possible to predict the future impacts of the outbreak on the Company's financial condition and results of operations, significant disruptions to key business drivers, such as an inability to open franchise locations and decrease demand for merchandise due to franchise closings. Management continues to closely monitor the situation and develop strategies designed to mitigate such impacts. The Company has continued to operate during the COVID-19 outbreak.



CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the use, in the Franchise Disclosure Document issued by Premier Franchising Group, LLC (the "Company") on May 17, 2022, as it may be amended, of our reports dated April 1, 2022 and February 8, 2021, relating to the financial statements of the Company as of and for the years ended December 31, 2021 and 2020, respectively.

A handwritten signature in black ink that reads 'BMC, PC'.

Knoxville, Tennessee
May 17, 2022

PREMIER FRANCHISING GROUP, LLC

FINANCIAL STATEMENTS

*As of December 31, 2019 and 2018 and for the
Year Ended December 31, 2019 and Period from
January 25, 2018 (Inception) through December 31, 2018*

And Report of Independent Auditor



PREMIER FRANCHISING GROUP, LLC
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Report of Independent Auditor

To the Member
Premier Franchising Group, LLC
Knoxville, Tennessee

We have audited the accompanying financial statements of Premier Franchising Group, LLC which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations and member's (deficit) equity and cash flows for the year ended December 31, 2019 and period from January 25, 2018 (inception) through December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Premier Franchising Group, LLC as of December 31, 2019 and 2018, and the results of its operations and cash flows for the year ended December 31, 2019 and period from January 25, 2018 (inception) through December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

Cherry Bekaert LLP

Tampa, Florida
January 31, 2020

PREMIER FRANCHISING GROUP, LLC
BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash	\$ 471,314	\$ 2,168
Accounts receivable	33,974	10,491
Prepaid expenses	28,813	-
Prepaid commissions - current	<u>53,348</u>	<u>-</u>
Total Current Assets	587,449	12,659
Property and equipment, net	21,644	-
Prepaid commissions, net of current portion	<u>3,494,297</u>	<u>-</u>
Total Assets	<u><u>\$ 4,103,390</u></u>	<u><u>\$ 12,659</u></u>
LIABILITIES AND MEMBER'S (DEFICIT) EQUITY		
Current Liabilities:		
Accounts payable	\$ 135,116	\$ 11,996
Accrued expenses	27,019	-
Deferred franchise fees - current	<u>65,957</u>	<u>-</u>
Total Current Liabilities	228,092	11,996
Deferred franchise fees, net of current portion	<u>4,320,193</u>	<u>-</u>
Total Liabilities	<u>4,548,285</u>	<u>11,996</u>
Member's (Deficit) Equity:		
(Accumulated deficit) retained earnings	<u>(444,895)</u>	<u>663</u>
Total Member's (Deficit) Equity	<u>(444,895)</u>	<u>663</u>
Total Liabilities and Member's (Deficit) Equity	<u><u>\$ 4,103,390</u></u>	<u><u>\$ 12,659</u></u>

See notes to the financial statements.

2

PREMIER FRANCHISING GROUP, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S (DEFICIT) EQUITY

YEAR ENDED DECEMBER 31, 2019 AND PERIOD FROM JANUARY 25, 2018 (INCEPTION) THROUGH DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
Revenues:		
System development fees	\$ 191,147	\$ 42,057
Royalties and licensing fees	<u>768,386</u>	<u>-</u>
Total Revenues	959,533	42,057
Expenses:		
General and administrative	<u>925,673</u>	<u>94,375</u>
Net Income (Loss)	33,860	(52,318)
Member's equity, beginning of period	663	-
Contributions	130,499	124,050
Distributions	<u>(609,917)</u>	<u>(71,069)</u>
Member's (deficit) equity, end of year	<u>\$ (444,895)</u>	<u>\$ 663</u>

See notes to the financial statements.

3

PREMIER FRANCHISING GROUP, LLC
STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019 AND PERIOD FROM JANUARY 25, 2018 (INCEPTION) THROUGH DECEMBER 31, 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Net income (loss)	\$ 33,860	\$ (52,318)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation	1,780	-
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(23,483)	(10,491)
Prepaid expenses	(28,813)	-
Prepaid commissions	(3,547,645)	-
Accounts payable	123,120	-
Accrued expenses	27,019	11,996
Deferred franchise fees	4,386,150	-
Net cash flows from operating activities	<u>971,988</u>	<u>(50,813)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	<u>(23,424)</u>	-
Net cash flows from investing activities	<u>(23,424)</u>	-
Cash flows from financing activities:		
Contributions by member	130,499	124,050
Distributions to member	<u>(609,917)</u>	<u>(71,069)</u>
Net cash flows from financing activities	<u>(479,418)</u>	<u>52,981</u>
Net change in cash	469,146	2,168
Cash, beginning of period	<u>2,168</u>	-
Cash, end of year	<u>\$ 471,314</u>	<u>\$ 2,168</u>

See notes to the financial statements.

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PREMIER FRANCHISING GROUP, LLC NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 1—Background and nature of business

Nature and Organization of Business – Premier Franchising Group, LLC (the “Company”) was organized in Tennessee on January 25, 2018 (“Inception”). The Company was established to develop and franchise Premier Martial Arts Schools (the “Schools” or “PMA Schools”) throughout the United States. The Schools provide the skills needed to help students succeed in life such as confidence, focus, self-esteem, and physical well-being through certified training in martial arts such as Krav Maga, Kickboxing, Jiu Jitsu, and Kali.

Prior to Inception, an entity under common ownership of the Company, Premier Martial Arts International, Inc. (“International”), had entered into license agreements with operators of certain PMA Schools (“Licensed Schools”) throughout the United States. During the period from Inception through December 31, 2018, 62 Licensed Schools were converted (the “Conversion Agreements”) to franchised Schools whereby the previous license to operate executed with International was terminated and replaced with a franchise agreement with the Company. During the period from Inception through December 31, 2018, there were no other franchised Schools in operation other than those subject to the Conversion Agreements. During 2019, the Company entered into 133 new franchise agreements, none of which had commenced operations as of December 31, 2019.

Note 2—Summary of significant accounting policies

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

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

New Accounting Pronouncement – In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09 (“ASU 2014-09”), *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)* and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Subsequent to ASU 2014-09, the FASB issued several related ASU’s (collectively “ASC 606”). The Company adopted the provisions of ASU 2014-09 and related ASU’s as of January 1, 2019, using a modified retrospective approach, which resulted in no cumulative effect adjustment to member’s equity as of January 1, 2019.

Revenue Recognition, Accounts Receivable, Prepaid Commissions, and Deferred Franchise Fees – See Note 3.

Property and Equipment – Property and equipment is stated at cost. Property and equipment consists primarily of furniture and computer equipment. Depreciation is computed by the straight-line method based on the estimated useful lives of the related assets. The estimated useful lives for the different types of property and equipment range from 3 to 15 years. Depreciation expense totaled approximately \$2,000 for the year ended December 31, 2019. The Company had no property and equipment as of December 31, 2018; accordingly, there was no depreciation expense for the period from Inception through December 31, 2018.

PREMIER FRANCHISING GROUP, LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

Advertising Costs – Advertising costs are expensed when incurred. Advertising costs expensed totaled approximately \$59,000 for the year ended December 31, 2019. There were no advertising costs for the period from Inception to December 31, 2018.

Income Taxes – The Company, with the consent of its member, has elected to be taxed as a partnership of the Internal Revenue Code. As such, taxable income of the Company is included in the federal income tax returns of the individual member, and no provision for income taxes has been included in the financial statements.

Subsequent Events – The Company has considered subsequent events through January 31, 2020 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Note 3—Revenue

On January 1, 2019, the Company adopted ASC 606 using the modified retrospective method. The Company determined that there was no cumulative effect adjustment to member's (deficit) equity upon adoption as of January 1, 2019. Under ASC 606, revenue is recognized when a company transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Company's contracts contain a single performance obligation, which is the on-going support and development of the franchises. The performance obligation is satisfied over the life of the franchise contracts (typically 10 years).

Revenue Recognition, Deferred Franchise Fees, and Prepaid Commissions – The Company typically receives a nonrefundable initial franchise fee ranging from \$22,450 to \$49,500 for any new franchise. The franchise fee is based on the number of Schools included in the franchise agreement. Additionally the franchise agreements allow for ongoing royalty fees based on 7% of a franchisee's monthly gross sales and system development fees based on up to 3% of a franchisee's monthly gross sales. PMA Schools, subject to the Conversion Agreements, are not required to pay the initial franchisee fee, but are required to pay monthly system development fees of 1% of gross sales. In addition, a flat monthly royalty fee is payable to the Company in lieu of the percentage based royalty.

The initial franchise fees are included in deferred franchise fees upon receipt. Revenue from the initial franchise fees is recognized beginning when the performance obligation commences and continuing over the life of the franchise agreements. The Company typically considers the opening of the franchises to be when the performance obligation commences.

Ongoing royalties and system development fees are recognized monthly as earned.

The Company has agreements with certain third party providers to facilitate the sale of franchises. The terms of these agreements require that the Company pay commissions to these providers for each franchise that is sold. Under ASC 606 these commissions are recorded as prepaid commissions and recognized beginning when the performance obligation commences through the life of the contract.

PREMIER FRANCHISING GROUP, LLC
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

Note 3—Revenue (continued)

Prior to 2019, the Company's only franchise agreements were previously Licensed Schools that entered into Conversion Agreements, as described in Note 1. During 2019, the Company entered into franchise agreements to open 133 Schools ("New Schools"). As of December 31, 2019, none of the New Schools had opened and all associated initial franchise fees and commissions are included in deferred franchise fees and prepaid commissions, respectively, in the accompanying 2019 balance sheet.

The Company has recorded both the current portion and the long-term portion of prepaid commissions and deferred franchise fees. The current portions consist of the Company's estimate of commission expense and revenue, respectively, which is expected to be recognized within one year of the balance sheet date based on the New Schools that are expected to commence operations.

Accounts Receivable—Accounts receivable consists of receivables for monthly royalties and system development fees due from Schools subject to Conversion Agreements. Management performs ongoing credit evaluations of its franchisees and establishes an allowance for estimated uncollectible accounts when the potential for such losses becomes probable. Management believes no allowance for uncollectible accounts was necessary as of December 31, 2019 or 2018.

Practical Expedients and Exemptions—There are several practical expedients and exemptions allowed under ASC 606 that impact timing of revenue recognition and disclosures. The Company applied the following practical expedient in the adoption and application of ASC 606:

The Company elects to treat similar contracts as part of a portfolio of contracts, primarily sales of franchise agreements. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

Note 4—Concentration of credit risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash. The Company places its cash on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits.

Note 5—Operating leases

During 2019, the Company entered into an agreement to lease office space under a noncancellable operating lease which expires in April 2023. Rent expense for the year ended December 31, 2019 was approximately \$33,000, and is included in general and administrative expenses in the accompanying 2019 statement of operations and member's (deficit) equity. Future minimum lease payments required under the noncancellable operating lease will approximate \$42,000 per annum from 2020 through 2022 and \$14,000 in 2023.



Consent of Independent Certified Public Accountants

Cherry Bekaert LLP consents to the use, in the Franchise Disclosure Document issued by Premier Franchising Group, LLC (the "Franchisor") on April 30, 2020, as it may be amended, of our report dated January 31, 2020, relating to the financial statements of the Franchisor as of December 31, 2019 and 2018 and for the year ended December 31, 2019 and for the period from January 25, 2018 (Inception) through December 31, 2018.

Cherry Bekaert LLP

Tampa, Florida
April 30, 2020

Consent of Independent Certified Public Accountants

Cherry Bekaert LLP consents to the use, in the Franchise Disclosure Document issued by Premier Franchising Group, LLC (the "Franchisor") on May 18, 2022, as it may be amended, of our report dated January 31, 2020, relating to the financial statements of the Franchisor as of December 31, 2019 and 2018 and for the year ended December 31, 2019 and for the period from January 25, 2018 (Inception) through December 31, 2018.

Cherry Bekaert LLP

Tampa, Florida
May 18, 2022

**EXHIBIT C
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

PREMIER MARTIAL ARTS FRANCHISE AGREEMENT

**PREMIER MARTIAL ARTS
FRANCHISE AGREEMENT**

SUMMARY PAGE

EFFECTIVE DATE:

FRANCHISEE(S):

ADDRESS FOR NOTICES:

TELEPHONE NUMBER:

E-MAIL ADDRESS:

FRANCHISOR: Premier Franchising Group, LLC, a Tennessee limited liability company

ADDRESS FOR NOTICE: 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022

**SITE SELECTION AREA
NAME:**

INITIAL FRANCHISE FEE: \$49,500

**GRAND OPENING
ADVERTISING AMOUNT:** \$20,000 to \$25,000

ROYALTY FEE: 7% of monthly Gross Sales, subject to the Minimum Royalty Fee

NAF CONTRIBUTION: Up to 5% of monthly Gross Sales (together with the Local Marketing Expenditure, not to exceed 6%)

LOCAL ADVERTISING: Up to 6% of monthly Gross Sales (together with the NAF Contribution, not to exceed 6%)

TECHNOLOGY FEE: .25% of Gross Sales

**PREMIER MARTIAL ARTS®
FRANCHISE AGREEMENT**

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ATTACHMENTS

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PREMIER MARTIAL ARTS® FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT (“Agreement”) is made and entered into on the Effective Date reflected in the Summary Page by and between Premier Franchising Group, LLC, a Tennessee limited liability company with its principal business address at 2350 Airport Freeway, Suite 505, Bedford, Texas 76022 (“we,” “our” or “Franchisor”), and the Franchisee identified on the Summary Page (“you,” “your” or “Franchisee”).

BACKGROUND:

A. Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed a distinctive business system relating to the development, establishment, and operation of businesses with a distinctive and innovative environment that focus on personal development through instruction of martial arts training by providing fitness, self-defense and character development, using various techniques and styles, including Karate, Krav Maga, Kali and others we designate or approve under the name PREMIER MARTIAL ARTS® (the “Brand” or “PMA Studio”), which are based on and include the Proprietary Products, Proprietary Marks, Indicia, and Standards (“System”).

B. The distinguishing characteristics of the System include, without limitation, our program curricula, services, products, and merchandise, which incorporate Franchisor’s Proprietary Marks, trade secrets, and proprietary information (“Proprietary Products”); distinctive exterior and interior design, decor, color scheme, graphics, fixtures, and furnishings (“Indicia”); standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs (“Standards”); all of which may be changed, improved, and further developed by Franchisor from time-to-time.

C. The System is identified and recognized by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the word mark “Premier Martial Arts” (“PMA”) and the list of marks set forth in Attachment A to this Agreement, and such other trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may hereafter designate in writing for use regarding the System (“Proprietary Marks”).

D. Franchisor and its Affiliates continue to develop, establish, use, and control the use of the Proprietary Products, Proprietary Marks, Indicia, Standards, and System to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System’s high standards of quality, appearance, and service.

E. You have applied for the right to operate a business using the System and the Proprietary Products, Proprietary Marks, Indicia, and Standards (the “Franchised Business”), and Franchisor has approved your application in reliance on the representations contained therein, including those concerning your financial resources, your business experience and interests, and the way the Franchised Business will be owned and operated.

AGREEMENT:

IN CONSIDERATION OF the mutual promises contained in this Agreement, including the recitals set forth above, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. GRANT OF FRANCHISE

A. Grant.

Subject to the provisions of this Agreement, including without limitation Franchisor's reservation of rights described in Section 1.B, Franchisor hereby grants you, upon the terms and conditions in this Agreement, the right and license ("Franchise"), and Franchisee hereby accepts the right and obligation, to develop and continuously operate the Franchised Business at the Approved Location identified (or to be identified) in Attachment B to this Agreement and to use the Proprietary Marks in the operation and promotion of the Franchised Business in accordance with the terms and conditions of this Agreement, the Standards and the Manual.

B. Protected Area.

You must operate the Franchised Business at an Approved Location within the Protected Area, as further described in Section 3.A. Upon our approval of the site premises for the Franchised Business in accordance with Section 3.B and the parties' execution of Attachment B identifying the Approved Location for the Franchised Business, your Protected Area will be described in Attachment B and deemed incorporated herein. During the Term, and provided that you are in full compliance with this Agreement and all other agreements between you and Franchisor or its Affiliates, Franchisor shall neither operate nor grant others the right to operate another PMA Studio business in the Site Selection Area (until such time as the Approved Location is identified), and thereafter, the Protected Area as described in Attachment B, except for those rights reserved to Franchisor in this Section 1.B. The Protected Area may overlap with or be overlapped by the protected area of other PMA franchisees or PMA locations that our Affiliates own or operate, so long as there are no other PMA Studios in the area of overlap. If there are overlapping protected areas, then during the Term, neither you nor the overlapping franchisee, or any Affiliate will be permitted to open a PMA Studio within the area of overlap. Notwithstanding the foregoing, this Section 1.B will not apply to any other PMA Studio that is operating or in development within the Site Selection Area as of the Effective Date.

Franchisor retains for itself and its Affiliates all other rights in and to the Proprietary Products, Proprietary Marks, Indicia, and System including, without limitation: (1) the right to own and operate and to grant others the right to own and operate PMA Studios at any location outside the Protected Area, regardless of proximity to the Protected Area; and (2) the right to distribute any and all products and services and their components identified by the Proprietary Marks, including those used or sold in your Franchised Business, including, without limitation, proprietary merchandise (such as shirts, hats, jackets, etc.) and pre-packaged products, through alternative channels of distribution, including, without limitation, direct mail, the Internet or any other form of e-commerce, or any other channel of distribution whatsoever except a PMA franchise, whether or not such sales occur within your Protected Area; you are not entitled to compensation for any such sales made in your Protected Area. Franchisor also may establish and operate, and license others to establish and operate, any business other than a PMA Studio, under the Proprietary Marks or under other marks, including other child-focused fitness centers or other businesses that Franchisor or its Affiliates may operate, acquire, be acquired by or be merged or consolidated with. Further, nothing in this Agreement prohibits or restricts Franchisor from owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than PREMIER MARTIAL ARTS Or PMA), whether or not the business is the same as or competitive with PREMIER MARTIAL ARTS Studios within or outside of the Protected Area or Site Selection Area.

2. TERM

A. Initial Term.

The initial term of this Agreement (“Initial Term” or “Term”) shall begin on the Effective Date and shall expire on the 10th anniversary of the grand opening of the Franchised Business (the “Expiration Date”). Notwithstanding the foregoing, nothing contained in this Section 2.A will limit Franchisor’s termination rights set forth in Section 18 of this Agreement.

B. Successor Term.

At the expiration of the Initial Term, you will have an option to remain a franchisee at the Approved Location for two additional, consecutive five-year successor term (the “Successor Term”). The Initial Term and Successor Term (if any) are referred to in this Agreement as the “Term.” You must give Franchisor written notice of whether you intend to exercise your Successor Term option no less than eight months, nor more than 12 months, before expiration of the Initial Term. Failure to timely provide the required written notice constitutes a waiver of your option to remain a franchisee beyond the expiration of the Initial Term. If you desire to exercise this option, you must comply with all of the following conditions prior to and at the end of the Initial Term:

(1) You may not be in default under this Agreement or any other agreement between you and Franchisor or its Affiliates; you may not be in default beyond the applicable cure period of any real estate lease, equipment lease or financing instrument relating to the Franchised Business; you may not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Business; and, for the 12 months before the date of your notice and the 12 months before the expiration of the then-current term, you may not have been in default beyond the applicable cure period under this Agreement or any other agreements between you and Franchisor or its Affiliates;

(2) If reasonably deemed necessary by Franchisor, you must renovate and upgrade the Franchised Business premises and all fixtures, furniture, equipment, signage and graphics, at your expense, to reflect the then-current image of a PMA Studio, which renovations may include structural changes, installation of new equipment, remodeling, redecoration, and modifications to existing improvements;

(3) You and your employees must be in compliance with Franchisor’s then-current training requirements;

(4) You must have the right to remain in possession of the Franchised Business premises, or have secured other premises acceptable to Franchisor, for the Successor Term and all monetary obligations owed to your landlord, if any, must be current;

(5) You and each Owner shall have executed Franchisor’s then-current form of general release, subject to applicable law, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective past and present officers, directors, shareholders, agents, and employees, in their corporate and individual capacity, including, without limitation, claims arising under federal, state, or local laws, rules, or ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between you and Franchisor or its Affiliates, your operation of the Franchised Business, and the offer and grant of the franchise opportunity; and

(6) You may not have an established pattern of failing to operate the Franchised Business in accordance with this Agreement and with the System (as set forth in the Manual or otherwise and as revised from time-to-time by Franchisor), as evidenced by three or more failed quality assurance evaluations conducted by Franchisor or its designee, regardless of whether any corrective action with respect to such failed evaluation was completed, and you have operated any other PMA Studios in which you have an interest in accordance with the applicable franchise agreements.

Within four months after Franchisor’s receipt of written notice of your desire for a Successor Term, and subject to you providing such information and documentation requested by Franchisor, including the

information described in this Section 2.2 and current financial statements, Franchisor will provide written notice to you regarding whether or not you satisfy the criteria to remain a franchisee for such Successor Term. Such notice will contain preliminary information regarding the required renovations and modernizations described in Section 2.B(2), above. If you fail to satisfy the criteria for renewal as set forth above, then Franchisor will have the right to unilaterally extend the Initial Term as necessary to comply with applicable law.

If you are granted the right to a Successor Term, Franchisor will deliver to you the then-current form of the franchise disclosure document and, for execution, its then-current form of franchise agreement. Such form of franchise agreement may differ from this Agreement and may reflect, among other things, a different royalty fee and marketing obligations. Your Protected Area under the franchise agreement for the Successor Term will be the same as under this Agreement. Franchisor will waive any initial franchise fee imposed under such franchise agreement, but you must pay Franchisor the Renewal Fee set forth in Attachment A. If applicable, you must also pay Franchisor the Holdover Fee set forth in Section 2.C below.

You must execute the franchise agreement for the Successor Term and return the signed franchise agreement and payment of the Renewal Fee to Franchisor prior to expiration of the Initial Term. Except as provided in Section 2.C below, your failure to sign the franchise agreement, pay the Renewal Fee, and return them to Franchisor prior to expiration of the Initial Term shall be deemed a waiver of your right to renew for a Successor Term, and this Agreement and the Franchise granted by this Agreement will expire on the Expiration Date. If you have complied timely with all conditions set forth in this Article 2, Franchisor shall execute the franchise agreement for the Successor Term and promptly return a fully executed copy to you.

Notwithstanding the foregoing in this Section 2.B, if Franchisor publicly announces a decision to discontinue offering new franchises and the renewal of existing franchises, then upon expiration of the Initial Term, you shall not have the right to renew this Agreement, in which case and only in such case, the covenants of Section 14.B, herein shall not apply.

C. Holding Over

If you continue to operate the Franchised Business after the expiration of the Initial Term, Franchisor, at its option, may consider this Agreement to be renewed on a month-to-month basis until all of the conditions set forth above are met or the Agreement is extended by execution of an extension agreement or is terminated. Whether or not Franchisor exercises this option, you will owe Franchisor the then-current holdover fee for each day that you operate after the expiration of the Initial Term until the Agreement is renewed, extended or terminated (“Holdover Fee”). Notwithstanding any month-to-month extension, any continuance of business relations between you and Franchisor after the termination or expiration of this Agreement will not constitute, and may not be construed as, a reinstatement, renewal, or extension beyond a month-to-month arrangement and will not be considered a good faith expectation or continuation of the Agreement unless you and Franchisor agree in writing to such renewal, extension or continuation. As of the Effective Date, the Holdover Fee is \$100 a day for each day that you operate after the expiration of the franchise term until the Agreement is renewed, extended, or terminated. Payment of the Holdover Fee shall be made in such manner and at such time as we shall require, including by electronic means.

3. DEVELOPMENT PROCEDURES

A. Site Selection.

If Franchisee has not already identified an acceptable site upon execution of the Franchise Agreement, Franchisee shall be granted a Site Selection Area, as identified in Attachment B, within which it must conduct its search for a suitable site for the Franchised business. Franchisee shall submit to Franchisor its complete Site Application in accordance with the Site Application procedures set forth in the

Manual. Franchisor will provide Franchisee with site selection assistance as Franchisor deems advisable, including without limitation Franchisor's site selection guidelines and design specifications and conducting an on-site evaluation of the proposed site; provided, Franchisor will not conduct an on-site evaluation for any proposed site prior to the receipt of the complete Site Application. To the extent Franchisor conducts an on-site evaluation, Franchisee will reimburse Franchisor for its out-of-pocket expenses incurred in connection with such site evaluation, including travel, accommodations and meals. Franchisee must obtain Franchisor's acceptance of the site for the Franchised Business within the Site Selection Area and sign the lease by the Lease Deadline (defined below). Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and developing the site for the Franchised Business within the Site Selection Area and for finish-out or renovation and equipping the Franchised Business at the site. **FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S PROVIDING ITS SITE SELECTION GUIDELINES AND DESIGN SPECIFICATIONS AND ANY OTHER SITE SELECTION ASSISTANCE TO FRANCHISEE PRIOR TO THE PROPOSED SITE BEING ACCEPTED BY FRANCHISOR WILL NOT CREATE ANY RELIANCE OR EXPECTATION DAMAGES OR LIABILITY FOR FRANCHISOR, AND SUCH ACTIVITIES WILL NOT CREATE ANY EXPECTATIONS OR REPRESENTATIONS TO FRANCHISEE THAT ANY PROPOSED SITE WILL BE ACCEPTED BY FRANCHISOR.** So long as Franchisee is in compliance with this Agreement and during the Term (unless terminated earlier), without Franchisee's prior consent, Franchisor shall not operate nor grant others the right to operate another PMA Studio in the Site Selection Area. After the Approved Location and the Protected Area are identified, Franchisee forfeits all its rights to the entire Site Selection Area, and, without Franchisee's consent, Franchisor shall not operate nor grant others the right to operate another PMA Studio in the Protected Area so long as Franchisee is in compliance with this Agreement and during the Term unless terminated, subject to Section 1.B.

B. Site Acceptance.

Upon receipt of the complete Site Application, as determined by Franchisor, Franchisor will review and notify you whether Franchisor accepts (in writing) or does not accept, at its sole option, Franchisee's proposed site. If Franchisor does not provide written notice to Franchisee of its acceptance of a proposed site, Franchisor will be deemed to have rejected the proposed site. Upon Franchisor's acceptance of a proposed site, Franchisor will identify the Opening Date and the Parties will amend Attachment B memorializing the address of the Approved Location, the Protected Area, and the Opening Date. Upon identification of the Protected Area, Franchisee shall forfeit all its rights to any area previously in the Site Selection Area but not within the Protected Area. No site may be used for the location of the Franchised Business unless it is first accepted by Franchisor. No site shall be identified outside of the Site Selection Area or Protected Area, unless otherwise agreed to by the parties and upon written amendment to this Franchise Agreement.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S RENDERING OF ANY SITE SELECTION ASSISTANCE OR ITS APPROVAL OF YOUR PROPOSED SITE DOES NOT AND WILL NOT CONSTITUTE, DIRECTLY OR IMPLICITLY, A REPRESENTATION, WARRANTY, GUARANTY OR ASSURANCE THAT THE FRANCHISED BUSINESS WILL ACHIEVE A CERTAIN SALES VOLUME OR LEVEL OF PROFITABILITY OR OTHERWISE WILL BE SUCCESSFUL; IT MEANS ONLY THAT THE PROPOSED SITE MEETS FRANCHISOR'S MINIMUM SITE CRITERIA. FRANCHISOR ASSUMES NO LIABILITY OR RESPONSIBILITY FOR: (1) EVALUATION OF THE SITE FOR STRUCTURAL SOUNDNESS, SEISMIC ACTIVITY, THE SITE'S SOIL FOR HAZARDOUS SUBSTANCES, OR THE SITE'S COMPLIANCE WITH APPLICABLE BUILDING CODES; (2) INSPECTION OF ANY STRUCTURE ON THE FRANCHISED BUSINESS LOCATION FOR ASBESTOS OR OTHER TOXIC OR HAZARDOUS MATERIALS; (3) COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT ("ADA"); OR (4) COMPLIANCE WITH ANY OTHER APPLICABLE LAW. IT IS YOUR SOLE RESPONSIBILITY TO OBTAIN SATISFACTORY EVIDENCE AND

ASSURANCES THAT THE SITE (AND ANY STRUCTURES THEREON) IS STRUCTURALLY SOUND, FREE FROM ENVIRONMENTAL CONTAMINATION AND IS IN COMPLIANCE WITH THE REQUIREMENTS OF THE ADA AND OTHER APPLICABLE LAWS.

C. Execution of Lease.

(1) Unless otherwise agreed by Franchisor in writing, Franchisee is required to lease the Approved Location for the Franchised Business no later six (6) months from the Effective Date (the “Lease Deadline”), Franchisee shall obtain and provide Franchisor a copy of a fully executed lease agreement permitting the operation of the Franchised Business within the Protected Area. Franchisor retains all rights to approve or reject the proposed lease agreement and premises according to its standard practices and the terms set forth in or incorporated into the Franchise Agreement. Upon execution of the lease, Franchisor shall amend the Franchise Agreement to establish a new Protected Area based on the Approved Location described in the lease upon its execution.

(2) If Franchisee has not executed a lease agreement by the Lease Deadline, then so long as Franchisee has not passed on an identified Acceptable Opportunity (defined below) in the Protected Area, Franchisee shall have a one-time option to either (1) transfer the Protected Area to another territory mutually agreed upon by Franchisor and Franchisee or (2) extend the Lease Deadline by 30 days. Franchisee must provide Franchisor written notice of its election no later than ten (10) days after the Lease Deadline (“Option Deadline”) or such option is waived. Franchisee may elect to transfer the Protected Area pursuant to this subsection only if, at the time of the election but no later than the Option Deadline, Franchisor has approved in writing the new territory to be subject of the Franchise Agreement.

(3) “Acceptable Opportunity” shall mean (i) an opportunity to lease an existing premises or newly constructed premises (i.e., develop and lease a new building) in the Protected Area; and (ii) the following criteria are satisfied: (a) when measured within the Protected Area, the total population of children ages 0 to 14 is equal to or greater than 8,000 and the median household income is equal to or greater than \$60,000; and (b) with respect to the proposed premises or building, the rentable square footage is between 1,200 to 1,800 square feet.

D. Lease Terms.

Unless otherwise agreed by Franchisor in writing, Franchisee is required to lease the Approved Location for the Franchised Business. Franchisee will provide to Franchisor for its review and approval a copy of the proposed lease pursuant to which Franchisee will occupy or acquire rights in the Approved Location after Franchisor accepts the Approved Location. The proposed lease will include the Lease Rider attached to this Agreement as Attachment G and will not contain any covenants or other obligations that would prevent, limit or adversely affect Franchisee from performing its obligations under this Agreement. The proposed lease will be executed by all necessary parties after Franchisor accepts the proposed lease (provided such lease must be executed by the Lease Deadline), and Franchisee will furnish a complete copy of the Lease and Lease Rider to Franchisor within ten days after execution. **FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR’S APPROVAL OF A LEASE DOES NOT MEAN THAT THE ECONOMIC OR LEGAL TERMS OF THE LEASE ARE FAVORABLE; IT MEANS ONLY THAT THE LEASE CONTAINS THE LEASE TERMS THAT FRANCHISOR REQUIRES.**

E. Relocation.

You may relocate the Franchised Business within the Protected Area only with Franchisor’s prior written consent. Franchisor will grant its consent if your lease expires or terminates through no fault of yours, or if the Franchised Business premises is destroyed or materially damaged by fire, flood, or other natural catastrophe (“Innocent Loss or Casualty”) and you are not in default of this Agreement or any other agreement between you and Franchisor. Selection of the relocation site and Franchised Business construction, renovation, and opening shall be governed by Articles 3, 4, and 5 of this Agreement; provided

that: (1) if the relocation occurred as a result of an Innocent Loss or Casualty, the Franchised Business must be open for business at the new location within 180 days of closing at the previous Approved Location; and (2) if the relocation occurred for any other reason, the Franchised Business must be open for business at the new location within 30 days of closing at the previous location. You are solely responsible for all relocation costs and expenses, including your payment of Franchisor's then-current Relocation Fee, as published in the Manual from time-to-time.

4. DRAWINGS, CONSTRUCTION, AND RENOVATION

A. Specifications and Drawings.

You assume all cost, liability, and expense for developing, constructing, and equipping the Franchised Business. Franchisor will furnish to you sample drawings and specifications for a PMA Studio, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront, signage, graphics, and color schemes. It is your responsibility to have prepared all required construction plans and specifications to suit the shape and dimensions of the Franchised Business, and you must ensure that these plans and specifications comply with applicable law and ordinances, building codes, and permit requirements, and with your lease requirements and restrictions. You shall use only qualified registered architects, registered engineers, and professional and licensed contractors, all or some of which Franchisor may specifically designate or approve from time-to-time in the Manual.

You shall submit proposed construction plans, specifications, and drawings for the Franchised Business (“Plans”) to Franchisor and shall, upon Franchisor's request, submit all revised or “as built” Plans during such construction. Franchisor will approve or refuse to approve the Plans and notify you in writing within 30 days after receiving the Plans. Once Franchisor has approved the Plans, the Plans shall not be materially changed without Franchisor's prior written approval, which shall not be withheld unreasonably. You may not begin site preparation or construction before Franchisor has approved in writing the Plans. All construction must be in accordance with Plans approved by Franchisor and must comply in all respects with the Standards and with applicable laws, ordinances, local rules, and regulations.

B. Acquisition of Necessary Furnishings, Fixtures and Equipment.

You agree to use in the development and operation of the Franchised Business only the fixtures, furnishings, equipment, signs, and items of décor that Franchisor has approved as meeting its specifications and Standards for quality, design, appearance, function, and performance, including without limitation the Indicia. You further agree to place or display at the Franchised Business location (interior and exterior) only those signs, emblems, lettering, logos, and display materials that Franchisor has approved in writing from time-to-time or as otherwise required in accordance with applicable law.

You shall purchase or lease approved brands, types, or models of fixtures, furnishings, equipment, and signs only from suppliers designated or approved by Franchisor. If you propose to purchase, lease or otherwise use any fixtures, furnishings, equipment, signs, or items of décor which have not been approved by Franchisor, you shall first notify Franchisor in writing and shall, at your sole expense, submit to Franchisor upon its request sufficient specifications, photographs, drawings, or other information or samples for a determination as to whether those fixtures, furnishings, equipment, or signs comply with Franchisor's specifications and Standards. Franchisor will, in its sole discretion, approve or disapprove the items and notify you within 30 days after Franchisor receives the request.

C. Commencement and Completion of Construction and Build Out.

Construction shall be performed or supervised by a general contractor or construction manager that satisfies the Standards set forth in the Manual. You will notify us in writing within ten days following commencement of construction. Once construction has commenced, it shall continue uninterrupted (except for interruption by reason of events constituting Force Majeure) until completed. You must obtain our approval of and open the PMA Studio for business within twelve (12) months from the Effective Date (the

“Opening Date”). In our sole discretion, if you have made full and complete applications for all building permits, and all other permits required to open a PMA Studio, within ninety (90) days of the date we approve the Site, we may grant to you up to two (2) thirty (30) day extensions to open the PMA Studio and/or to obtain all necessary permits, provided that the delay was due to Force Majeure (but not longer than 13 months after the Effective Date of the Franchise Agreement). We are not required to grant extensions. “Force Majeure” means any natural disaster (such as tornadoes, earthquakes, hurricanes and floods), strike, lock-out, or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire, or other catastrophe, compliance with the orders, requests, regulations of any governmental authority having jurisdiction over a party or its business, and any other cause not within the control of the party affected thereby that materially and adversely affects such party’s ability to perform its obligations under this Agreement. Financial inability of a party will not constitute an event of Force Majeure. If events constituting Force Majeure cause a delay in the commencement of the construction or build out of the Franchised Business, Franchisor shall proportionately extend the Opening Date for the Franchised Business. Notwithstanding the occurrence of any such events, the Franchised Business shall be furnished, equipped and shall otherwise be ready to open for business per this Agreement, no later than the Opening Date.

You agree, at your sole expense, to do or cause to be done the following, by the Opening Date:

- (1) Obtain and maintain all required building, utility, sign, health, sanitation, business, and other permits and licenses applicable to the Franchised Business;
- (2) Make all required improvements to the Franchised Business location and decorate the exterior and interior of the PMA Studio in compliance with the Plans approved by Franchisor. You agree that all décor of your PMA Studio must be previously approved by us and must comply with our standards as described in the Manuals or other communications, which may be periodically revised. We own all Copyrights in and to all forms of art or other visual media displayed in the PMA Studio (the “Art”), as well as all intellectual property rights in and to the Art. You will not, without our prior written permission, allow any of the Art to become a fixture to the PMA Studio and you will not display or use the Art in any Competitive Business or Studio of any kind. Your failure to maintain the PMA Studio’s décor in compliance with our System and the standards described in the Manuals or otherwise constitutes a material breach of this Agreement, for which Franchisor may terminate this Agreement;
- (3) Purchase or lease and install all specified and required fixtures, equipment, furnishings, and interior and exterior signs required for the Franchised Business; and
- (4) Purchase an opening inventory for the Franchised Business of only authorized and approved products and other materials and supplies.

D. Inspection, Cooperation.

During construction or renovation, you shall (and shall cause your architect, engineer, contractors, and subcontractors to) cooperate fully with Franchisor and its designees for the purpose of permitting Franchisor and its designees to inspect the Franchised Business location and the course of construction or renovation to determine whether construction or renovation is proceeding according to the Plans.

E. Final Inspection.

You shall notify Franchisor in writing at least ten days prior to the date you expect construction or renovation to be completed and a certificate of occupancy to be issued. Upon Franchisor’s request, you shall submit a copy of the certificate of occupancy to Franchisor. Franchisor reserves the right, after receiving your notice, to conduct a final inspection of the Franchised Business premises to determine your compliance with this Agreement. You shall not open the Franchised Business for business unless you have satisfied the conditions set forth in Article 5, below.

5. OPENING

A. Opening Authorization.

Franchisor will authorize the opening of the Franchised Business only after all of the following conditions have been fully satisfied:

(1) You are not in material default under this Agreement or any other agreements with Franchisor; you are not in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to the Franchised Business; and you are not in default beyond the applicable cure period with any vendor or supplier of the Franchised Business;

(2) You are current on all obligations due to Franchisor, including payment of the initial franchise fee and any other fees then due;

(3) Franchisor is satisfied that the Franchised Business was constructed or renovated substantially in accordance with approved Plans and you have provided documentation satisfactory to Franchisor that such construction or renovation was completed in accordance with applicable federal, state, and local laws, regulations, and codes;

(4) Franchisor has received a copy of the approved and fully executed lease and Lease Rider;

(5) You have obtained a certificate of occupancy and any other required health, safety, or fire department certificates;

(6) You have certified to Franchisor in writing that the installation of all items of furnishings, fixtures, equipment, signs, computer terminals, and related equipment, supplies, and other items has been accomplished in accordance with the Standards and applicable law;

(7) Your Designated Manager has attended and successfully completed Franchisor's initial training program and you have hired and trained your personnel in accordance with the requirements of this agreement, including without limitation ensuring that your personnel have obtained all required safety training and certifications;

(8) Franchisor has been furnished copies of all insurance policies required by Article 16 of this Agreement, and all such insurance is in full force and effect;

(9) you have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your PMA Studio, including, without limitation, by ensuring that your planned membership offerings follow the PMA Studio's opening and your forms of membership agreement comply with applicable law; and

(10) you have conducted or are conducting the Grand Opening Program according to our Standards.

6. FEES

A. Initial Franchise Fee.

Upon execution of this Agreement, you shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Page. Franchisee acknowledges and agrees the Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable. In the event any Initial Franchise Fee discounts were applied because one of the Owners is a veteran, and if the veteran who was the basis of such veteran's incentive is no longer an Owner for any reason, other than death or disability, then, at the fifth anniversary of the Effective Date or upon any transfer, Franchisee shall reimburse Franchisor the entire amount of the discount applied to the Initial Franchise Fee.

B. Royalty Fee.

You shall pay to Franchisor a nonrefundable and continuing Royalty Fee in the amount specified in the Summary Page (subject to the Minimum Royalty Fee, defined below) for the right to use the System and the Proprietary Marks, as they may be amended by Franchisor from time to time, at the Franchised Business location and in connection with the operation of the Franchised Business. Beginning in the 13th month after you open your PMA Studio for business, you must pay us at least the “Minimum Royalty Fee” of six hundred dollars (\$600) per month.

C. Administrative Fees.

You shall pay to Franchisor certain administrative fees each month related to support services provided to the Franchised Business, as follows:

(1) Call Center: Franchisor or its affiliate has established (and may otherwise designate) a centralized call center for PMA Studios operating in the United States (“Call Center”), you must pay Franchisor or the designated provider the then-current fee for Call Center services (the “Call Center Fee”). Both the services and the associated fee may be revised from time to time. The Call Center program may include commissions for scheduling classes, soliciting prospective customers, and booking birthday parties, corporate events and special events for the Franchised Business. Policies and procedures related to bookings through the Call Center, including your obligations with respect to such bookings and related commissions, will be set forth in the Manual, as it may be amended by Franchisor from time to time. Fees that are collected by Designated Suppliers of services related to the Call Center (as described above) are established by such Designated Suppliers and will vary depending on the number of licenses provided to your Franchised Business and the overall number of licenses provided to PMA Studios operating in the United States.

(2) Membership Program. Franchisor has the right to establish a multi-tier membership program for PMA Studios (the “Membership Program”), as further described in Section 11.P. If established, you are obligated to participate in the Membership Program in accordance with the terms set forth in this Agreement and the Manual. All Membership Program fees you collect from members will be included in your Gross Sales and subject to the monthly Royalty Fee. You are obligated to participate in such Membership Program in accordance with the terms set forth in this Agreement and the Manual. In connection with Franchisor’s administration of such Membership Program, you will pay to Franchisor a continuing, non-refundable monthly fee equal to 2.5% of the monthly Gross Sales attributable to membership fees received by Franchisor for membership agreements purchased for access to and use of your Franchised Business (“Membership Program Fee”), plus your pro rata share of costs incurred in connection with operating the Membership Program (including reconciliation, collections management, and hosting the Membership Program software and mobile applications (if any)).

(3) Technology. You must pay Franchisor a Technology Fee as specified in the Summary Page and Section 11.E below.

(4) Payments to Affiliates. If any of our Affiliates provides products and services to you, whether under a separate agreement or otherwise, you must promptly pay any and all outstanding invoices and other payments to such Affiliate. Late or non-payment of our Affiliate invoices is a breach of this Agreement, and any such overdue and unpaid invoices to our Affiliates become payable and an outstanding obligation under this Agreement, which is subject to default and termination under Article 18.

D. National Advertising Fund.

Franchisor administers and controls a National Advertising Fund for PMA Studios in the United States (“NAF”). You will pay to Franchisor a continuing, non-refundable monthly contribution of up to 5% of monthly Gross Sales (“NAF Contribution”) to the NAF. Franchisor reserves the right to suspend collection of the NAF Contribution or increase the NAF Contribution at any time, provided that (i) the NAF Contribution will not exceed 5% of Gross Sales, and (ii) the sum of the NAF Contribution, Advertising

Cooperative contribution, and required Local Marketing Expenditure will not exceed 6% of Gross Sales during any 12-month period.

E. Payment for Products and Services.

You agree to pay Franchisor and/or its affiliates for all purchases of merchandise, equipment, supplies, and services from Franchisor and its affiliates, in accordance with the seller's then-current prices, terms and conditions of sale, and credit policies for PMA Studios. Franchisor and its affiliates reserve the right to refuse orders from or deny delivery of products and services to any PMA Studio with a past due balance. Franchisor and its affiliates have the right to change their prices, terms and conditions of sale, and credit policies on reasonable notice.

F. Payment Method.

You must participate in Franchisor's then-current electronic funds transfer program authorizing Franchisor to utilize a pre-authorized bank draft system and sign the ACH Authorization form attached hereto as Attachment H. Except as otherwise specified, all Royalty Fees and other amounts owed under this Agreement, including interest charges, are payable monthly and must be received by Franchisor or credited to Franchisor's account by pre-authorized bank debit before 5:00 p.m. on the date such payment is due, as specified in the Manual (the "Due Date"). On each Due Date, Franchisor will transfer from your commercial bank operating account ("Account") the fees due pursuant to this Section 6 based on the Gross Sales reported to Franchisor by you or as determined by Franchisor by the records contained in the cash registers/computer terminals of the Franchised Business. For the sake of clarity, you must include in Gross Sales all revenue you receive in connection with the operation of the Franchised Business, including without limitation disbursements you receive from any third party sales platform (e.g. Groupon), in each case whether authorized or unauthorized (provided, Franchisor's acceptance of fees paid by Franchisee in connection with unauthorized programs or third party service providers will not constitute a waiver of any right or remedy of Franchisor under this Agreement or applicable law). If you have not reported to Franchisor Gross Sales for any reporting period, Franchisor will transfer from the Account an amount calculated in accordance with its estimate of the Franchised Business' Gross Sales during the reporting period, which estimate may be based on, among other things, historical financial performance of the Franchised Business or current and historical performance of other franchisees. If, at any time, Franchisor determines that you have underreported Gross Sales or underpaid the Royalty Fee or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited against future Royalty Fees and other payments due under this Agreement.

In connection with the payment by electronic funds transfer, you shall: (1) comply with procedures specified by Franchisor in the Manual or otherwise in writing; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 6.G.; (3) give Franchisor an authorization in the form of Attachment I or as otherwise designated by Franchisor to initiate debit entries and credit correction entries to the Account for payments of the Royalty Fee and other amounts payable under this Agreement, including any interest charges; and (4) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

In addition to those fees payable to Franchisor set forth in this Section 6 and elsewhere in this Agreement, Franchisor may, upon notice to Franchisee and at its option, collect payments due to certain Designated Suppliers of goods and services the Franchisee is required to purchase pursuant to the Standards in connection with the development and operation of the Franchised Business via the electronic funds transfer program and may remit such collected amounts to the Designated Suppliers directly. Such payment

on behalf of Franchisee does not constitute a guarantee by Franchisor of any obligation of Franchisee to such Designated Suppliers, and Franchisee will remain fully liable for all such obligations.

Notwithstanding the provisions of this Section 6.G., Franchisor reserves the right to modify, at its option, the method by which you pay the Royalty Fee and other amounts owed under this Agreement, including interest charges, upon receipt of written notice by Franchisor. Your failure to have sufficient funds in the Account shall constitute a default of this Agreement pursuant to Article 18. You shall not be entitled to set off, deduct, or otherwise withhold any Royalty Fees, interest charges, or other monies payable to Franchisor under this Agreement on grounds of any alleged nonperformance by Franchisor of any of its obligations or for any other reason.

G. Interest; Non-Sufficient Funds Charge.

Any payments not received by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Franchised Business operates, whichever is less. If any check, draft, electronic or otherwise, is returned for nonsufficient funds, you shall pay to Franchisor a nonsufficient funds charge in an amount determined by Franchisor, but not to exceed \$100 per transaction or the maximum allowed by applicable law and shall reimburse Franchisor for all expenses that it incurs on account of such nonsufficient funds.

H. Taxes.

Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. You are obligated to pay all federal, state and local taxes, including without limitation sales, use and other taxes, fees, duties and similar charges assessed against you. You are responsible for and must indemnify and hold Franchisor and its Indemnitees (as defined in Section 20.B.) harmless against any penalties, interest and expenses incurred by or assessed against Franchisor as a result of Franchisor's failure to withhold such taxes or to timely remit them to the appropriate taxing authority. You agree to fully and promptly cooperate with Franchisor to provide any information or records it requests in connection with any application by Franchisor to any taxing authority with respect to you.

I. Partial Payments.

No payment by you or acceptance by Franchisor of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Your payments of a lesser amount than due with an endorsement, statement, or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect and Franchisor may accept the partial payments without prejudice to any rights or remedies it may have against you. Acceptance of payments by Franchisor other than as set forth in this Agreement or a waiver by Franchisor of any other remedies or rights available to it pursuant to this Agreement shall not constitute a waiver of Franchisor's right to demand payment in accordance with the requirements of this Agreement or a waiver by Franchisor of any other remedies or rights available to it pursuant to this Agreement or under applicable law. Notwithstanding any designation by you, Franchisor shall have the sole discretion to apply any payments by you to any of your past due indebtedness for Royalty Fees, purchases from Franchisor or its Affiliates, interest or any other indebtedness. Franchisor has the right to accept payment from any other entity as payment by you. Acceptance of that payment by Franchisor will not result in that other entity being substituted as franchisee under this Agreement.

J. Collection Costs and Expenses.

You agree to pay Franchisor on demand all costs and expenses incurred by Franchisor in enforcing the terms of this Agreement including, without limitation, collecting any monies that you owe to Franchisor. These costs and expenses include, without limitation, costs and commissions due a collection agency, reasonable attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Sales of the

Franchised Business, court costs, expert witness fees, discovery costs, and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

K. Pre-Opening Gross Sales.

If Franchisor approves your Franchised Business to engage in pre-opening sales of memberships, then such pre-opening sales, including advance Membership Program sales, will be conducted in accordance with the Standards set forth in the Manual. In such case, Franchisee will pay Franchisor a Royalty Fee, Membership Program Fee, NAF Contribution, and such other fees payable to Franchisor under this Article 6 in accordance with the terms and conditions described above on all Gross Sales of the Franchised Business in connection with such pre-opening sales.

L. Certification Training Fees.

If we require or you request, and we agree to provide, additional on-site or off-site training, you must pay our then current fees and expenses (the "Additional Training Fees"), which will not exceed Five Hundred and No/Dollars (\$500.00) per person per day of training, plus all of our expenses (travel, lodging, meals, etc.). Additional Training Fees are due within five (5) days of our invoice to you. If we require you to obtain third party consultants to provide you training, you must pay to that consultant and reimburse them, all of the expenses they incur for travel, lodging, meals and other expenses and costs they incur associated with providing additional on-site. They will bill you directly for those expenses and costs, and you are responsible for payment to them within five (5) days of the date of our invoice to you unless their invoices indicate a different payment date.

M. Customer Fees.

We reserve the right to charge customers of your PMA Studio fees as we require from time to time. This includes \$39.99 per lesson ("Introductory Lesson Fee") for online introductory lessons and other fees as we indicate in our Manuals. We reserve the right to collect directly from your customers the Introductory Lesson Fee and other fees charged to PMA Studio customers.

7. RECORDKEEPING AND REPORTS

A. Recordkeeping.

You agree to use computerized cash and data capture and retrieval systems that meet Franchisor's specifications and to record Franchised Business sales electronically or on tape for all sales at or from the Franchised Business premises. You shall keep and maintain, in accordance with any procedures set forth in the Manual, complete and accurate books and records pertaining to the Franchised Business in the format and using the accounting software that Franchisor requires. Your books and records shall be kept and maintained using generally accepted accounting principles in the United States ("GAAP"). You shall preserve all of your books, records, and state and federal tax returns for at least five years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to Franchisor within five days after Franchisor's written request. Upon Franchisor's request, you shall provide all organizational documents of the Franchisee, your lease for the Approved Location, and such other records as Franchisor may reasonably require.

B. Periodic Reports.

You shall, at your expense, submit to Franchisor in the form prescribed by Franchisor a monthly profit and loss statement and balance sheet (both of which may be unaudited). Each statement and balance sheet shall be signed by you, your treasurer, or chief financial officer attesting that it is true, correct, and complete and uses accounting principles applied on a consistent basis which accurately and completely reflects the financial condition of the Franchised Business during the period covered. Where Franchisor authorizes Franchisee to use the services of a third-party sales platform (e.g. Groupon), Franchisee must execute an authorization in the form prescribed by Franchisor that permits Franchisor to access the sales made by such third party sales platform and the disbursements paid to Franchisee at least monthly.

C. Other Reports.

You shall submit to Franchisor, for review or auditing, such other forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at times and places reasonably required by Franchisor, upon request and as specified from time-to-time in the Manual or otherwise in writing. At Franchisor's request, you shall furnish to Franchisor a copy of all federal and state income tax returns reflecting revenue derived from the operation of the Franchised Business, and copies of all sales tax returns, filed with the appropriate taxing authorities.

D. Audit Rights.

Franchisor or its designee shall have the right at all reasonable times, both during and for a period of five years after the Term, to inspect, copy, and audit your books, records, and federal, state, and local tax returns, sales tax returns and such other forms, reports, information, and data as Franchisor reasonably may designate, applicable to the operation of the Franchised Business. If an inspection or audit discloses an understatement of Gross Sales, you shall pay Franchisor, within ten days after receipt of the inspection or audit report, the deficiency in the Royalty Fees plus interest (at the rate and on the terms provided in Section 6.E.) from the Due Date until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records, or information on a timely basis, or if an understatement of Gross Sales for the period of any inspection or audit is determined to be greater than 2%, you also shall reimburse Franchisor for the reasonable cost of the inspection or audit including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, accommodations, meals and compensation of Franchisor's employees or designees involved in the inspection or audit. These remedies shall be in addition to all other remedies and rights available to Franchisor under this Agreement and applicable law.

Franchisor may also require you to participate in Brand-wide management and reporting systems, which you must contribute requested data and otherwise participate in. Upon execution of this Agreement, you must also execute Attachment I, the Dashboard Access Agreement, which gives you access to Franchisor's current reporting system. You may be required to participate in other systems in the future, which you must participate in and incorporate into your reporting procedures at your own cost and expense.

E. Accounting Practices.

If you fail to comply with any of the reporting requirements described in this Article 7 then Franchisor may require you to engage a bookkeeping service provider, designated or approved by Franchisor, to provide bookkeeping services for the Franchised Business for such period of time that Franchisor deems appropriate, in its sole discretion.

8. TRAINING AND ASSISTANCE

A. Training.

Franchisor will provide an initial training program at its headquarters or such other location as Franchisor may designate. Your Designated Manager and such other of your management personnel (such as a general manager) as Franchisor may reasonably require must attend and successfully complete the initial training program before the Franchised Business may open for business. "Designated Manager" means the individual identified in Attachment C and that satisfies the requirements and conditions set forth in Section 11.K. There is no charge for up to two individuals (including the Designated Manager) to attend the initial training program. At your request, Franchisor may permit additional individuals to attend the same training program (subject to certain conditions, as set forth in the Manual), provided there is availability for additional participants in the training program and, if approved, you pay to Franchisor its then-current training fee as published in the Manual from time-to-time.

Your Designated Manager, general manager, and other Franchised Business personnel shall attend and successfully complete to Franchisor's satisfaction all safety training courses and programs that

Franchisor requires from time-to-time, including, without limitation, all training that may be required by the state or local municipality where your Franchised Business is located, and shall maintain such certifications at all times throughout the Term. Franchisor may charge, and you agree to pay, a reasonable tuition for all safety training courses and programs that it provides plus, when applicable, reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such training, including travel, accommodations and meals for the individual(s) providing such training.

Your Designated Manager shall be responsible for training your employees in all aspects of Franchised Business operations in accordance with the Standards set forth in the Manual.

Franchisor may, in its sole discretion, require your Designated Manager and other of your management personnel to attend and complete, to Franchisor's satisfaction, such other additional and remedial training as Franchisor may from time-to-time reasonably deem necessary. By way of example and not limitation, remedial training may be required if you repeatedly fail to comply with the quality and service Standards set forth in the Manual, fail to comply with reporting requirements of this Agreement or receive significant customer complaints. Franchisor may charge, and you agree to pay, a reasonable fee for each day of additional or remedial training provided plus, when applicable, reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such training, including travel, accommodations and meals for the individual(s) providing such assistance.

Your martial arts trainers must be trained by us at your PMA Studio or a designated PMA Studio, which lasts approximately between 5 to 10 days (subject to our then-current program, which may be longer). You are otherwise responsible for training your staff. We require your personnel who attend martial arts training to complete it to our satisfaction.

You are responsible for all costs and expenses of complying with Franchisor's training and certification requirements including, without limitation, tuition, fees, and registration costs, as well as compensation, travel, accommodations and meals for all personnel (including the Designated Manager and martial arts trainers) who participate in the training.

B. Pre-Opening Assistance.

Franchisor will provide consultation and advice to you regarding: (1) development and operation of the Franchised Business; (2) building and layout, furnishings, fixtures, and equipment plans and specifications; (3) qualifications and training requirements for various personnel roles required for the operation of the Franchised Business in accordance with the Standards; (4) purchasing and inventory control; and such other matters as Franchisor deems appropriate. If this Agreement is being signed in conjunction with your development and operation of your first PMA Studio, Franchisor, at its sole option, may make available one member of Franchisor's training staff to provide you two to three days of on-site opening assistance. There is no additional fee for such assistance for the first PMA Studio you develop, but if such assistance is provided, you agree to pay reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such on-site opening assistance, including travel, accommodations and meals for the trainer(s) providing such assistance. If you request more than one member to assist you with pre-opening or provide additional training, Franchisor shall charge the then-current training fee per day per each additional member requested, as well as reimburse Franchisor for its out-of-pocket costs incurred in connection with providing such assistance.

C. Ongoing Assistance.

Franchisor periodically, as it deems appropriate, will advise and consult with you regarding the operation of your Franchised Business, and provide to you its knowledge and expertise regarding the System and pertinent new developments, techniques, and improvements in business management, sales promotion, service concepts, and other areas. Franchisor may provide these services through visits by Franchisor's representatives to the Franchised Business, the distribution of printed or filmed material, or

electronic information, meetings, or seminars, telephone communications, email communications, or other communications.

D. Conferences.

Franchisor (or its designated affiliate) may, at its sole option, conduct conferences to discuss System developments including operational efficiency, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, merchandising procedures, and such other matters as Franchisor may identify. Attendance at such conferences by your Designated Manager or general manager may be made mandatory by Franchisor. If you are currently in default of this Agreement then Franchisor may, at its option, prohibit you and your Designated Manager's attendance at such conferences. You are responsible for all costs and expenses associated with attendance including, without limitation, compensation, travel, accommodations, wages, and meals for conference attendees. Franchisor reserves the right to charge a "Conference Fee" between \$500 and \$1,000 per attendee, which is due upon Franchisor's invoice to you. In addition to payment of the Conference Fee, you are responsible for wages, travel, lodging, and other fees and costs for you, your Designated Manager, or other personnel to attend such conferences. If your attendance is required and you fail to attend or send a representative in your place to attend the conference, then Franchisor reserves the right to charge you a conference materials fee of \$1,000 to provide you the training materials from the conference in a format of Franchisor's choosing.

9. MANUAL

Franchisor will loan you one copy of the Manual (as defined in Attachment A), which may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; videos; CD-ROMS or other electronic media; online postings; e-mail or electronic communications; facsimiles; or, any other medium capable of conveying the Manual's contents. Franchisor may supplement, amend, or modify the Manual from time-to-time through any of the foregoing methods of communication concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating a PMA Studio, including without limitation products and services that may be offered to customers, all of which will be considered part of the Manual and will, upon delivery to you, become binding on you as if originally set forth in the Manual or in this Agreement. You must keep your copy of the Manual current and up-to-date with all additions and deletions provided by or on behalf of Franchisor, and you must purchase whatever equipment and related services (including, without limitation, a CD/DVD player, or MP3 player, computer system, internet service, dedicated phone line, facsimile machine, and such other hardware and software and related technology solutions and components as we may prescribe) as may be necessary to receive these communications. If a dispute relating to the contents or interpretation of the Manual develops, the master copy maintained by Franchisor at its principal offices shall control. The Manual is material because it will affect the way you operate your Franchised Business.

The Manual contains detailed standards, specifications, instructions, requirements, methods, and procedures for management and operation of the Franchised Business. The Manual may also contain information relating to customer experience and service standards; customer loyalty, rewards and Membership Programs; management training and Brand qualifications for personnel roles; marketing, advertising, and sales promotions, including Brand strategy and positioning; maintenance and repair of the Franchised Business premises; personnel uniform standards; selection, purchase, storage, packaging, inventory management, service, and sale of all products and merchandise sold at your Franchised Business; graphics; and accounting, bookkeeping, records retention, and other business systems, procedures, and operations. You agree to at all times operate your Franchised Business in strict compliance with the Manual (as supplemented, amended, or modified by Franchisor from time-to-time), to maintain the Manual at the Franchised Business, to not reproduce the Manual or any part of it, to treat the Manual as strictly confidential and proprietary, and to disclose the contents of the Manual only to those employees who have a need to know in connection with the operation of the Franchised Business.

Upon termination or expiration of this Agreement, you shall immediately return the Manual without retaining any copies thereof.

10. MODIFICATIONS OF THE SYSTEM

Franchisor may, at its sole option, change or modify from time-to-time the System, any components of this System, and the requirements applicable to you by means of supplements or amendments to the Manual, including, but not limited to, modifications to the Manual, the required equipment, the signage, the building and premises of the Franchised Business (including the trade dress, décor, and color schemes), the presentation of the Proprietary Marks, and other characteristics to which you are required to adhere (subject to the limitations set forth in this Agreement); adoptions of new administrative forms and methods of report and of payment of any monies owed by Franchisee (including electronic means of reporting and payment); alterations of the products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; and additions to, deletions from, or modifications to the products and services your Franchised Business is authorized or required to offer; and additions, changes, improvements, modifications, substitutions to, of, from, or for the Proprietary Marks or copyrighted materials. You must accept and implement at the Franchised Business any such changes or modifications in the System as if they were a part of the System at the time you executed this Agreement, and you must make such expenditures as the changes or modifications in the System reasonably require.

Because enhancing the Brand's competitive position and consumer acceptance for the Brand's products and services is a paramount goal of Franchisor and its franchisees, and because this objective is consistent with the long-term interest of the System overall, Franchisor may exercise certain rights, to the fullest extent permitted by then-applicable law, with respect to pricing of products and services offered for sale at PMA Studios, including, but not limited to, establishing policies with respect to the maximum and minimum retail prices which you may charge customers of your Franchised Business. Franchisor further reserves the right to establish price promotions or package promotions which may directly or indirectly impact your retail prices, and in which Franchisor may compel you to participate. Franchisor may engage in any such activity periodically or throughout the Term and may engage in such activity in some geographic areas but not others, or with regard to certain subsets of franchisees but not others.

You acknowledge that because uniformity may not be possible or practical under many varying conditions, Franchisor reserves the right to materially vary its standards or franchise agreement terms for any franchisee, based on the timing of the grant of the franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions, or any other condition which Franchisor considers important to the successful operation of the System. Except as required by applicable law, Franchisor is not obligated to disclose any variation or to grant the same or a similar variation to you.

If you develop any new concepts, processes, or improvements relating to the System, whether or not pursuant to a test authorized by Franchisor, you must promptly notify Franchisor and provide Franchisor with all information regarding the new concept, process, or improvement, all of which will automatically become the sole and exclusive property of Franchisor and its Affiliates, and which Franchisor and its Affiliates may incorporate into the System without any payment to you. You, on behalf of yourself and your owners and all personnel, hereby irrevocably assign all rights in any new concepts, process or improvements relating to the System, and any derivative thereof, to Franchisor or any of its Affiliates, at Franchisor's option, and will execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's or its Affiliate's ownership of such new concept, process or improvement relating to the System.

11. PERFORMANCE REQUIREMENTS

A. Best Efforts.

You or Your Designated Manager (see Section 11.K below) must use full time and best efforts in the operation of the Franchised Business and must personally supervise the day-to-day operation of the Franchised Business.

B. Standards, Specifications and Procedures.

You agree to comply with all System specifications, standards, and operating procedures (whether contained in the Manual or any other written communication) relating to the appearance, operation, customer experience, function, safety and cleanliness of a PMA Studio, including without limitation: (1) the types of programs offered; (2) uniformity, pricing and type of all products and services offered for sale at the Franchised Business; (3) sales and marketing procedures and customer service; (4) advertising and promotional programs; (5) Membership Programs (including compliance with the terms and formats of membership agreements in the form prescribed by Franchisor), customer loyalty programs and gift card programs; (6) layout, décor, and color scheme of the Franchised Business; (7) qualification and training of personnel; (8) submission of requests for approval of brands of products, supplies, and suppliers; (9) use and illumination of signs, posters, displays, standard formats, and similar items; (10) use of audio equipment and type and decibel levels of music; (11) use of video equipment and type and decibel level of television broadcasts (including closed captioning requirements); (12) types of fixtures, furnishings, equipment, small wares, and packaging; and (13) the make, type, location, and decibel level of any game, entertainment, or vending machine. Mandatory specifications, standards, and operating procedures, including upgraded or additional equipment (including Computer Systems, as defined below) that Franchisor prescribes from time-to-time in the Manual or otherwise communicates to you shall constitute provisions of this Agreement as if fully set forth in this Agreement.

Such System specifications may include brand specifications (“Approved Brands”), and to the extent that Approved Brands have been identified, you may purchase and use only the Approved Brands. Franchisor may from time-to-time modify its specifications, and you shall promptly comply with all such modifications.

C. Designated Suppliers and Distributors.

You must purchase from us or from suppliers or distributors we designate (each a “Designated Supplier”) all of your requirements for developing, constructing, and operating the Franchised Business including, but not limited to: (1) fixtures, furniture and other furnishings, equipment, supplies, point-of-sale systems, signs, items of décor, architect services, paper products, and other products; (2) uniforms, shirts, and all merchandise and items intended for retail sale (whether or not bearing our Proprietary Marks); (3) advertising, point-of-purchase materials, and other printed promotional materials; (4) gift certificates and stored value cards; (5) stationery, business cards, contracts, and forms; (6) bags, packaging, and supplies bearing the Proprietary Marks; (7) insurance from our Designated Supplier and approved carriers or brokers, to the extent permitted by law; (8) local and regional marketing services through our Designated Supplier, if applicable; (9) reputation management and customer service satisfaction evaluations, and other surveys, and (10) other products and services that we require. You agree to comply with all such requirements.

Franchisor may, at its sole option, enter into supply contracts either for all PMA Studios or a subset of PMA Studios situated within one or more geographic regions (each a “Systemwide Supply Contract”). Franchisor may enter into Systemwide Supply Contracts with one or more vendors of products, services, or equipment and may require all company-owned and franchised PMA Studios in a geographic area to purchase from or use such vendors. If Franchisor enters into such Systemwide Supply Contracts, then immediately upon notification, you must purchase or use the specified product, service, or equipment, as applicable, only from the Designated Supplier for such Systemwide Supply Contract; provided, however,

that if, at the time of such notification, you are already a party to a non-terminable supply contract with another vendor or supplier for the designated product, service, or equipment, then your obligation to purchase from or use Franchisor's Designated Supplier under the Systemwide Supply Contract will not begin until the scheduled expiration or earlier termination of your pre-existing supply contract. Franchisor makes no representation that it will enter into any Systemwide Supply Contracts or other exclusive supply arrangements or, if it does, that you will not otherwise be able to purchase the same products or services at a lower price from another supplier. Franchisor may add to, modify, substitute or discontinue Systemwide Supply Contracts or exclusive supply arrangements in the exercise of its sole discretion and business judgment. If Franchisor enters into a Systemwide Supply Contract or such other contracts with a Designated Supplier (e.g., point-of-sale systems, music licenses, Membership Programs), then you agree to pay Franchisor on a monthly basis (via ACH or Franchisor's then-current electronic payment program and on the Due Date for the Royalty Fee collected under this Agreement), or such other basis as reasonably determined by Franchisor, your pro rata share of such payments due to such Designated Supplier under the Systemwide Supply Contract regardless of whether there is a participation agreement or similar agreement in effect to which you are a party.

Franchisor may also establish commissaries and distribution facilities owned and operated by Franchisor or its Affiliate that Franchisor may deem a Designated Supplier. Franchisor may receive money or other benefits, such as rebates or conference sponsorships, from Designated Suppliers based on your purchases; you agree that Franchisor has the right to retain and use all such benefits as it deems appropriate, in its sole discretion.

Franchisor may approve one or more suppliers for any products and services and may approve a supplier only as to certain products and services. Franchisor may concentrate purchases with one or more suppliers or distributors to obtain lower prices and the best advertising support and services for any group of PMA Studios or any other facilities franchised or operated by Franchisor or its Affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, corporate social responsibility policies or other criteria as set forth in the Manual, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by Franchisor.

If you propose to purchase from a previously unapproved source, you shall submit to Franchisor a written request for such approval or shall request the supplier to submit a written request on its own behalf. Franchisor has the right to require, as a condition of its approval, that its representatives be permitted to sample the product and inspect the supplier's facilities, and that such information, specifications, and samples as Franchisor reasonably requires be delivered to Franchisor and to an independent, certified laboratory designated by Franchisor for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and product testing and the actual cost of the test shall be paid by you ("Supplier Testing Fee"). Franchisor will notify you within 120 days of your request as to whether you are authorized to purchase such products from that supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such Designated Supplier and to revoke its approval of any supplier upon the suppliers' failure to meet Franchisor's criteria for quality and reliability.

D. Authorized Products and Services.

You shall cause the Franchised Business to offer all products and services that Franchisor requires and only offer the products and services that Franchisor has authorized in writing. For the sake of clarity, you may not "co-host" programs at your Franchised Business (e.g., after-school programs and children's camps organized by third party service providers for which the Franchised Business serves as a "host venue") without Franchisor's prior written authorization. Franchisor may add, modify, and discontinue authorized products and services at any time, in its sole discretion, and you shall promptly comply with all directives. The Franchised Business shall begin offering for sale additional, upgraded or modified products and services and cease offering discontinued products and services within ten days of the date you receive

written notice of the addition, modification, or discontinuance. All products and services offered for sale by the Franchised Business shall meet Franchisor's Standards.

ALTHOUGH APPROVED OR DESIGNATED BY FRANCHISOR, FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, FRANCHISOR DISCLAIMS ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS SUPPLIED BY ANY DESIGNATED SUPPLIER OR SUPPLIER APPROVED BY FRANCHISOR. FRANCHISOR'S APPROVAL OF OR CONSENT TO ANY PRODUCTS OR SERVICES, ANY SUPPLIER THEREOF OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO FRANCHISOR.

With respect to party supplies, merchandise and other items required for the operation of the Franchised Business, you shall always maintain an inventory of such products sufficient in quality and variety to realize the full potential of the Franchised Business. Franchisor may, from time-to-time, conduct market research and testing to determine consumer trends and the salability of new products and services. You agree to cooperate in these efforts by participating in customer surveys and market research programs if requested by Franchisor. All customer surveys and market research programs will be at Franchisor's sole cost and expense, unless you have volunteered to participate in the survey or market research and to share your proportionate cost. You may not test any new product or service without Franchisor's prior written consent.

E. Computer Systems and Intranet/Extranet Systems.

You shall acquire and use all point-of-sale systems, computer hardware and related accessories, and peripheral equipment ("Computer Systems") that Franchisor prescribes for use by the Franchised Business and may not use any point-of-sale systems or computer hardware, accessories, or peripheral equipment that Franchisor has not approved for your use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high-speed Internet connections and service.

You shall: (1) use any proprietary software programs (including Studio Pro), system documentation manuals, and other proprietary materials provided to you by Franchisor in connection with the operation of the Franchised Business; (2) input and maintain in your computer such data and information as Franchisor prescribes in the Manual, software programs, documentation, or otherwise; and (3) purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever Franchisor adopts such new or upgraded programs, manuals, and materials system-wide. You shall enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner Franchisor prescribes, and pay all fees charged by third-party software and software service providers thereunder.

As of the Effective Date, Franchisor reserves the right to charge up to \$199 per month with a \$49 setup fee for your use of Studio Pro (the "Studio Pro Software Fee"); however, you agree to pay the then-current Studio Pro Software Fee, which shall periodically change to account for technology evolution. In addition, Franchisor has the right to charge, and you agree to pay, a technology fee ("Technology Fee") in the amount specified in the Summary Page.

You acknowledge that Franchisor may independently access from a remote location, at any time, all information input to, and compiled by, your Computer System or an off-site server, including information concerning Gross Sales, purchase orders, inventory and expenditures, customer data, and any other data contained within your Computer System. You must provide Franchisor continuous, uninterrupted 24/7 independent access to the Computer System to monitor your social media, sales, receivables and other

financial and operational data Franchisor designates. There is no contractual limitation on Franchisor's right to access these records. There are no contractual limitations on Franchisor's right to access or retrieve any information contained and/or utilized by your Computer System.

You acknowledge that technology is ever changing and that, as technology or software is developed in the future, Franchisor may, in its sole discretion, require you to: (1) add to your Computer System memory, ports, and other accessories or peripheral equipment, or additional, new, or substitute software; (2) replace, update or upgrade your Computer System, including but not limited to computer hardware components and software applications as Franchisor prescribes, but not to exceed three times per calendar year.

To ensure full operational efficiency, you agree to keep your Computer System in good maintenance and repair and to make additions, changes, modifications, substitutions, and replacements to your computer hardware, accessories and peripherals, software, telephone and power lines, high speed Internet connections, and other computer-related facilities as directed by Franchisor. Upon termination or expiration of this Agreement, all computer software, disks, tapes, and other magnetic storage media shall be returned to Franchisor in good operating condition, excepting normal wear and tear. You must update the Computer System periodically according to Franchisor's then-current Standards.

Franchisor may, at its option, establish and maintain an intranet or extranet system through which members of PMA franchise network may communicate, and through which Franchisor may disseminate updates to the Manual and other Confidential Information. Franchisor will have no obligation to establish or to maintain the intranet indefinitely and may dismantle it at any time without liability to you. Franchisor may establish policies and procedures for the intranet's use. Franchisor expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, Franchisor can technically access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to Franchisor under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, Franchisor may suspend your access to any chat room, bulletin board, listserv, or similar feature the intranet includes until you fully cure the breach.

F. Non-Cash Payment Systems.

Within a reasonable period following Franchisor's request, you shall accept debit cards, credit cards, stored value cards, or other non-cash systems (including, for example, APPLE PAY, and/or GOOGLE WALLET) specified by Franchisor to enable customers to purchase authorized products, and you shall obtain all necessary hardware and software used in connection with these non-cash systems. You will use the Designated Suppliers of such non-cash payment systems that we designate in the Manual, and we will collect your pro rata share of payments due to such Designated Suppliers in accordance with Section 11.C. related to Systemwide Supply Contracts. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Proprietary Marks and System. Accordingly, you shall cause the Franchised Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Security Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. You shall use only the non-cash payment systems approved by Franchisor and are prohibited from accepting any currency or payment type other than U.S. currency. This prohibition extends to cryptocurrency or any other non-U.S. currency-based payment systems. You shall take commercially reasonable precautions to prevent data security breaches, and to comply with breach notification statutes and other legal requirements in the event of a security breach. You are solely responsible for your own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. **YOU SHALL DEFEND, INDEMNIFY, AND HOLD FRANCHISOR HARMLESS FROM AND AGAINST ALL CLAIMS ARISING OUT OF**

OR RELATED TO YOUR VIOLATION OF THE PROVISIONS OF THIS SECTION 11.F. IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.

G. Franchisor Inspections.

Franchisor or its designees shall have the right at any reasonable time and without prior notice to you to: (1) inspect the Franchised Business premises; (2) observe, photograph, and record the operation of the Franchised Business for such consecutive or intermittent periods as Franchisor deems necessary; (3) interview Franchised Business personnel; (4) interview customers; and (5) inspect and copy any books, records, and documents relating to the operation of the Franchised Business or, upon request of Franchisor or its designee, require you to send copies thereof to Franchisor or its designee. You shall present to your customers those evaluation forms as are periodically prescribed by Franchisor and shall participate and ask your customers to participate in any surveys performed by or on behalf of Franchisor as Franchisor may direct.

You agree to cooperate fully with Franchisor or its designee regarding any such inspection, observations, recordings, product removal, and interviews. You shall take all necessary steps to immediately correct any deficiencies detected during these inspections including, without limitation, ceasing further sales of unauthorized items and ceasing further use of any equipment, advertising materials, or supplies that do not conform to the Standards and requirements promulgated by Franchisor from time-to-time. Franchisor shall have the right to develop and implement a grading system for inspections and, to the extent such a system is implemented, if the Franchised Business fails to achieve a passing score on any inspection, Franchisor may require your key personnel identified in Attachment C and other Franchised Business personnel to attend and participate in such additional training as Franchisor deems appropriate. If the Franchised Business fails to achieve a passing score on any two consecutive inspections or if the Franchised Business fails to achieve a passing score three or more times in any 12-month period, Franchisor may terminate this Agreement in accordance with Article 18.

These inspections may take the forms of quality assurance inspections and mystery shops. To the extent Franchisor engages a third-party service for conducting quality assurance inspections and mystery shops, you must reimburse Franchisor its actual costs of the mystery shop and cost of any merchandise purchased (“Compliance Review Fee”) in connection with inspections and mystery shops conducted at your Franchised Business. At Franchisor’s request, Franchisor may require you to pay these amounts directly to the applicable services provider.

H. Upkeep of the Franchised Business.

You shall continuously operate the Franchised Business and shall, at all times and at your sole expense, maintain in first class condition and repair (subject to normal wear and tear), in good working order, in accordance with the requirements of the System, and in compliance with all applicable laws and regulations, the interior and exterior of the Franchised Business premises, including, without limitation, all furniture, fixtures, equipment, furnishings, floor coverings, interior and exterior signage, interior and exterior finishes, and interior and exterior lighting. You shall promptly and diligently perform all necessary maintenance, repairs, and replacements to the Franchised Business premises as Franchisor may prescribe from time-to-time including periodic interior painting and replacement of obsolete or worn-out signage, floor coverings, furnishings, equipment, and décor.

I. Franchised Business Operations.

You shall cause the Franchised Business to be open and operating on the days and during the hours that Franchisor designates, subject to applicable lease and local law or licensing limitations. You shall operate and maintain the Franchised Business in conformity with the highest ethical standards and sound business practices and in a manner that will enhance the goodwill associated with the Proprietary Marks.

J. Management and Personnel.

You shall employ a sufficient number of qualified, competent personnel to satisfy the demand for the products and services offered by the Franchised Business. Your key management personnel are identified in Attachment C to this Agreement. You shall hire all employees of the Franchised Business and be exclusively responsible for the terms of their employment and for the proper training of such employees in the operation of the Franchised Business, including without limitation with respect to customer relations. You will ensure that your personnel comply with the Standards set forth in the Manual, including compliance with Standards related to customer service and engagement. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Proprietary Marks.

Franchisor may provide recommendations to you on qualifications and skill level of certain employees or prospective candidates, including but not limited to their martial arts skill levels. These recommendations do not constitute direction to you on whether to employ or discharge candidates, or otherwise impact your employment relationship with your employees. You retain the sole authority to make employment decisions regarding your employees.

The parties acknowledge and agree that Franchisor neither dictates nor controls labor or employment matters for you or your employees. You are exclusively responsible for labor and employment-related matters and decisions related to the Franchised Business, including, but not limited to, hiring, promoting, and compensating personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages, benefits and work hours, method of payment, maintenance of employment records, for disciplining and discharging your employees, and for supervising and controlling your employee's work schedule or conditions of employment. You are exclusively responsible for labor relations with your employees. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Operations Manual or otherwise for your optional use. You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the Franchised Business. **YOU SHALL DEFEND AND INDEMNIFY FRANCHISOR AND ITS INDEMNITIES (AS DEFINED IN SECTION 20.B BELOW) AGAINST ANY AND ALL PROCEEDINGS, CLAIMS, INVESTIGATIONS, AND CAUSES OF ACTION INSTITUTED BY YOUR EMPLOYEES OR BY OTHERS THAT ARISE FROM YOUR EMPLOYMENT PRACTICES IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.**

K. Designated Manager.

You shall designate and retain an individual to serve as your Designated Manager. The Designated Manager as of the date of this Agreement is identified in Attachment C to this Agreement. Unless waived in writing by Franchisor, the Designated Manager shall meet all of the following qualifications:

(1) He or she, at all times, shall have full control over the day-to-day activities and operations of the Franchised Business and shall devote full time and best efforts to supervising the operation of the Franchised Business (and any other PMA Studios that you own and operate pursuant to a franchise agreement with Franchisor) and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment;

(2) He or she shall successfully complete the initial training program and any additional training required by Franchisor;

(3) Franchisor shall have approved him or her as meeting its then-current Standards for such position, and not have later withdrawn such approval; and

(4) He or she shall have executed and delivered to Franchisor a Confidentiality and Noncompete Agreement in the form attached to this Agreement as Attachment E.

If the Designated Manager ceases to serve in, or no longer qualifies for such position, you shall inform the Franchisor immediately and designate another qualified person to serve as your Designated Manager within 30 days. Franchisor reserves the right to approve or reject your replacement Designated Manager. Your approved replacement Designated Manager must successfully complete the initial training program and execute and deliver to Franchisor a Confidentiality and Noncompete Agreement in the form prescribed by Franchisor before assuming Designated Manager responsibilities. We reserve the right to charge you our then-current reasonable training fee to train your new Designated Manager.

L. Signs and Logos.

Subject to any applicable local ordinances, you shall prominently display at the Franchised Business premises such interior and exterior signs, logos, and advertising of such nature, form, color, number, location, and size, and containing the content and information that Franchisor may from time-to-time direct. You shall not display in or about the Franchised Business premises or otherwise regarding the Proprietary Marks any unauthorized sign, logo, or advertising media of any kind.

M. Entertainment Equipment.

You shall not permit to be installed at the Franchised Business premises any juke box, vending or game machine, gum machine, game, ride, gambling or lottery device, coin or token operated machine, or any other music, film, or video device not authorized by Franchisor.

N. Compliance with Laws and Good Business Practices.

You shall secure and maintain in full force in your name and at your expense all required licenses, permits, and certifications relating to the operation of the Franchised Business, including without limitation any licenses, permits, and certifications that may be required in the jurisdiction in which the Franchised Business is located with respect to services and programs (e.g., after-school programs and children's camps) offered at your Franchised Business. You shall operate the Franchised Business in full compliance with all laws, ordinances, and regulations including, without limitation, all laws or regulations governing or relating to immigration and discrimination, occupational hazards, employment laws (including, without limitation, workers' compensation insurance, unemployment insurance, and the withholding and payment of federal and state income taxes and social security taxes) and the payment of sales taxes. All advertising and promotion for the Franchised Business shall be completely factual and shall conform to the highest standards of ethical advertising and all applicable law, including truth in advertising laws. In all dealings with the Franchised Business' customers, suppliers, and the public, you shall adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You acknowledge that the quality of customer service, and every detail of appearance and demeanor of you and your employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, you shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business, including operating in strict compliance with all applicable standards, rules, and regulations. You shall at all times give prompt, courteous, and efficient service to customers of the Franchised Business. You shall refrain from any business or advertising practices that may be injurious to the good will associated with the Proprietary Marks or to PMA Brand, Franchisor or its Affiliates, the System, or other System franchisees.

You shall notify Franchisor in writing within five days after the commencement of: (1) any action, suit, or proceeding, or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation of the Franchised Business or your financial condition; or (2) any notice of violation of any law, ordinance, or regulation relating to health or sanitation at the Franchised Business.

O. Payment of Taxes and Other Indebtedness.

You shall promptly pay, when due, all taxes levied or assessed by any federal, state, or local tax authority and any and all other indebtedness incurred by you in the operation of the Franchised Business.

In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

P. Membership Program.

You must comply with the Standards for the Membership Program set forth in the Manuals, including Membership Program tiers, pricing, and such other terms and conditions as we may establish from time to time. We or our Designated Supplier will administer the Membership Program, and we reserve the right to modify the structure of the Membership Program and the benefits of membership at any time upon notice to you. In connection with the sale of each membership, the customer must enter into a membership agreement with us in the form prescribed by us.

You acknowledge that we and our Affiliates have the right, through the point-of-sale or other technology system components, or otherwise, to independent and unrestricted access to lists of the Franchised Business's members and prospects, including names, addresses and other related information ("Member Information"). If we require your participation, you must sign the Dashboard Access Agreement, attached hereto as Attachment I and pay the relevant fees, and any other reporting software that we require from time to time. We and our Affiliates may use Member Information in our and their business activities, but, during the Term, we and our Affiliates will not use the Member Information that we or they learn from you or from accessing the point-of-sale or other technology system components to compete directly with the Franchised Businesses. Upon termination of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Member Information in any manner that we or they deem necessary or appropriate.

Q. Crisis Management Events.

Upon the occurrence of a Crisis Management Event, you must immediately inform Franchisor's President, Chief Executive Officer, or Chief Legal officer (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event. You must not communicate directly with the press or media, and you and your employees are prohibited from publishing your own statements on any other median, including on any social media platform.

12. ORGANIZATION OF THE FRANCHISEE

A. Representations.

If you are a Business Entity, you make the following representations and warranties: (1) the Business Entity is duly organized and validly existing under the laws of the state of its formation; (2) it is qualified to do business in the state or states in which the Franchised Business is located; (3) execution of this Agreement and the development and operation of the Franchised Business is permitted by its governing documents; and (4) unless waived in writing by Franchisor, its charter documents and its governing documents shall at all times provide that the activities of the Business Entity are limited exclusively to the development and operation of PMA Studios.

If you are an individual, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (1) each individual has executed this Agreement; (2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (3) notwithstanding any transfer for convenience of ownership pursuant to Article 17 of this Agreement, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

B. Governing Documents.

If you are a corporation, copies of your Articles of Incorporation, bylaws, other governing documents, and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, must be furnished to Franchisor. If you are a limited liability company, copies of your Articles of Organization, operating agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members must be furnished to Franchisor. If you are a general or limited partnership, copies of your written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners must be furnished to Franchisor, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by your written partnership agreement or applicable law. When any of these governing documents are modified or changed, you must promptly provide copies of the modifying documents to Franchisor.

C. Ownership Interests.

If you are a Business Entity, you represent that all of your equity interests are owned as set forth on Attachment C to this Agreement. In addition, if you are a corporation, you shall maintain a current list of all Owners, including owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If you are a limited liability company, you shall maintain a current list of all members (and the percentage membership interest of each member). If you are a partnership, you shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership interest of each general and limited partner). You shall comply with Article 17 of this Agreement prior to any change in ownership interests and shall execute any necessary addenda to Attachment C as changes occur to ensure the information contained in Attachment C is true, accurate, and complete at all times.

D. Restrictive Legend.

If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: “Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the PMA® Franchise Agreement(s) to which the corporation is a party.” If you are a limited liability company, each membership or management certificate or other evidence of interest in the limited liability company shall have conspicuously endorsed upon its face the following statement: “Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the PMA® Franchise Agreement(s) to which the limited liability company is a party.” If you are a partnership, your written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

E. Guarantees.

If you are a Business Entity, each Owner (and if you are a limited partnership, each of your general partner’s Owners) shall execute the Undertaking and Guaranty attached hereto as Attachment D.

13. PROPRIETARY MARKS AND INTELLECTUAL PROPERTY

A. Acknowledgments.

You expressly understand and acknowledge that: (1) as between you and Franchisor, Franchisor is the exclusive owner of all right, title, and interest in and to the Proprietary Marks (and all goodwill symbolized by them) and the Intellectual Property; (2) the Proprietary Marks are valid and serve to identify the System and those who are licensed to operate a Franchised Business in accordance with the System; (3)

your use of the Proprietary Marks and Intellectual Property pursuant to this Agreement does not give you any ownership interest or other interest in or to them, except the nonexclusive license to use them in accordance with this Agreement and the Standards; (4) any and all goodwill arising from your use of the Proprietary Marks, Intellectual Property and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System, Intellectual Property or the Proprietary Marks; (5) the license and rights to use the Proprietary Marks and Intellectual Property granted hereunder to you are nonexclusive; (6) Franchisor may itself use, and grant franchises and licenses to others to use, the Proprietary Marks, Intellectual Property, and the System; (7) Franchisor may establish, develop and franchise other systems, different from the System licensed to you herein, without offering or providing you any rights in, to, or under such other systems; and (8) Franchisor may add to, eliminate, modify, supplement, or otherwise change, in whole or in part, any aspect of the Proprietary Marks or Intellectual Property.

B. Modification of the Proprietary Marks and Intellectual Property.

Franchisor reserves the right to add to, eliminate, modify, supplement, or otherwise change any of the Proprietary Marks and Intellectual Property, in whole or in part. You must promptly take all actions necessary to adopt all new and modified Proprietary Marks or Intellectual Property and discontinue using obsolete Proprietary Marks or Intellectual Property which may include, among other things, acquiring and installing, at your expense, new interior and exterior signage and graphics.

C. Use of the Proprietary Marks and Intellectual Property.

You shall use only the Proprietary Marks and Intellectual Property designated by Franchisor and shall use them only in connection with the operation and promotion of the Franchised Business and in the manner required or authorized and permitted by Franchisor. Your right to use the Proprietary Marks and Intellectual Property is limited to the uses authorized under this Agreement and in the Manual, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights and grounds for termination of this Agreement.

You shall not use all or any recognizable portion of the Proprietary Marks as part of your Business Entity or other legal name, and may not use them to incur any obligation or indebtedness on Franchisor's behalf. You shall comply with all requirements of Franchisor's and applicable state and local laws concerning use and registration of fictitious and assumed names and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

D. Internet and Social Media Usage.

You may not cause or allow all or any recognizable portion of the Proprietary Marks to be used or displayed as all or part of an e-mail address, Internet domain name, uniform resource locator ("URL"), or meta-tag, or in connection with any Internet home page, web site, mobile channels, or any other Internet-related activity without Franchisor's express written consent, and then only in a manner and in accordance with the procedures, standards and specifications that Franchisor establishes. This prohibition includes use of the Proprietary Marks or any derivative of the Proprietary Marks as part of in the registration of any user name on any gaming website, personal blogs or social networking website including, but not limited to, Facebook, LinkedIn, Yelp, Pinterest, Instagram, Tik Tok or Twitter, or any virtual worlds, file sharing, audio sharing and video-sharing sites. You will at all times during the Term comply with our social media and networking policies will be provided to you in the Manual, and may be modified, amended, or terminated by us at any time.

E. Customer Data.

All customer information collected by Franchisee in connection with the operation of the Franchised Business (“Customer Data”), and all revenues Franchisor derives from such Customer Data, will constitute our sole property and be considered Confidential Information. Franchisor may use such Customer Data for any reason without compensation to Franchisee. You will assign all rights in Customer Data to us as further described in Section 13.F. You will provide copies of all Customer Data to us upon request. At your sole risk and responsibility, you may use Customer Data that you acquire solely in connection with operating the Franchised Business to the extent your use is permitted by applicable law. Upon expiration, termination or transfer of your Franchise Agreement, you must immediately cease using all Customer Data and all copies of Customer Data must be returned to us and removed from your POS, computer hardware and software and any other form of electronic media or hard copy in your possession or to which you have access.

In connection with collecting, storing and using Customer Data, you will: (1) comply with all applicable privacy laws (“Privacy Laws”); (2) comply with all Standards that relate to Privacy Laws and the privacy and security of Customer Data; (3) comply with any posted privacy policy and other representations made to the individual identified by Customer Data you process and communicate any limitations required thereby to any authorized receiving party in compliance with all Privacy Laws; (4) refrain from any action or omission that could cause Franchisor to breach any Privacy Laws; (5) maintain reasonable physical, technical and administrative safeguards for Customer Data and other Confidential Information that is in your possession or control in order to protect the same from unauthorized processing, destruction, modification or use that would violate the Franchise Agreement or any Privacy Law; (6) do and sign, or arrange to be done and signed, each act and document we deem necessary in our business judgment for us to maintain compliance with Privacy Laws; and (7) immediately report to us any theft or loss of Customer Data (other than the Customer Data of your own officers, directors, shareholders, employees or service providers).

You will, upon our request, provide us our representatives with: (1) information, reports and the results of any audits performed on your Franchised Business regarding your data security policies, security procedures or security technical controls related to Customer Data; and (2) access to your technology systems and related records, policies and practices that involve processing Customer Data in order to mitigate a security incident or so that an audit may be conducted.

In addition to the indemnity obligations set forth in Section 20.B and in accordance with the indemnification procedures set forth in Section 20, you will indemnify, defend and hold us harmless from losses arising out of or relating to any theft, loss or misuse of Customer Data or your breach of any of the terms, conditions or obligations relating to data security, privacy or Customer Data set forth in this Agreement.

You will immediately notify us upon discovering or otherwise learning of any theft, loss or misuse of Customer Data. You will, at your sole cost and expense, undertake remediation efforts and reasonably cooperate in any remediation efforts undertaken by us and further will implement corrective actions to prevent the recurrence of a similar incident. You will comply with the crisis management policies set forth in the Manual in connection with any data security incident involving your Franchised Business or PMA system and will refrain from making any public comment with respect to such incident, including without limitation communications with customers regarding such incident, except as directed by us or in accordance with applicable law. You will provide all documentation and information to use related to any incident involving the unauthorized access or use of Customer Data. Where you are required by applicable law to notify customers directly about the incident, you must notify us in writing promptly after concluding that you have such a legal obligation and you will limit such notice to the customers to whom you are legally required to provide notice. You will reasonably cooperate with us in connection with any notice to customers and will assist in sending notices to such customers at our request.

F. Assignment of Rights.

In addition to your obligations set forth in Section 10 with respect to development of new concepts, modifications or improvements to the System, to the extent that you or any Owner or personnel creates any derivative work based on the Proprietary Marks or Intellectual Property (“Derivative Works”), you and each such Owner and personnel hereby permanently and irrevocably assigns to Franchisor all rights, interests, and ownership (including intellectual property rights and interests) in and to the Derivative Works, and agree to execute such further assignments as Franchisor may request. The term “Derivative Works” shall be interpreted to include, without limitation: any and all of the following which is developed by you, or on your behalf, if developed in whole or in part in connection with your Franchised Business: all products or services; all variations, modifications and/or improvements on products or services; your means, manner and style of offering and selling products and services; management techniques or protocols you may develop (or have developed on your behalf); all sales, marketing, advertising, and promotional programs, campaigns, or materials developed by you or on your behalf; and, all other intellectual property developed by you or on behalf of your Franchised Business.

Franchisor may authorize itself, its Affiliates, and other Franchised Businesses to use and exploit any such rights assigned by this Section 13.E. The sole consideration for your assignment to Franchisor of the foregoing rights shall be Franchisor’s grant of the Franchise conferred to you under this Agreement. You and each Owner shall take all actions and sign all documents necessary to give effect to the purpose and intent of this Section 13.E. You and each Owner and personnel irrevocably appoint Franchisor as true and lawful attorney-in-fact for you and each Owner and authorize Franchisor to take such actions and to execute, acknowledge, and deliver all such documents as may from time-to-time be necessary to convey to Franchisor all rights granted herein.

G. Infringement; Notice of Claims.

If you become aware of any infringement of the Proprietary Marks or Intellectual Property or if your use of the Proprietary Marks or Intellectual Property is challenged by a third party, then you must immediately notify Franchisor. Franchisor shall have the exclusive right to take whatever action it deems appropriate. If Franchisor or its Affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks or other intellectual property, you must sign all documents and perform such acts and things as, in the opinion of Franchisor’s counsel, may be necessary to carry out such defense or prosecution. If it becomes advisable at any time in the sole discretion of Franchisor to modify or discontinue the use of any Proprietary Mark or Intellectual Property, or to substitute a new mark or graphic for any Proprietary Mark or Intellectual Property, as applicable, you must promptly comply, at your expense (which may include the cost of replacement signage and/or trade dress), with such modifications, discontinuances, or substitutions within 60 days following your receipt of written notice of the change.

H. Remedies and Enforcement.

You acknowledge that in addition to any remedies available to Franchisor under this Agreement, you agree to pay all court costs and reasonable attorneys’ fees incurred by Franchisor in obtaining specific performance of, a temporary restraining order and/or an injunction against violation of the provisions of this Article 13.

14. CONFIDENTIALITY OBLIGATIONS AND RESTRICTIVE COVENANTS

A. Confidential Information.

You and each Owner acknowledge that all Confidential Information belongs exclusively to Franchisor. You and each Owner agree to use and permit the use of the Confidential Information only in connection with the operation of your Franchised Business, to maintain the confidentiality of all Confidential Information, to not duplicate any materials containing Confidential Information. You and each Owner further agree that you will not at any time, during the term of this Agreement and after expiration

or earlier termination of this Agreement: (1) divulge any Confidential Information to anyone, except to your employees and professional advisors having a need to know; (2) divulge or use any Confidential Information for the benefit of yourself, your Owners, or any third party (including any person, business entity, or enterprise of any type or nature), except in the operation of your Franchised Business, and then only in strict compliance with the Manual and System; or (3) directly or indirectly imitate, duplicate, or “reverse engineer” any of our Confidential Information, or aid any third party in such actions.

Upon the expiration or earlier termination of this Agreement, you will return to Franchisor all Confidential Information which is then in your possession, including, without limitation, customer lists and records, all training materials and other instructional content, all financial and non-financial books and records, the Manual and any supplements to the Manual, and all computer databases, software, and manual. Franchisor reserves the right, upon its specific written request, to require you to destroy all or certain such Confidential Information and to certify such destruction to Franchisor. You specifically acknowledge that all customer lists or information added by your Franchised Business is not your property, but is Franchisor’s property, and you further agree to never contend otherwise.

You shall cause your Designated Manager and any employee, professional advisors or other third party with authorized access to Confidential Information as described in this Section 14.A, including information contained in the Manual, to sign a confidentiality agreement in a form prescribed by Franchisor, which identifies Franchisor as a third-party beneficiary of such agreement and gives Franchisor independent rights of enforcement.

The provisions of this Section 14.A will survive expiration or termination of this Agreement.

B. Covenants of the Franchisee.

You acknowledge that you and your Owners will receive valuable specialized training and Confidential Information, including, without limitation, information regarding development and operation methods, strategies and procedures; sales, promotional, and marketing methods; techniques and other trade secrets of Franchisor and the System.

You covenant and agree that during the term of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any PMA Studio to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than PMA Studios operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks; provided that such restriction shall not apply to less than a 5% beneficial interest in any publicly traded corporation.

You further covenant and agree that for a two (2)-year continuous and uninterrupted period (which shall be tolled during any period of noncompliance) commencing upon expiration or termination of this Agreement, regardless of the reason for termination, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any PMA Studio to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly,

any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business (other than PMA Studios operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor), that either: (a) is, or is intended to be, located (i) at the location of any former PMA Studio; (ii) within a 25-mile radius of your former Franchised Business location; or (iii) within a 25-mile radius of any other PMA Studio in existence or under development at the time of such termination or transfer; or (b) delivers services through the internet or mobile channels to customers within a 25-mile radius of your former Franchised Business location.

C. Covenants of the Franchisee's Owners.

During the term of this Agreement, your Owners will not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any PMA Studio to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than PMA Studios operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks; provided that such restriction shall not apply to less than a 5% beneficial interest in any publicly traded corporation.

For a two (2) year continuous and uninterrupted period (which shall be tolled during any period of noncompliance) commencing upon the earlier of (i) expiration or termination of this Agreement, regardless of the cause for termination, (ii) dissolution of the franchisee entity, or (iii) the transfer or redemption of an Owner's interest in the franchisee entity, your Owners will not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any PMA Studio to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business (other than PMA Studios operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor), that either: (a) is, or is intended to be, located (i) at the location of any former PMA Studio; (ii) within a 25-mile radius of your former Franchised Business location; or (iii) within a 25-mile radius of any other PMA Studio operating under the System and Proprietary Marks in existence or under development at the time of such termination or transfer; or (b) delivers services through the internet or mobile channels to customers within a 25-mile radius of your former Franchised Business location.

At Franchisor's request, each Owner shall execute a separate agreement containing the terms contained in this Section 14.C.

D. Reformation and Reduction of Scope of Covenants.

If any part of these restrictions contained in this Article 14 is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court or arbiter to that deemed reasonable. If, at any time during the two-year period following the expiration, termination, or approved transfer of this Agreement or the date any Owner ceases to be an Owner under this Agreement, Franchisee or any of its Owners fails to comply with its obligations under this Article 14, that period of non-compliance will not be credited toward satisfaction of the two-year period.

E. Acknowledgments.

The parties and each Owner acknowledge and agree that any claims that you or such Owner may have or allege to have against Franchisor shall not constitute a defense to the enforcement of any covenant contained in this Article 14.

F. No Undue Hardship.

You and each Owner acknowledge and agree that the covenants set forth in this Article 14 are fair and reasonable. You acknowledge and agree that such covenants will not impose any undue hardship on you and that you have other considerable skills, experience, and education affording you the opportunity to derive income from other endeavors. Each Owner acknowledges and agrees that such covenants will not impose any undue hardship on him or her, and that each has other considerable skills, experience, and education affording him or her the opportunity to derive income from other endeavors.

G. Injunctive Relief.

You and each Owner acknowledge that the violation of any covenant contained in this Article 14 would result in immediate and irreparable injury to Franchisor for which there is no adequate remedy at law. The parties acknowledge and agree that, in the event of a violation of any covenant contained in this Article 14, Franchisor shall be entitled to seek injunctive relief to restrain such violation in accordance with the usual equity principles. The party in violation of any foregoing covenant shall reimburse Franchisor for any costs that it incurs (including attorneys' fees) in connection with enforcement of the provisions contained in this Article 14.

15. BRAND DEVELOPMENT; MARKETING

A. General Requirements.

In addition to contributions to the NAF, you must make the Local Marketing Expenditure and the Advertising Cooperative contribution under Section 15.C., as designated by Franchisor, provided that the combined amount for the NAF Contribution, Local Marketing Expenditure and Advertising Cooperative shall not exceed 6% of Gross Sales in the aggregate during any 12-month period. Franchisor may allocate up to 5% of Gross Sales to the NAF Contribution. The initial Local Marketing Expenditure is set forth in the Summary Page. At Franchisor's request, Franchisee will furnish Franchisor with copies of invoices and other documentation reasonably satisfactory to Franchisor evidencing compliance with this Section 15.A. If Franchisor determines that Franchisee's Local Marketing Expenditure, combined with the NAF Contribution and Advertising Cooperative contribution, total less than the then-current percentage of Gross Sales required by Franchisor during the then-most recently completed three consecutive months, Franchisor may notify Franchisee of any additional amounts that Franchisee must spend (up to the then-current percentage of Gross Sales required by Franchisor) on local marketing, and if Franchisee has not spent such additional amounts (in addition to any ongoing marketing requirements) by the end of the three-month period following the month in which Franchisee receives such notice, then Franchisor may collect those unspent amounts directly from Franchisee's account pursuant to Section 6.G. and contribute them to the NAF, without any liability or obligation to use such funds for Franchisee's local advertising. Alternatively, at Franchisor's discretion, Franchisor may collect these monies from you and place the advertising on your

behalf. Franchisor will provide Franchisee with not less than 30 days' notice of any determination which changes the amount of the Local Marketing Expenditure Franchisee must spend.

You shall focus your marketing activities within your Protected Area. You may engage in direct marketing activities in the Protected Area (even if it is overlapping with another franchisee's protected area). For purposes of this agreement, "direct marketing activities" include, without limitation, personal solicitations, direct mailings, sporting event sponsorships and advertising, and school event sponsorships and advertising. "Direct marketing activities" does not include web site advertising or targeted emails or text messages to existing customers. Franchisor may develop policies and procedures that apply to all types of advertising and marketing efforts, including social media advertising, and Franchisee shall comply with such policies and procedures. You may not conduct marketing activities outside of your Protected Area, unless Franchisor provides you with written consent specifically identifying the additional areas and time frame in which you may market outside of your Protected Area.

All of your promotional and marketing materials shall comply with applicable law and conform to Franchisor's standards and specifications related to advertising, marketing, and trademark use. You shall submit to Franchisor samples of proposed promotional and marketing materials, and notify Franchisor of the intended media, before first publication or use. Franchisor will use good faith efforts to approve or disapprove proposed promotional and marketing materials within ten business days after receipt. You may not use the promotional or marketing materials until Franchisor expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. Franchisor may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

Franchisor reserves the right to identify a Designated Supplier of local and regional marketing services and/or establish a Systemwide Supply Contract for local and regional marketing services. In such case, Franchisor may collect all or a portion of the Local Marketing Expenditure in accordance with Section 6.G. and apply it to fees payable to the Designated Supplier for such local and regional marketing services. If the full amount of the Local Marketing Expenditure is applied to fees due under such a Systemwide Supply Contract, then Franchisee may, but is not required to, conduct additional or supplemental local marketing activities in accordance with this Section 15.A. If Franchisor collects less than the full amount of the Local Marketing Expenditure, then Franchisee must spend the remaining Local Marketing Expenditure in its marketing activities in its Protected Area in accordance with this Section 15.A.

B. Grand Opening Advertising.

You agree to spend at least the Grand Opening Advertising Amount set forth in the Summary Page in accordance with the Standards to promote the opening of your Franchised Business. All grand opening advertising and promotional materials shall be submitted to Franchisor for approval pursuant to Section 15.A., above. The Grand Opening Advertising must be conducted during the period that is 12 to 15 weeks before and 30 days following the opening of your PMA Studio to the public (or such other period as may be prescribed by us in the Manuals). You may choose to utilize our grand opening coordinator (the "Grand Opening Coordinator") for \$1,000 or the then-current Grand Opening Coordinator fee, plus the cost of travel, lodging, and other expenses for the Grand Opening Coordinator. The Grand Opening Advertising Amount is in addition to the cost for a Grand Opening Coordinator provided by us.

C. Advertising Cooperatives.

Franchisor may, from time-to-time, form local or regional advertising cooperatives (each an "Advertising Cooperative") to pay for the development, placement, and distribution of advertising for the benefit of Franchised Businesses located in the geographic region served by the Advertising Cooperative. Any Advertising Cooperative established by Franchisor will be operated solely as a conduit for the collection and expenditure of Advertising Cooperative fees for the foregoing purposes.

If Franchisor forms an Advertising Cooperative for the region in which the Franchised Business is located, you agree to participate in the Advertising Cooperative pursuant to the terms of this Section 15.C.

Franchisor shall have the exclusive right to create, dissolve, and merge each Advertising Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto, provided that such documents shall: (1) operate by majority vote, with each PMA Studio (including those owned or managed by Franchisor or its Affiliates) entitled to one vote; (2) entitle Franchisor to cast one vote (in addition to any votes it may be entitled to on account of its ownership or operation of PMA Studios in the area served by the Advertising Cooperative); (3) permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions; and (4) provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination. If the majority of the voting power of an Advertising Cooperative consists of PMA Studios owned by Franchisor or its Affiliates, contributions will not exceed \$10,000 per year without the consent of a majority of the remaining members.

You agree to be bound by all organizational and governing documents created by Franchisor and, at Franchisor's request, shall execute all documents necessary to evidence or affirm your agreement. The Advertising Cooperative shall begin operating on a date determined in advance by Franchisor.

No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without Franchisor's prior approval. All advertising plans and materials must conform to the Standards and must be submitted to Franchisor for approval according to the procedures set forth in Section 15.A of this Agreement.

D. Restriction Against Internet Advertising.

You may not establish or maintain a web site or other presence on the World Wide Web portion of the Internet, including gaming websites or social networking websites such as, but not limited to, FACEBOOK, LINKEDIN, YELP, TIKTOK, or TWITTER, which reflects any of the Proprietary Marks or any of Franchisor's copyrighted works, that includes the term "PMA" or "Premier Martial Arts" as part of its URL or domain name, that otherwise states or suggests your affiliation with PMA brand or franchise system, or that uses or displays any collateral merchandise offered at the Franchised Business, without Franchisor's express written consent, and then only in a manner and in accordance with the procedures, standards and specifications that Franchisor establishes. Our social media and networking policies will be provided to you in the Manual, and may be modified, amended, or terminated by us at any time.

At our option, we or one or more of our designees may maintain one or more websites to advertise, market and promote PMA Studios, the products and services that they offer and sell, and the PMA Studio franchise opportunity (each a "System Website"). If we establish one or more System Websites, we will provide you with a webpage that references the Studio on one or more of the System Websites that we designate. You must give us the information and materials that we request from time to time to develop, update and modify such webpage. By providing the information and materials to us, you will be representing to us that they are accurate and not misleading and do not infringe upon any third party's rights. However, we will own all intellectual property and other rights in the System Website, your webpage, and all information they contain (including the domain name or URL for such webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

We have the right to control all use of the System Website, domain names, websites, mobile communications sites, social media sites, addresses, metatags, links, e-mail addresses and any other means of electronic identification or origin (individually and collectively, "e-names"). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, Twitter®, Facebook®, LinkedIn®, Instagram®, Snapchat®, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, on-line

purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, social networking, mobile communications, and other social media or social marketing, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, “e-commerce”). We have the right to monitor your and your employees’ e-commerce activities and you agree to provide us access to any chat rooms or bulletin boards on which or through which you discuss our franchise system or your relationship with us. You must follow all of our policies and procedures for the use and regulation of e-commerce. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee.

You must notify us whenever any information on your webpage changes or is not accurate. We will update or add information that we approve to your webpage at reasonable intervals. You acknowledge that we have final approval rights over all information on the System Website (including your webpage). We may implement and periodically modify System Standards relating to the System Website.

E. NAF.

Franchisor may implement and administer the NAF for the creation and development of marketing, advertising, and related programs, campaigns and materials for the implementation of Franchisor’s Brand positioning. If created, Franchisee will contribute the NAF Contribution to the NAF as set forth in Section 6.D. of this Agreement unless Franchisor suspends, at its option, collection of the NAF Contribution. Franchisor may, at its sole option, increase the NAF Contribution upon 60 days’ prior notice to Franchisee, subject to the limitations in Section 15.A.

Franchisor will direct all initiatives related to the positioning of the Brand using the NAF, including without limitation advertising and marketing programs (e.g. research methods, branding, creative concepts and materials, sponsorships, and endorsements used in connection therewith); selection of geographic and media markets; and media placement and the allocation thereof. Franchisor may use the NAF to pay the costs of research (including without limitation product and services research and development, curriculum and program development), market research (e.g. customer engagement with the Brand, including design and décor, concept development, uniform design, customer service techniques, customer research and focus groups) creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in online, social media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist therewith; conducting community relations activities; supporting public relations, maintenance of the System Websites, and online presence; reasonable administrative expenses (including, but not limited to wages), public relations activities, Crisis Management Event management, employing a director and agencies to assist therein, defraying such salaries, administrative costs and overhead as Franchisor may incur in connection with such activities and other purposes deemed beneficial by Franchisor; and such other advertising, marketing, and promotional activities as Franchisor determines are appropriate for PMA businesses and the Proprietary Marks and System under which they operate. For the avoidance of doubt, Franchisee will ultimately be responsible for the costs associated with the placement of any such marketing and media for the Franchised Business in accordance with Section 15.A. The NAF will furnish Franchisee with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when Franchisor deems appropriate. Multiple copies of such materials will be furnished to Franchisee at Franchisee’s sole cost.

(1) Accounting. The NAF will be accounted for separately from Franchisor’s other funds and will not be used to defray any of Franchisor’s general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, and overhead as Franchisor may incur in activities related to the administration of the NAF and its programs, including as described in this Section 15.E and with respect

to collecting and accounting for contributions to the NAF. The NAF will be operated solely as a conduit for collecting and expending the NAF Contribution. Franchisor does not act as trustee with respect to the NAF and has no fiduciary duty to Franchisee or its Affiliates, Owners or any other franchisees with regard to the operation or administration of the NAF. Franchisor may spend, on behalf of the NAF, in any fiscal year, an amount that is greater or less than the aggregate contribution of PMA Studios to the NAF in that year, and the NAF may borrow from Franchisor or others to cover deficits or may invest any surplus for future use. All interest earned on monies contributed to the NAF will be used to pay advertising costs before other assets of the NAF are expended. Franchisor will, upon Franchisee's written request (but no more than once annually), provide a copy of its unaudited annual statement of monies collected and costs incurred by the NAF. Franchisor will have the right to cause the NAF to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

(2) Proportionality. Franchisee acknowledges that the NAF is intended to maximize recognition of the Proprietary Marks and patronage of PMA Studios generally. Although Franchisor will endeavor to utilize the NAF to develop advertising and marketing materials and programs and to place advertising that will benefit the System, Franchisor has no obligation to ensure that expenditures by the NAF in or affecting any geographic area are proportionate or equivalent to the contributions to the NAF by PMA Studios operated in that geographic area. Nor is Franchisor under any obligation to ensure that any PMA Studio will benefit directly or in proportion to its NAF Contribution from the development of advertising and marketing materials or the placement of advertising, or that all PMA Studios operated by Franchisor or any of its Affiliates will pay the same NAF Contribution. Except as expressly provided in this Section 15.E, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to, or maintaining, directing or administering the NAF. Franchisor reserves the right to suspend or terminate (and, if suspended or terminated, to reinstate) the NAF. If the NAF is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees operating PMA Studios in proportion to their respective contributions to the NAF accrued during the preceding three-month period, and such amounts will be spent on local marketing in accordance with Section 15.A.

(3) Unleashed Fund. Franchisor or its Affiliate reserves the right to establish an advertising fund separate from the NAF (the "Unleashed Fund") for advertising activities related to Franchisor's affiliates. Franchisee will not contribute directly to the Unleashed Fund. When the Unleashed Fund is established, the NAF shall contribute up to 5% of its monthly balance to the Unleashed Fund. The Unleashed Fund is not audited, and Franchisor is not required to provide any financial reports or other reports of Unleashed Fund. Franchisor or its affiliate will have the right to cause the Unleashed Fund to be incorporated or operated through a separate entity our affiliates own and manage if we deem it appropriate, and the successor entity will have all of the same rights and duties.

F. Loyalty Programs, Prize Promotions, and Promotional Literature.

You shall participate in and offer to your customers all customer loyalty and reward programs, and all contests, sweepstakes, and other promotions that Franchisor may develop from time-to-time. Franchisor will communicate to you in writing the details of each such program and promotion, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Franchised Business premises as Franchisor may designate. You shall purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) designated by Franchisor for use in connection with each such program and promotion.

To the extent that Franchisor develops or authorizes the sale of gift certificates and/or stored value cards, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them. All proceeds from the sale of all gift certificates and stored value cards belong exclusively to Franchisor, and you shall remit the proceeds of such sales to Franchisor according to

the procedures that Franchisor prescribes periodically. Franchisor shall reimburse or credit to you (at Franchisor's option) the redeemed value of gift cards and stored value cards accepted as payment for products and services sold by the Franchised Business.

You also shall display at the Franchised Business premises all promotional literature and information as Franchisor may reasonably require from time-to-time. This may include, among other things, establishing a bulletin board for posting local school and community events and displaying signage or other literature containing information about PMA franchise offering.

You also agree to honor such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by us from time-to-time. Any reasonable and customary service charges or discounts from reimbursements charged on such cards or authorizations will be at your sole expense.

G. Social Media Accounts License.

At Franchisee's request and upon Franchisee's execution of a terms of use agreement in a form provided by Franchisor, Franchisor may, technology permitting, create all Social Media accounts related to the Franchised Business, and license the account to Franchisee for use in promoting the Franchised Business while this Agreement is in effect. Franchisor reserves the right to charge a reasonable fee, up to \$750 ("Digital Footprint Fee"), for this service and for providing website setup services (generally referred to as the "digital marketing program"). Franchisee shall follow Franchisor's mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with Franchisee's operation of the Franchised Business and Franchisee agrees to comply with any Social Media policy Franchisor implements. Franchisor shall own all Social Media accounts used in operation of the Franchised Business and shall allow Franchisee's access and use only in strict compliance with this Agreement. Franchisor reserves its right to remove Franchisee's access to Social Media accounts at any time at its sole discretion. Upon termination of this Agreement for any reason, Franchisee's access to all Social Media accounts will terminate. The term "Social Media" includes, without limitation: blogs; common social networks such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TIKTOK, TWITTER, or YOUTUBE; internet listing sites such as WIKIPEDIA, GOOGLE, and YELP; applications supported by mobile platforms such as iOS and Android; virtual worlds and metaverses; file, audio, and video-sharing sites; and other similar internet, social networking, or media sites, mobile platforms, or tools.

Franchisee shall use all Social Media accounts and all content associated with the Social Media accounts only in connection with the operation and promotion of the Franchised Business. Franchisee has no right to sublicense use of the Social Media accounts. Franchisee acknowledges that Franchisor owns the Social Media accounts, all goodwill, all customer information, all analytical data, and all content associated with the Social Media accounts. Franchisee's use of the Social Media accounts will inure to the sole benefit of Franchisor. Franchisor shall possess exclusive rights to "likes," "favorites," "retweets," "followers," and other similar benefits ("Benefit") that come as a result of Franchisee's use of the Social Media accounts. Nothing herein shall grant Franchisee any right, title or interest in or to the Social Media accounts, goodwill, customer information, analytical data, content or Benefit associated with the Social Media accounts, other than the right to use it per this Agreement. Franchisee shall take no action inconsistent with Franchisor's ownership of the Social Media accounts, goodwill, customer information, analytical data, content or Benefit associated with the use of the Social Media accounts, or assist any third party in attempting to claim adversely to Franchisor, with regard to such ownership. Without limiting the generality of the foregoing, Franchisee specifically agrees that it will not challenge Franchisor's ownership of the Social Media accounts, goodwill, customer information, analytical data, content or any Benefit associated with the Social Media accounts.

Franchisee undertakes that its use of the Social Media accounts under this section (a) will comply in all material respects with the applicable platform's terms and conditions in force from time to time; (b) will not breach any applicable law, statute, regulation or legally binding code; (c) will not infringe the legal rights of any person in any jurisdiction; (d) will be used only to publish content about the Franchised

Business; I will not breach any provision of the Franchise Agreement and will comply at all times with Franchisor's policies, standards, and specifications, as they exist from time to time.

16. INSURANCE

A. Obligation to Maintain Insurance.

You shall be responsible for all loss or damage arising from or related to your development and operation of the Franchised Business, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Business. You shall procure at your expense and maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Business, including the minimum coverages described in Section 16.B. below and as otherwise set forth in the Manual, as updated from time-to-time. Franchisor may, from time-to-time, designate one or more Designated Suppliers for the required insurance coverages described in Section 16.B., and Franchisee shall comply with the requirements to use such Designated Suppliers, to the extent permitted by applicable law. If you fail to carry the required insurance prior at any time during the Term, you shall not be permitted to operate your Franchised Business, and Franchisor shall maintain the right to place coverage at your expense or prohibit the opening or continued operation of your Franchised Business.

B. Minimum Insurance Coverage.

All insurance policies described below shall be written by an insurance company or companies satisfactory to us, in compliance with the Standards set forth in the Manual or other written directives. Such policy(ies) shall include, at a minimum, the following coverages:

- Commercial General liability insurance on an "occurrence" form covering all your operations as named insured, with \$1,000,000 combined single limit occurrence and \$2,000,000 General Aggregate limit for the following types of claims: (a) premises and operations; (b) products and completed operations; (c) personal injury; (d) advertising liability; (e) broad form property damage; (f) contractual liability; (g) employees as insureds; (h) extended bodily injury coverage; (i) damage to premises rented to you; (j) owned, non-owned and hired automobile insurance, (k) student sport accident, (l) sexual harassment, abuse and molestation; (m) employment practices including unfair labor practices and joint employer liability; and (n) data breach, privacy breach, and cybercrime;
- Professional liability coverage of \$1,000,000 per occurrence;
- Property insurance covering business personal property and business income for one year of lost profit and continued business expenses, for full replacement cost of the Franchised Business's contents;
- Hired and Non-owned Auto - \$1,000,000 per occurrence;
- Workers compensation with employer's liability limit of \$1,000,000;
- EPLI coverage of \$1,000,000; and
- Other coverage as we may require from time to time.

You may only purchase the required worker's compensation insurance from our Designated Supplier(s). With respect to all other required insurance, in lieu of purchasing the insurance through our Designated

Supplier as we may designate from time-to-time, you may purchase the insurance from insurance brokers and carriers that you select, subject to those brokers and carriers satisfying our Standards and minimum requirements. You must submit to us the information and documentation that we request in connection with your request for our consent to purchase insurance from any unapproved insurance broker or insurance carrier.

We must be included as additional insured on all of the above policies except Worker's Compensation and Professional Liability. All insurance must be provided by an approved vendor or an insurer with an A.M. Best rating of not less than an A-VIII ("excellent" and \$100,000,000 to \$250,000,000 in policy holder surplus) that is authorized to sell insurance in the state in which your Franchised Business is located. You must provide us with a certificate of insurance and additional insured endorsement complying with the above requirements no less than 30 days prior to opening your Franchised Business and at least 30 days prior to any renewal providing the endorsements as noted below. All insurance policies (except worker's compensation) must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

Franchisor shall have the right to establish and modify the minimum required coverages and to require different or additional kinds of insurance to reflect changes in the System or products and services offered to customers of PMA Studios, inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. All modifications to the insurance requirements will be communicated to you via the Manual. You shall receive written notice of any modifications to the insurance requirements and shall take prompt action to secure the additional coverage or higher policy limits. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than Franchisor requires. If you fail to maintain the required insurance, you may not open your Franchised Business or we may force you to close your Franchised Business until the required insurance is put in place.

C. Insurance Policy Requirements.

The following general requirements apply to each insurance policy you are required to maintain under this Agreement:

- (1) Each insurance policy must be specifically endorsed to provide that the coverage must be primary, and that any insurance carried by any additional insured will be excess and non-contributory.
- (2) Each insurance policy must name Franchisor and its Affiliates, and their respective partners, officers, subsidiaries, shareholders, directors, regional directors, and employees as additional named insureds on a primary non-contributory basis on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to Franchisor) and include a waiver of subrogation in favor of each such additional named insured.
- (3) No insurance policy may contain a provision that in any way limits or reduces coverage for you in the event of a claim by Franchisor or its Affiliates.
- (4) Each insurance policy must extend to, and provide indemnity for, all of your obligations and liabilities to third parties and all other items for which you are required to indemnify Franchisor under this Agreement.
- (5) Except for insurance provided through a Designated Supplier, all insurance policies must be written by a carrier who is licensed in the state in which the Franchised Business operates and with an

A.M. Best rating of not less than A-VII (with the exception of general liability and excess insurance carriers, which must have a minimum rating of A XV).

(6) Except as otherwise provided herein, no insurance policy may provide for a deductible amount that exceeds \$10,000, unless otherwise approved in writing by Franchisor, and your co-insurance under any insurance policy must be 80% or greater.

(7) Each policy must include an endorsement that it may not be modified or terminated without providing at least 30 days prior written notice to Franchisor.

D. Delivery of Certificate.

You must provide us with a certificate of insurance complying with the stated requirements no less than seven days before both (1) the commencement of construction of the Franchised Business and (2) the Franchised Business is open to the public with respect to all remaining required insurance coverages. Also, you must provide us with a certificate of insurance on each policy renewal date. Upon request, you also shall provide to Franchisor copies of all or any policies, and policy amendments, endorsements and riders.

E. Minimum Insurance Requirements Not a Representation of Adequacy.

You acknowledge that no requirement for insurance contained in the Agreement constitutes advice or a representation by Franchisor that only such policies, in such amounts, are necessary or adequate to protect you from losses regarding your business under this Agreement. Maintenance of this insurance, and the performance of your obligations under this Article 16, shall not relieve you of liability under the indemnification provisions of this Agreement.

17. TRANSFER

A. Transfer by Franchisor.

Franchisor shall have the unrestricted right, in its sole discretion and without your consent, to assign this Agreement and/or all of its rights and/or obligations hereunder in a related or third-party transaction, may sell any or all of its assets (including its rights in and to the Proprietary Marks and the System); may issue new shares through an initial public offering and/or private placement; may merge with and/or acquire other companies, or may merge into or be acquired by another company; and may pledge its assets to secure payment of its financial obligations.

B. Franchisee Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest.

You understand and acknowledge that Franchisor has entered into this Agreement in reliance on your business skill, financial capacity, personal character, experience, and demonstrated or purported ability in customer service operations. Accordingly, you may not sell or transfer your interest in this Agreement, your controlling interest, or the assets of the Franchised Business (except in the ordinary course of your business) without Franchisor's prior written consent. In addition, if you are a Business Entity, no Owner may transfer or assign all or any portion of his or her equity interest in the Business Entity without Franchisor's prior written consent. For purposes of this Section 17.B the term "transfer" means and includes an actual 40elatient, sale, or transfer of a controlling interest, or a collateral assignment or pledge of the interest as security for performance of an obligation.

You must notify Franchisor in writing at least 60 days prior to the date of any such intended transfer. Any purported transfer, by operation of law or otherwise, not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement. Franchisor shall not unreasonably withhold its consent to any transfer, but may, in its sole discretion, require any or all of the following as conditions of its consent:

(1) All of your accrued monetary obligations and all other outstanding obligations to Franchisor and its Affiliates and your suppliers shall be up to date, fully paid, and satisfied;

(2) You must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates, and your suppliers;

(3) You and each Owner shall have executed a then-current form of general release and a covenant not to sue, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state statute regulating franchising; provided, however, that any release will not be inconsistent with any state law regulating franchising;

(4) The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's then-current Standards applicable to new PMA franchisees, including but not limited to educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; and has sufficient equity capital to operate the Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of the Franchised Business);

(5) The transferee shall sign Franchisor's then-current form of franchise agreement for the remaining term of this Agreement, and you shall pay to Franchisor the Transfer Fee in the amount set forth in Attachment A. If the transferee is a Business Entity, then the transferee's Owners shall jointly and severally guarantee your obligations under this Agreement in writing in a form satisfactory to Franchisor. The transferee shall have the option, however, to purchase a longer term (not to exceed a total of five years) by paying an extended term fee ("Extended Term Fee"). The Extended Term Fee will be calculated as Franchisor's then-current initial franchise fee divided by the number of days included in the initial term of the then-current franchise agreement, multiplied by the number of days of additional term being purchased by the transferee;

(6) If deemed necessary by Franchisor, the transferee shall agree to update, remodel, refurbish, renovate, modify, or redesign the Franchised Business, at transferee's sole expense, to conform to Franchisor's then-current Standards and specifications for PMA Studios;

(7) You agree to remain liable for all direct and indirect obligations to Franchisor in connection with the Franchised Business prior to the effective date of the transfer, and you and your Owners shall continue to remain responsible for your respective obligations of nondisclosure, noncompetition, and indemnification as provided elsewhere in this Agreement, and all other obligations that survive termination, expiration, or transfer and shall execute any and all instruments reasonably requested by Franchisor to further evidence such obligation;

(8) The transferee shall comply with Franchisor's initial training requirements and pay any applicable training fees;

(9) You or the transferor must provide Franchisor with a copy of the agreements of purchase and sale between the transferor and the transferee. The economic terms of the transfer may not materially and adversely affect, in Franchisor's sole judgment, the post-transfer viability of the Franchised Business; and

(10) If you elect to participate in Franchisor's resale program in connection with the transfer of the Franchised Business pursuant to this Section 17.B., you must comply with Franchisor's then-current resale program requirements, which may include the execution of Franchisor's then-current resale program agreement and payment of the then-current resale program fee.

C. Franchisee Transfer Among Owners; Transfer of Non-Controlling Interest.

If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one

or more approved third parties, if:

- (1) you have provided to Franchisor advance notice of the transfer and have obtained Franchisor's approval of any new owners,
- (2) Attachment C has been amended to reflect the new ownership, and each individual listed in Section B of Attachment C has signed the Confidentiality and Non-Competition Agreement in the form of Attachment E;
- (3) each new Owner has signed an Undertaking and Guaranty in the form of Attachment D;
- (4) each previous and/or new owners have signed a general release in favor of Franchisor and in the form Franchisor requires; and
- (5) you pay to Franchisor a Transfer Fee in the amount set forth in Attachment A.

Transfers under this Section 17.C. are limited to once per rolling 12-month period. Otherwise, any transfers under this subsection shall be subject to a Transfer Fee of 25% of the then-current initial franchise fee. For purposes of this Section 17.C. only, "Non-Controlling Interest" shall mean 20% or less of the total outstanding units in the Franchised Business.

D. Franchisee Transfer to Business Entity for Convenience.

You may transfer your interest in this Agreement to a Business Entity for convenience of operation by signing Franchisor's standard form of assignment and assumption agreement if:

- (1) the Business Entity is formed solely for purposes of operating the Franchised Business;
- (2) you provide to Franchisor a copy of the Business Entity's formation and governing documents (company/operating agreement, by laws, etc.), and a certificate of good standing from the jurisdiction under which the Business Entity was formed;
- (3) you sign a general release in favor of Franchisor and in the form that Franchisor requires; and
- (4) you pay to Franchisor a Transfer Fee in the amount set forth in Attachment A.

E. Security Interest.

Any security interest that may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code is limited as described in Section 9-408(d) of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without Franchisor's consent.

F. Public and Private Offerings.

If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all conditions set forth in Section 17.B and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the

reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

G. Right of First Refusal.

If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets (as defined herein) and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: (1) the closing date specified in the third-party offer; or (2) within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor failure to exercise the option described in this Section 17.E shall not constitute a waiver of any of the transfer conditions set forth in this Article 17.

H. Transfer Upon Death or Incapacitation.

If any Owner dies or becomes incapacitated (mental or physical), Franchisor shall consent to the transfer of the former Owner's interest in this Agreement or equity interest in the franchisee (as applicable) to his or her spouse or heirs, whether such transfer is made by will or by operation of law, if, in Franchisor's sole discretion and judgment, the transferee meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the Franchised Business herein; has at least the same managerial and financial criteria required by new franchisees; and has sufficient equity capital to operate the Franchised Business. If said transfer is not approved by Franchisor, the executor, administrator, or personal representative of such person shall transfer the former Owner's interest to a third-party approved by Franchisor within 90 days months after such death, mental incapacity, or disability. Such transfer shall be subject to Franchisor's right of first refusal and to the same conditions as any *inter vivos* transfer.

I. Non-Waiver of Claims.

Franchisor's consent to a Transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor and the transferee are parties, by the transferee.

18. DEFAULT AND TERMINATION

A. Automatic Termination.

This Agreement will terminate automatically, without notice and without an opportunity to cure, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian (permanent or temporary) for you or your business assets, or any part thereof, is filed against you; if any court of competent jurisdiction appoints a receiver or other custodian (permanent or temporary) for you or your business assets, or any part thereof; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment is entered against you and remains unsatisfied or of record for 30 days or longer, unless a *supersedeas* bond is filed; if you are dissolved,

voluntarily or involuntarily; if execution is levied against any assets of you or the Franchised Business; if any proceedings to foreclose any lien or mortgage against you, the Franchised Business, or the assets, equipment, or premises of any of the same, is instituted and not dismissed within 30 days; or if the real or personal property of you, the Franchised Business is sold after levy thereupon by any sheriff, marshal, constable, or other authorized law enforcement personnel.

B. Termination without Opportunity to Cure.

Franchisor may terminate this Agreement, by delivering to you written notice of termination, upon the occurrence of any of the following events of default:

(1) You fail to identify an Acceptable Location, or open the Franchised Business by the Opening Date;

(2) Your abandonment of the Franchised Business (for purposes of this provision “abandonment” will be deemed to occur if you fail to operate the Franchised Business on three or more consecutive days or if you otherwise convey an intention to close the Franchised Business), or lose the right to possess the premises for the Approved Location;

(3) Your lease for the Approved Location expires or terminates for any reason or you otherwise lose the right to occupy the premises of the Approved Location;

(4) The making of any false or materially misleading representations in your franchise application or during the franchise application process;

(5) You or any of your Owners or Affiliates is or has been held liable for or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any conduct which Franchisor believes will materially and adversely affect the reputation of the Brand, the PMA franchise system, any other PMA Studio, or the goodwill associated with the Proprietary Marks;

(6) Violation of any applicable law or revocation or suspension of any necessary license or certification , in whole or in part;

(7) Violation of any confidentiality or non-compete obligations, as described in Article 14, by you or any Owner;

(8) The Franchised Business fails two consecutive quality assurance inspections during any rolling 12-month period or fails three quality assurance inspections during any rolling 24-month period;

(9) Termination for cause of any other franchise agreement between Franchisor and you or your Affiliate;

(10) Delivery of three or more notices of default during any rolling 24-month period, whether or not the event(s) of default described in such notices ultimately are cured;

(11) Transfer or attempted transfer in violation of Article 17 of this Agreement;

(12) If an imminent threat or danger to public health or safety results from the operation of the Franchised Business;

(13) Failure to follow Franchisor’s instructions or protocol upon a Crisis Management Event;

(14) Utilizing unapproved non-cash payment systems in the Franchised Business; or

(15) Accepting or processing non-U.S. currency for products and services offered by the Franchised Business, including but not limited to cryptocurrency.

C. Termination with Opportunity to Cure.

Franchisor may terminate this Agreement, by delivery of written notice of default, upon the occurrence of any of the following events of default and your failure to take appropriate corrective action during the applicable cure period:

(1) You fail to identify a site for the Franchised Business in accordance with Section 3.A or fail to sign a lease for your Approved Location in accordance with Section 3.C., and you fail to cure within seven (7) days after delivery of written notice of default;

(2) You passed on an Acceptable Site and fail to sign a lease for your Approved Location by the Lease Deadline in accordance with Section 3.C., and you fail to cure within seven (7) days after delivery of written notice of default;

(3) You do not obtain or maintain all insurance coverage required under Section 16.B., and you fail to cure within five (5) days after delivery of written notice of default;

(4) The manager or Owners of the Franchised Business do not successfully complete initial training, in our sole judgment, and you fail to cure within ten (10) days after delivery of written notice of default;

(5) You fail to commence construction of your Franchised Business in accordance with Section 4.C. and fail to cure within 30 days after delivery of written notice of default;

(6) You fail to decorate your Franchised Business in accordance with the Plans, or utilize Art in your PMA studio in violation of PMA Standards, and fail to cure within 30 days after delivery of written notice of default;

(7) You fail to commence operation of your Franchised Business by the Opening Date in accordance with Section 4.C. and fail to cure within 30 days after delivery of written notice of default;

(8) You or your Affiliate fails to pay any monies owed to Franchisor, its Affiliates or your trade creditors when due and fail to cure within ten days after delivery of written notice of default;

(9) You misuse the Proprietary Marks or the Intellectual Property, including without limitation by offering and selling unauthorized products or services under or in conjunction with the Proprietary Marks or Intellectual Property, and fail to correct the misuse within five days after delivery of written notice of default;

(10) You infringe on the rights of third parties, including unauthorized use of third-party trademarks, service marks, patents, copyrights, and all other intellectual property, and fail to cure immediately after Franchisor's written or verbal notice, depending on the severity of such infringement;

(11) The Franchised Business is cited for violation of health, sanitation, or safety laws or regulations, and fails to cure the violation within five days after the date the citation is issued; or

(12) You purchase or use items for which Franchisor has identified Designated Suppliers from an unapproved source;

(13) You purchase, use, or sell items not approved by the Franchisor;

(14) You knowingly maintain false books or records or submit any false reports or statements to Franchisor;

(15) You are not in compliance with federal, state, or local laws, including but not limited to employment, environmental, occupancy, or other laws affected the day-to-day operations of your Franchised Business; or

(16) You fail to comply with any provision of this Agreement (except as otherwise provided in Section 18.A and Section 18.B and this Section 18.C) and fail to take appropriate corrective action within 30 days after delivery of written notice of a default.

During any period of default, Franchisor reserves the right to 1) prohibit you from attending any meetings, seminars, conferences, or other events sponsored by Franchisor, 2) prohibit you from serving on the board of any Franchisor organization, or otherwise participate in leadership of such organizations, 3) suspend your access to the Call Center, the franchisee portal/dashboard, and any technology systems we provide to you; 4) suspend services provided to you by us or our Affiliates under this Agreement, including but not limited to inspections, training, marketing assistance, and the sale of products and supplies.

D. Other Remedies.

In addition to its termination rights, Franchisor shall have the right to require the Franchised Business, or a portion thereof, close during any period in which (1) it is in violation of applicable health, sanitation, or safety laws or regulations, (2) Franchisor determines, in its sole discretion, that continued operation of the Franchised Business poses a risk to public health or safety; or (3) you fail to maintain the required insurance policies to operate your Franchised Business.

E. Step-In Rights.

To prevent any interruption of business of the Franchised Business and any injury to the goodwill and reputation thereof which may be caused thereby, you hereby authorize Franchisor, and Franchisor shall have the right, but not the obligation, to operate the Franchised Business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor, may have under this Agreement, if you are in default of your obligations under this Agreement. Franchisor will not be liable to you for any debts, losses or obligations that the Franchised Business incurs, or to any creditors for any supplies or other products or services purchased for the Studio, in connection with such management. Franchisor or its designee may assume the Franchised Business' management under the following circumstances: (a) if you abandon or fail to actively operate the Franchised Business for any period; or (b) we provide you with a notice, in the form specified in Article 18, of your violation of this Agreement, within the applicable cure period (if any). Our exercise of our rights under this Section will not affect our right to terminate this Agreement. **YOU SHALL INDEMNIFY AND HOLD FRANCHISOR HARMLESS FROM ANY AND ALL CLAIMS ARISING FROM THE ALLEGED ACTS AND OMISSIONS OF FRANCHISOR AND ITS REPRESENTATIVES IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.**

F. Liquidated Damages.

If this Agreement is terminated due to Franchisee's default or is otherwise prematurely terminated by Franchisee, Franchisee agrees that Franchisor will incur certain damages and costs that are not readily ascertainable. Therefore, in such event, Franchisee shall pay to Franchisor, as liquidated damages for Franchisor's lost future income, and not as a penalty, a lump sum equal to the greater of (1) \$100,000 and (2) the average monthly Royalty Fee paid by you in the 12-month period preceding termination of the Franchise Agreement multiplied by 36. If at the time your Franchise Agreement is terminated, you have been operating your Franchised Business for less than 12 months, the amount of liquidated damages will be based upon the system-wide Royalty Fee average for the month in which termination is effective multiplied by 36. The parties mutually acknowledge that the lump sum payment provided under this section is reasonable given the uncertainty as of the Effective Date about the precise damages Franchisor will sustain in such an event. Such payment of liquidated damages shall be in addition to any amounts due pursuant to any other provision of this Agreement or any other Agreement with Franchisor or its Affiliates. The payment of liquidated damages hereunder shall not affect Franchisor's right to obtain appropriate equitable relief and remedies, nor shall it affect Franchisor's right to pursue any other remedies.

G. Right of Set Off.

If an event of default occurs hereunder or under any other agreement between Franchisor and you or your affiliates, subsidiaries, or Owners, then Franchisor is hereby authorized at any time and from time to time without notice and to the fullest extent permitted by law, to set off and apply any and all sums at any time held or received by Franchisor, including, but not limited to, disbursements of Membership Program revenues, against any of and all obligations of Franchisee now or hereafter existing under this Agreement or any other agreement between Franchisor and you or your affiliates, subsidiaries, or Owners, irrespective of whether or not Franchisor shall have made any demand under this Agreement or such other agreements.

H. Cross-Default.

Any default under any agreement between you (or an Owner) and Franchisor or its Affiliates (including but not limited to any development agreement or any franchise agreement, including with Affiliates), and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for immediate termination of this Agreement, without an opportunity to cure, with or without notice, upon Franchisor's sole discretion.

19. OBLIGATIONS UPON EXPIRATION OR TERMINATION

A. Expiration or Termination of Franchise.

Upon termination or expiration of this Agreement, you shall have no further right to use the Proprietary Marks, Intellectual Property or other intellectual property owned and licensed to you by Franchisor. You may no longer hold yourself out as a PMA franchisee, and you shall refrain from representing any present or former affiliation with Franchisor or the network of PMA Studios. You shall immediately pay all sums due and owing to Franchisor and its Affiliates.

You shall immediately take all actions necessary to cancel any assumed or fictitious name containing the Proprietary Marks and shall do all things necessary to transfer to Franchisor or its designee the Franchised Business' telephone number(s). You hereby grant to Franchisor and its representatives, power of attorney for the specific purpose of executing all documents and doing all things necessary to effect such cancellations and transfers.

You shall immediately surrender to Franchisor all copies of all materials in your possession including the Manual, all Confidential Information and all other documentation relating to the operation of the Franchised Business in your possession, and all copies thereof, and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

If, following expiration or termination of this Agreement, the premises for your Franchised Business will not continue to operate as a PMA Studio, either by us or our designee, then in addition to any procedures required by applicable laws and any instructions that we may provide, upon our request, you will cooperate with us in notifying all members of your Franchised Business immediately that your Franchised Business will cease to operate under the Proprietary Marks. We may offer to such members the option to terminate their membership and receive a pro rata refund of all membership fees and other charges which were prepaid by such members related to any period after the effective date of termination or expiration of this Agreement. You are solely responsible for paying such refunds to your members, and we will deduct all such refunds from the amounts to be disbursed to you for the Membership Program revenues of your Franchised Business. You further will cooperate with us to preserve member goodwill.

Further, you agree that, upon termination or expiration of this Agreement, for any reason, you will immediately comply with our then-current de-branding checklist, as further supplemented in the Manual, which shall require you to, among other things:

- (1) Remove and destroy all interior and exterior signage, point-of-sale materials, business forms, and stationery received from us;
- (2) Delete from all computer hard drives all materials, information, communications, manuals, and marketing and promotion materials received from us;
- (3) Remove all decals containing the PMA name, the Proprietary Marks, any slogans, or identifiable color scheme;
- (4) Repaint or remove all identifiable color schemes from all equipment, padding, walls, doors, floors, and other surfaces;
- (5) Promptly instruct all third-party internet sites and telephone directories to remove all listings identifying the location as a PMA Studio;
- (6) Return all uniforms, sales materials, operations manuals, and other items that contain any Confidential Information;
- (7) Change your corporate and legal business name, if necessary, so that it does not contain any of the Proprietary Marks; and
- (8) Return to us all signs, sign-faces, sign-cabinets, marketing materials, forms, packaging, and other materials that contain any of the Proprietary Marks.

B. Franchisor’s Option to Assume Lease and Purchase Assets Following Expiration or Termination.

- (1) Upon termination or expiration of this Agreement, Franchisor shall have the option, but not the obligation, to assume your lease for the Franchised Business premises by delivering to you written notice of its election within 30 days after termination or expiration of this Agreement in accordance with the terms of the Lease Rider. If Franchisor elects not to assume your lease for the Franchised Business premises, Franchisor shall have the option to purchase (in accordance with the terms and conditions set forth below), or may require you to destroy, any graphics, signage, or other materials bearing the Proprietary Marks. You shall immediately remove from the Franchised Business premises all items bearing the Proprietary Marks and Intellectual Property and modify the trade dress as necessary to distinguish the premises from those of a PMA Studio in accordance with the de-branding requirements set forth in the Manual. If you fail or refuse to comply with the requirements of this Section 19.B, Franchisor and its representatives shall have the right to enter on the Franchised Business premises, without liability for trespass or other civil tort, for purposes of making such changes, at your expense, which you shall pay upon demand.
- (2) Upon (a) expiration of this Agreement without extension or renewal or (b) termination of this Agreement by us in accordance with its terms or by you in any manner other than in accordance with its terms, then we have the right, exercisable by giving notice thereof (“**Appraisal Notice**”) to require that a determination be made of the Agreed Value (as defined below) of all of your personal property, improvements, fixtures, furniture and equipment used and located at the Franchised Business, but excluding any items not meeting our specifications or standards as provided in this Agreement (the “**Appraised Assets**”). In the event of a termination, such Appraisal Notice shall be given no later than 30 days after the date of such termination; in the event of expiration, such Appraisal Notice shall be given no more than six months and no less than three months prior to the expiration of this Agreement.
- (3) Upon such Appraisal Notice, you may not sell or remove any of the Appraised Assets from the Franchised Business. The “**Agreed Value**” shall be determined by good faith consultation between you and us. You agree to give us, our designated agents and, if applicable, the Appraiser (as defined in subsection (4) below) full access to your Franchised Business’s books and records relating to the Appraised Assets (including copies of all leases, concession licenses or other arrangements relating to your occupancy of the

premises), at any time upon three days' prior written notice during customary business hours in order to inspect the Appraised Assets and determine the purchase price for the Appraised Assets.

- (4) If you and we are unable to agree on the Agreed Value of the Appraised Assets within 15 days after the Appraisal Notice, then the Agreed Value will be the Fair Market Value (as defined below), unless the option to purchase occurs as a result of a termination in connection with one or more defaults by Franchisee, in which case the Agreed Value will be the lesser of the Appraised Asset Value (as defined below) or the Net Book Value (as defined below). “**Fair Market Value**” will be the amount which an arm’s length purchaser would be willing to pay for the Appraised Asset as a going concern operating under our then-current form of franchise agreement with a terminal value based on the remaining term of the lease (not in excess of 5 years) and, for the avoidance of doubt, Fair Market Value may not include goodwill associated with the Proprietary Marks. The “**Appraised Asset Value**” will be the amount which an arm’s length purchaser would be willing to pay for the Appraised Assets, considering their age and condition. The “**Net Book Value**” shall be the net book value of the Purchased Assets (including the unamortized portion of any capitalized so-called “key money” for leases), as reflected on Franchisee’s books and records, determined in accordance with generally accepted accounting principles. The Fair Market Value, Appraised Asset Value and Net Book Value, as applicable, will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of either Party’s financial statements) agreed to by the Parties who has experience in the valuation of retail businesses (“**Appraiser**”). If the Parties cannot agree to an Appraiser, then each Party will select an Appraiser in accordance with the foregoing standards and the appraisal will be conducted by an Appraiser selected by the two party-appointed Appraisers that meets the foregoing standards.

The Appraiser will make his or her determination and submit a written report (“**Appraisal Report**”) to Franchisee and Franchisor as soon as practicable, which report shall contain the Fair Market Value, Appraised Asset Value and Net Book Value, as applicable. The Appraiser shall endeavor to complete the Appraisal Report within 60 days after his or her appointment, and both Parties shall fully cooperate with the Appraiser in order to meet the deadline. The Appraiser may extend the Appraisal Report deadline, as may be reasonably necessary. Franchisee agrees to promptly provide the Appraiser with such books and records as he or she may require, which Franchisee represents and warrants to be complete and accurate. In absence of such books and records or if the Appraiser is not satisfied with their completeness or accuracy, the Appraiser may make his or her determination in the Appraisal Report on the basis of other sources and information he or she deems reasonably appropriate. The Appraiser’s determination shall be final and binding on the Parties hereto, and the Parties agree to share the cost of the appraisal equally.

Franchisor has the option, exercisable by delivering notice thereof within ten days after submission of the Appraisal Report (or the date that an agreement is reached, if the Parties agree to the Agreed Value), to agree to purchase the Appraised Assets of the Franchised Business at its Agreed Value (“**Purchased Assets**”).

If Franchisor exercises its option to purchase, the purchase price for the Purchased Assets will be paid in full by wire transfer at the closing, which will occur at the place, time and date mutually agreed by the Parties, and if the Parties cannot agree, then as reasonably determined by Franchisor (subject to compliance with applicable law and any reasonable extensions required by Franchisor). At the closing, Franchisor will be entitled to all customary representations and warranties, covenants and closing documents and post-

closing indemnifications, including: (i) instruments transferring good and merchantable title to the Purchased Assets, free and clear of all security interests, liens, encumbrances, and liabilities, to Franchisor or its designee, with all sales and other transfer taxes paid by Franchisee; and, (ii) an assignment of all leases (subject to landlord rights) and concession licenses of personal property and real estate used in the operation of the Franchised Business, including building and/or equipment (or if an assignment is prohibited, a sublease or sublicense to Franchisor or its designee for the full remaining term, subject to landlord rights, and on the same terms and conditions as Franchisee's lease or concession license, including renewal and/or purchase options).

Franchisor shall have the right to offset against the purchase price for the Purchased Assets any of the following: (1) any and all amounts owed by Franchisee or any of its Affiliates to Franchisor or any of its Affiliates; (2) lease transfer fees (if any), other costs owed to your landlord, and the costs of renovating the Franchised Business premises so that it meets Franchisor's then-current standards and specifications (if Franchisor elects to assume the lease for the Franchised Business premises); and (3) the costs of de-identifying the Franchised Business premises in accordance with Section 19.B, if you fail to do so (if Franchisor does not elect to assume the lease for the Franchised Business premises premises).

If Franchisee cannot deliver clear title to all of the assets, or if there are other unresolved issues, the closing of the sale may at Franchisor's option, be accomplished through an escrow on reasonably appropriate terms, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to the Purchased Assets. Franchisee and Franchisor shall comply with any applicable bulk sales or similar laws and all applicable tax notification and/or escrow procedures.

Franchisee shall exert reasonable commercial efforts to obtain all necessary consents to consummate the sale (including consents to assignments of leases and concession licenses) and to ensure all managers shall be available, to the extent requested by Franchisor, for continued employment with the company purchasing the Purchased Assets. Franchisor shall have the right to receive specific performance or injunctive relief to enforce the provisions set forth in this Section 19.

Upon delivery of the Appraisal Notice and pending determination of Agreed Value and the closing of the purchase, Franchisor shall authorize continued temporary operations of the Franchised Business pursuant to the terms of this Agreement, subject to the supervision and control of one or more of Franchisor's appointed managers.

FRANCHISEE WILL DEFEND, INDEMNIFY AND HOLD HARMLESS FRANCHISOR FROM AND AGAINST ALL OBLIGATIONS, LIABILITIES, CLAIMS AND CAUSES OF ACTION ACCRUING PRIOR TO CLOSING AND THAT IN ANY WAY RELATE TO OR ARISE OUT OF THE OPERATION OF THE FRANCHISED BUSINESS IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.

C. Franchisor's Option to Purchase Upon a Triggering Event.

Without limiting any right or remedy of Franchisor set forth in Sections 18 and 19, upon the occurrence of (i) notice from Franchisor that it intends to purchase all or substantially all of the PMA Studios in the franchise system, or (ii) of the date of an initial public offering (each, a "**Triggering Event**"), Franchisee, on behalf of itself and its Affiliates and Owners, hereby grants to Franchisor or Franchisor's

designee the right to purchase the Assets from Franchisee, its Owners and its Affiliates for Fair Market Value, free and clear of all liens, restrictions and encumbrances, determined as set forth in Section 19.B, and with all rights of offset described therein.

D. Compliance with Post Term Obligations.

You and each Owner shall comply with all covenants and obligations which, by their nature, survive termination of this Agreement including, without limitation, the confidentiality obligations and restrictive covenants set forth and described in Article 14 of this Agreement and the indemnification obligations set forth and described in Section 20.B of this Agreement.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Contractor.

The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that you will operate the Franchised Business as an independent contractor, we and you are not do not intend to be partners, associates, or joint employers in any way, we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances, and that nothing in this Agreement shall be construed to create a partnership, joint venture, agency, employment, fiduciary relationship, master-servant relationship, or legal relationship of any kind. Franchisor shall have no relationship with your employees and you have no relationship with Franchisor's employees.

None of your employees will be considered employees of Franchisor or its Affiliates. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be an employee of Franchisor or its Affiliates for any purpose, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. Neither Franchisor nor its Affiliates will have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Franchised Business does not directly or indirectly vest in Franchisor or its Affiliates the power to hire, fire, or control any such employee. You further acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of your Franchised Business and that under no circumstance shall Franchisor or its Affiliates do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications, and procedures of System which you are required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly or indirectly constitute, suggest, infer, or imply that Franchisor or its Affiliates controls any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but constitute only standards to which you must adhere when exercising your control of the day-to-day operations of your Franchised Business.

Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between Franchisor and you are other than that of franchisor and franchisee. Franchisor does not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, nor will Franchisor be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business.

During the term of this Agreement, you shall identify yourself as the owner of the Franchised Business operating under a franchise granted by Franchisor, and shall apply for all permits, certificates of occupancy, and business licenses in your own name. Additionally, your individual name (if you are an individual) or your corporate name (if you are a Business Entity) must appear prominently on all invoices, order forms, receipts, business stationery, and contracts. You shall not use the Proprietary Marks to incur

or secure any obligation or indebtedness on behalf of Franchisor. You shall display at the Franchised Business, in a conspicuous location, a form of notice approved by Franchisor, stating that you are an independent franchised operator of the business.

B. Indemnification.

YOU SHALL DEFEND AT YOUR OWN COST AND INDEMNIFY AND HOLD HARMLESS TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISOR AND ITS AFFILIATES, AND THEIR RESPECTIVE SUBSIDIARIES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, DESIGNEES, AND REPRESENTATIVES (COLLECTIVELY, THE “FRANCHISOR INDEMNITEES”) FROM ALL LOSSES AND EXPENSES INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, CLAIM, CAUSE OF ACTION, DEMAND, INVESTIGATION, OR FORMAL OR INFORMAL INQUIRY (REGARDLESS OF WHETHER ANY OF THE FOREGOING IS REDUCED TO JUDGMENT), OR ANY SETTLEMENT OF THE FOREGOING, WHICH ACTUALLY OR ALLEGEDLY, DIRECTLY OR INDIRECTLY, ARISES OUT OF, IS BASED UPON, IS A RESULT OF, OR IS IN ANY WAY RELATED TO ANY OF THE FOLLOWING: (1) ANY ACTUAL OR ALLEGED INFRINGEMENT OR ANY OTHER ACTUAL OR ALLEGED VIOLATION OF ANY PATENT, TRADEMARK, COPYRIGHT, OR OTHER PROPRIETARY RIGHT OWNED OR CONTROLLED BY THIRD PARTIES BY YOU OR THE FRANCHISED BUSINESS OR ANY OF YOUR OR ITS RESPECTIVE OWNERS, OFFICERS, DIRECTORS, MANAGEMENT PERSONNEL, EMPLOYEES, AGENTS, SERVANTS, CONTRACTORS, SUBCONTRACTORS, PARTNERS, PROPRIETORS, AFFILIATES OR REPRESENTATIVES, OR ANY THIRD PARTY ACTING ON BEHALF OF OR AT THE DIRECTION OF SUCH PERSONS OR ENTITIES, WHETHER IN CONNECTION WITH THE FRANCHISED BUSINESS OR OTHERWISE (COLLECTIVELY, THE “FRANCHISEE INDEMNITORS”); (2) ANY ACTUAL OR ALLEGED VIOLATION OR BREACH OF ANY CONTRACT, FEDERAL, STATE, OR LOCAL LAW, REGULATION, RULING, STANDARD, OR DIRECTIVE OF ANY INDUSTRY STANDARD BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (3) ANY ACTUAL OR ALLEGED LIBEL, SLANDER, OR ANY OTHER FORM OF DEFAMATION BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (4) ANY ACTUAL OR ALLEGED VIOLATION OR BREACH OF ANY WARRANTY, REPRESENTATION, AGREEMENT, OR OBLIGATION IN THIS AGREEMENT BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (5) ANY AND ALL ACTS, ERRORS, OR OMISSIONS ENGAGED IN BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS, ARISING OUT OF OR RELATED TO THE DESIGN, CONSTRUCTION, CONVERSION, BUILD OUT, OUTFITTING, REMODELING, RENOVATION, UPGRADING, OR OPERATION OF THE FRANCHISED BUSINESS, WHETHER ANY OF THE FOREGOING WAS APPROVED BY FRANCHISOR, INCLUDING, BUT NOT LIMITED TO, ANY PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE SUFFERED OR CAUSED BY ANY CUSTOMER, VISITOR, OPERATOR, EMPLOYEE, OR GUEST OF THE FRANCHISED BUSINESS; (6) ANY PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE SUFFERED OR CAUSED BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (7) ALL LIABILITIES ARISING FROM OR RELATED TO YOUR MARKETING, ADVERTISING, PROMOTION, OFFER, SALE, OR DELIVERY OF PRODUCTS OR SERVICES AS CONTEMPLATED BY THIS AGREEMENT; (8) ANY AND ALL LATENT OR OTHER DEFECTS IN THE FRANCHISED BUSINESS, WHETHER OR NOT DISCOVERABLE BY FRANCHISOR OR YOU; (9) THE INACCURACY OR LACK OF AUTHENTICITY OF ANY INFORMATION DISCLOSED TO ANY CUSTOMER OF THE FRANCHISED BUSINESS; (10) CRIMES COMMITTED ON OR NEAR ANY OF THE PREMISES OR FACILITIES OF OR VEHICLES USED BY YOUR FRANCHISED BUSINESS; (11) ANY SERVICES OR PRODUCTS PROVIDED BY ANY AFFILIATED OR NONAFFILIATED PARTICIPATING ENTITY; (12) ANY ACTION BY ANY

CUSTOMER, VISITOR, OPERATOR, EMPLOYEE, OR GUEST OF THE FRANCHISED BUSINESS OR ANY OTHER FACILITY OF YOUR FRANCHISED BUSINESS; (13) ANY AND ALL ACTS, ERRORS, OR OMISSIONS ENGAGED IN BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS, ARISING OUT OF OR RELATED TO ANY DISCRIMINATION, HARASSMENT, DISABILITY, HOUR AND WAGE CLAIMS, OR OTHER EMPLOYMENT PRACTICES IN ANY WAY RELATED TO THE OPERATION OF THE FRANCHISED BUSINESS, WHETHER ANY OF THE FOREGOING WAS APPROVED BY FRANCHISOR, (14) ANY AND ALL CLAIMS RELATED TO YOUR NONCOMPLIANCE OR ALLEGED NONCOMPLIANCE WITH ANY LAW, ORDINANCE, RULE OR REGULATION, INCLUDING ANY ALLEGATION THAT WE ARE A JOINT EMPLOYER OR OTHERWISE RESPONSIBLE FOR YOUR ACTS OR OMISSIONS RELATING TO YOUR EMPLOYEES, AND (15) ANY DAMAGE TO THE PROPERTY OF YOU OR FRANCHISOR, YOUR AND OUR RESPECTIVE AGENTS, OR EMPLOYEES, OR ANY THIRD PERSON, FIRM, OR CORPORATION, WHETHER OR NOT SUCH LOSSES, CLAIMS, COSTS, EXPENSES, DAMAGES, OR LIABILITIES WERE ACTUALLY OR ALLEGEDLY CAUSED WHOLLY OR IN PART THROUGH THE ACTIVE OR PASSIVE NEGLIGENCE OF FRANCHISOR OR ANY OF ITS AGENTS OR EMPLOYEES, OR RESULTED FROM ANY STRICT LIABILITY IMPOSED ON FRANCHISOR OR ANY OF ITS AGENTS OR EMPLOYEES.

THE INDEMNIFICATION REQUIRED UNDER THIS SECTION 20.B SHALL APPLY TO ALL CLAIMS, INCLUDING THOSE THAT ARISE, OR ARE ALLEGED TO ARISE, AS A RESULT OF FRANCHISOR'S OWN NEGLIGENCE OR GROSS NEGLIGENCE, IF ANY, REGARDLESS OF WHETHER FRANCHISOR'S NEGLIGENCE OR GROSS NEGLIGENCE IS ALLEGED TO BE THE SOLE, CONTRIBUTING, OR CONCURRING CAUSE OF SUCH ALLEGED DAMAGES THAT MIGHT BE ASSERTED.

For purposes of this Agreement, the term "Losses and Expenses" means, without limitation, all claims, losses, liabilities, costs, and expenses including compensatory, exemplary, incidental, consequential, statutory, or punitive damages or liabilities; fines, penalties, charges, expenses, lost profits, attorneys' fees, expert fees, costs of investigation, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, and financing; travel, food, lodging, and other expenses necessitated by Franchisor's need or desire to appear before, or witness the proceedings of, courts or tribunals (including arbitration tribunals), or governmental or quasi-governmental entities, including those incurred by Franchisor's attorneys or experts to attend any of the same; costs of advertising material and media/time/space, and costs of changing, substituting, or replacing the same; and any and all expenses of recall, refunds, compensation, public notices, and all other amounts incurred by Franchisor in connection with the matters described above. All such Losses and Expenses incurred by Franchisor will be chargeable to and payable by you pursuant to this Section 20.B, regardless of any actions, activities, or defenses undertaken by Franchisor or the subsequent success or failure of such actions, activities, or defenses.

You shall give Franchisor written notice of any event of which you are aware for which indemnification is required within three days of your actual or constructive knowledge of such event. At your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it deems necessary and appropriate to investigate, defend, or settle any event, or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the Franchisor Indemnities or the System. Under no circumstances will Franchisor or the Franchisor Indemnities be required to seek recovery from third parties or to otherwise mitigate their losses to maintain a claim against you; in no event will a failure to pursue recovery from third parties or to mitigate loss reduce the amounts recoverable by Franchisor or the

Franchisor Indemnities from you. The indemnification obligations provided by this Section 20.B will survive the expiration or termination of this Agreement.

21. NOTICES

All notices, requests, and reports required or permitted under this Agreement must be in writing and must be personally delivered, sent by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, by facsimile (provided that the sender confirms the facsimile by sending an original confirmation copy by certified mail or expedited delivery service within five calendar days after transmission) to the respective parties at the addresses reflected in the Summary Page, unless and until a different address has been designated by written notice to the other party, or by email (provided that the sender sends a copy by certified mail or expedited delivery service within five calendar days after transmission) to the respective parties at the addresses reflected in the Summary Page, unless and until a different address has been designated by written notice to the other party. Any notice will be deemed to have been given at the time of personal delivery or receipt; provided, however, that if delivery is rejected, delivery will be deemed to have been given at the time of such rejection.

22. SEVERABILITY AND CONSTRUCTION

A. Entire Agreement.

This Agreement, all attachments to this Agreement, and all ancillary agreements executed contemporaneously with this Agreement constitute the final and fully integrated agreement between the parties regarding the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this agreement or any related agreement is intended to disclaim the representation made in the disclosure document provided to you by Franchisor.

B. Modification.

This Agreement may be modified only by a written document, signed by both parties.

C. Written Consent.

Whenever this Agreement requires the prior approval or consent of Franchisor, you shall make a timely written request to Franchisor therefore and such approval or consent shall be obtained in writing.

D. No Waiver.

No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Franchisor's waiver of any particular default by you shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature, nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants hereof affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by you of any terms, covenants, or conditions of this Agreement.

E. Severability.

Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law

or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if Franchisor determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, Franchisor, at its option, may terminate this Agreement.

F. Captions and Headings; References to Gender; Counterparts.

All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision hereof. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

G. Persons Bound.

All acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all of the parties executing this Agreement as franchisee hereunder. As used in this Agreement, the term “you” shall include all persons who succeed to the interest of the original franchisee by transfer or operation of law.

H. Franchisor’s Judgment.

Whenever this Agreement or any related agreement grants, confers, or reserves to Franchisor the right to take action, refrain from taking action, grant or withhold consent, or grant or withhold approval, Franchisor will, unless the provision specifically states otherwise, have the right to engage in such activity at its option taking into consideration its assessment of the long-term interests of the System overall. You acknowledge and recognize, and any court or judge is affirmatively advised, that if those activities and/or decisions are supported by Franchisor’s business judgment, neither said court, said judge, nor any other person reviewing those activities or decisions will substitute his, her, or its judgment for Franchisor’s judgment. When the terms of this Agreement specifically require that Franchisor not unreasonably withhold approval or consent, any withholding of our approval or consent will be considered reasonable if you are in default or breach under this Agreement.

I. Third Party Beneficiaries.

This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, shall give or be construed to give any person, other than the parties and such assigns, any legal or equitable rights under this Agreement.

23. GOVERNING LAW AND FORUM SELECTION

A. Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Federal Arbitration Act, the Copyright Act, or the Patent Act, this Agreement (and all matters arising out of or relating to this Agreement) are governed by, and shall be construed in accordance with, the laws of the State of Texas, without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Texas. By agreeing to the application of Texas law, the parties do not intend to make this Agreement or their relationship subject to any franchise, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Texas to which this Agreement or the parties’ relationship otherwise would not be subject. As of the Effective Date, Franchisor has a place of business in the State of Texas, and Texas otherwise bears a reasonable relationship to this Agreement, the parties’ relationship established by this Agreement, and the parties. Franchisee and Franchisor acknowledge and agree that the

choice of applicable state law set forth in this Section provides each of the parties with the mutual benefit of uniform interpretation of this Agreement and the parties' relationship created by this Agreement. Franchisee and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each Party's agreement regarding applicable state law has been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

B. Remedy.

Unless otherwise specified in this Agreement, no right or remedy conferred upon or reserved by Franchisor or you by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

You may not under any circumstances make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement, and you hereby waive any such claim for damages, whether by way of affirmative claim, setoff, counterclaim, or defense. Your sole remedy for any such claim will be an action or proceeding for specific performance of the applicable provision(s) of this Agreement.

C. Waiver of Jury Trial.

TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE, OWNER, AND THE FRANCHISOR INDEMNITIES KNOWINGLY, WILLINGLY, AND VOLUNTARILY, WITH FULL AWARENESS OF THE LEGAL CONSEQUENCES, AFTER CONSULTING WITH COUNSEL (OR AFTER HAVING WAIVED THE OPPORTUNITY TO CONSULT WITH COUNSEL) AGREE TO WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY DISPUTE BETWEEN THEM. THE RIGHT TO A TRIAL BY JURY IS A RIGHT SUCH PARTIES WOULD OR MIGHT OTHERWISE HAVE HAD UNDER THE CONSTITUTIONS OF THE UNITED STATES OF AMERICA AND THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED.

D. Contractual Limitations Period.

Any and all claims and actions arising out of or relating to this Agreement, the parties' relationship, or the operation of the Franchised Business (including any claims of set-off or recoupment), must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; or (2) two years and a day after the date such claim arose, whichever occurs first; or it is expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred.

E. Waiver of Punitive Damages.

The parties hereby waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary, or multiple damages against the other.

F. Attorneys' Fees.

If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

G. Dispute Resolution by Binding Arbitration.

(1) To the fullest extent permitted by law, any dispute between (A) you and/or any Owner and (B) Franchisor or any Franchisor Indemnitee arising out of or relating in any way to

- (a) any claim, except for claims to the extent that they relate to the protection or enforcement of Franchisor's or Franchisor Indemnitees' rights in and to Intellectual Property (including, but not limited to, the Proprietary Marks),
- (b) this Agreement or any other agreement between you and/or any Owner and Franchisor or any Franchisor Indemnitee,
- (c) the offer and sale of the franchise opportunity,
- (d) any representations made prior to the execution of this Agreement,
- (e) the validity, enforceability, or scope of this Agreement, or
- (f) the relationship of the parties

must be submitted to binding arbitration before the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules in effect at the time the arbitration demand is filed. The AAA rules are available online at www.adr.org. The number of arbitrators shall be one. This arbitration agreement and the arbitration shall be subject to the Federal Arbitration Act.

(2) Franchisee, the Owners, Franchisor, and the Franchisor Indemnitees agree that arbitration will be conducted on an individual, not a class-wide or representative, basis. Franchisee, the Owners, Franchisor, and the Franchisor Indemnitees agree that each may bring claims against the other only in an individual capacity, and not as a class representative, class member, or represented party in any purported class, joint, mass, or representative proceeding. The arbitrator may not consolidate more than one person's claims and may not otherwise preside over any form of a representative, joint, or class proceeding. The arbitrator may award injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim .

(3) During the arbitration, the amount of any settlement offer made by either party shall not be disclosed to the arbitrators.

(4) Unless prohibited by law, the arbitration shall occur in Tarrant County, Texas. If prohibited by law, the arbitration shall occur in the county in which the Approved Location lies.

(5) Except as may be required by law, neither Franchisee, its Owners, nor an arbitrator may disclose the existence, content, or results of any arbitration under this section without the prior written consent of all parties.

(6) The arbitrator must follow the applicable law and may not disregard the law or this Agreement based on principles of justice or equity which are not a specific part of the applicable law.

(7) The arbitrator shall not award punitive or exemplary damages.

(8) The decision of the arbitrator will be final and binding on all parties to the dispute. A judgment may be entered upon the arbitration award in any federal or state court having jurisdiction.

(9) Despite the existence of the arbitration clause, the parties shall have the right to seek temporary restraining orders, preliminary injunctions, and similar equitable relief from a court pending arbitration of the merits of the claims. Any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived.

(10) Any actions permitted to be brought under this Agreement by either party in any court must only be brought in a federal or state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced. You hereby irrevocably submit to the jurisdiction of the federal and state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced, and waive any objection you may have to the jurisdiction or venue of such courts.

H. Material Inducement for Franchisor.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THIS SECTION 23 IS ENTERED INTO VOLUNTARILY AND IS NOT THE PRODUCT OF COERCION ON THE PART OF FRANCHISOR. THE BINDING ARBITRATION, CHOICE OF LAW AND FORUM, WAIVER OF PUNITIVE DAMAGES, LIMITATION ON ACTIONS, WAIVER OF CLASS ACTION, AND OTHER PROVISIONS OF THIS SECTION 23 ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ENTER INTO THIS AGREEMENT. IF ANY PROVISION OF THIS SECTION 23 IS DEEMED UNENFORCEABLE FOR ANY REASON, THERE WILL HAVE BEEN A FAILURE OF CONSIDERATION DELIVERED BY FRANCHISEE TO FRANCHISOR FOR THIS AGREEMENT, AND THIS AGREEMENT WILL HAVE FAILED OF ITS ESSENTIAL PURPOSE, THEREBY ENTITLING FRANCHISOR TO VOID THIS AGREEMENT AT ITS OPTION.

24. ACKNOWLEDGMENTS

A. Receipt of Disclosure Document.

You hereby acknowledge that you received from Franchisor its current franchise disclosure document, together with a copy of all proposed agreements related to the sale of the Franchise, at least 14 calendar days prior to the execution of this Agreement or at least 14 days before you paid us any consideration in connection with the sale or proposed sale of the Franchise granted by this Agreement.

[Please initial to acknowledge that you have read and understand this Section 24.A.] _____

B. Receipt of Agreement.

You hereby acknowledge that you received from Franchisor this Agreement with all blanks filled in at least seven calendar days prior to the execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You further represent that you understand the terms, conditions, and obligations of this Agreement and agree to be bound thereby.

[Please initial to acknowledge that you have read and understand this Section 24.B.] _____

C. Independent Investigation.

You acknowledge and represent that you are entering into this Agreement, all attachments hereto, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of all aspects relating to the Franchised Business, and not as a result of any representations about Franchisor or your reliance on any such representations (if made) by its stakeholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees which are contrary to the terms set forth in this Agreement or any franchise disclosure document required or permitted to be given to you pursuant to applicable law. You have been advised and given the opportunity to independently investigate, analyze, and construe the business opportunity being offered under this Agreement, the terms and provisions of this Agreement, and the prospects for the Franchised Business, using the services of legal counsel, accountants, or other advisers of your own choosing; you have either consulted with these advisors or have deliberately declined to do so. You further recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your skills and ability as an independent business person. This offering is not a security as that term is defined under applicable federal and state securities laws.

[Please initial to acknowledge that you have read and understand this Section 24.C.] _____

D. No Representations; No Reliance.

You acknowledge and represent that, except for representations made in Franchisor’s current franchise disclosure document, neither Franchisor nor its Affiliates, nor any of their respective stakeholders, officers, directors, employees, agents, representatives, independent contractors, has made any representations, warranties, or guarantees, express or implied, as to the potential revenues, profits, expenses, sales volume, earnings, income, or services of the business venture contemplated under this Agreement, and that you have not relied on any such representations (if made) in making your decision to purchase a PMA franchise. You further acknowledge and represent that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.

[Please initial to acknowledge that you have read and understand this Section 24.D.] _____

E. No Financial Performance Representations; No Reliance.

You specifically acknowledge that the only financial performance information furnish by Franchisor is set forth in Item 19 of its current franchise disclosure document; that no officer, director, employee, agent, representative or independent contractor of Franchisor is authorized to furnish you with any other financial performance information; that, if they nevertheless do, you will not rely on any such financial performance information given to you by any such individual; and, that if any such individual attempts to or actually does give you any such financial performance information in contravention of this provision, you will immediately communicate such activity to us. For the purpose of this Section 24.E., “financial performance information” means information given, whether orally, in writing, or visually which states, suggests or infers a specific level or range of historic or prospective sales, expenses and/or profits of franchised or Franchisor-owned facilities.

[Please initial to acknowledge that you have read and understand this Section 24.E.] _____

F. No Licensure Representations; No Reliance.

You acknowledge that neither Franchisor nor its Affiliates, nor any of their respective stakeholders, officers, directors, employees, agents, representatives, independent contractors, has made any representation or statement on which you have relied regarding your ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for you to carry out the activities contemplated by this Agreement.

[Please initial to acknowledge that you have read and understand this Section 24.F.] _____

G. Reasonable Restrictions.

You have carefully considered the nature and extent of the restrictions upon you set forth in this Agreement, including, without limitation, the covenants not to compete, the restrictions on assignment, and the rights, obligations, and remedies conferred upon you under this Agreement. You acknowledge that such restrictions, rights, obligations, and remedies: (1) are reasonable, including, but not limited to, their term and geographic scope; (2) are designed to preclude competition which would be unfair to Franchisor; (3) are fully required to protect Franchisor’s legitimate business interests; and, (4) do not confer benefits upon Franchisor that are disproportionate to your detriment.

[Please initial to acknowledge that you have read and understand this Section 24.G.] _____

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Franchise Agreement to be effective on the day and year first written above.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

FRANCHISEE:

[____],
a [_____]

By: _____
Barry Van Over, its CEO

By: _____
[____], its [_____]

**PREMIER MARTIAL ARTS®
FRANCHISE AGREEMENT**

ATTACHMENT A

GLOSSARY OF ADDITIONAL TERMS

Capitalized terms will have the following meanings, unless otherwise defined in this Agreement.

“Advertising Cooperative” means a group of PMA Studios formed to facilitate marketing and advertising placement in a particular geographic area.

“Affiliate” means any entity that is wholly or partly owned by another entity, that shares common ownership with another entity, or that has an ownership interest in another entity.

“Approved Location” means the Franchisor-approved site for the Franchised Business in the Site Selection Area that meets Franchisor’s site selection criteria, as specified in Attachment B.

“Business Entity” means a corporation, limited liability company, limited partnership, or other entity created pursuant to statutory authority.

“Competitive Business” means any business or facility (on a fixed location or mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any studio, school, gym, dojo, store, business, service, event or facility that features martial arts, self-defense, or character building, fitness training or any other products or services or related products and accessories that are the same or similar to the Products and Services offered by PMA Studios (other than a PMA Studio under a franchise agreement with us). The words “fitness training” shall not be included in the definition of “Competitive Business” after Franchisee has opened its PMA Studios under all Franchise Agreements with us. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us.

“Confidential Information” means all information, knowledge, elements, trade secrets, and know-how utilized or embraced by the System, or which otherwise concerns Franchisor’s systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software; including, but not limited to: the Standards and all elements of the System and all products, services, equipment, technologies, policies, standards, requirements, criteria, and procedures which now or in the future are a part of the System; all information contained in the Manual, including supplements to the Manual; Franchisor’s standards and specifications for product preparation, packaging, and service; all specifications, sources of supply, all procedures, systems, techniques and activities employed by Franchisor or by you in the offer and sale of products and/or services at or from the Franchised Business premises; all pricing paradigms established by Franchisor or by you; all of Franchisor’s and/or your sources, or prospective sources, of supply and all information pertaining to same, including wholesale pricing structures, the contents of sourcing agreements, and the identity of vendors and suppliers; Franchisor’s specifications, and your final plans, for the construction, buildout, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of your Franchised Business premises; the identify of, and all information relating to, the computer and POS hardware and software utilized by Franchisor and you; all information and data pertaining to Franchisor’s and/or your advertising, marketing, promotion, and merchandising campaigns, activities, materials, specifications and procedures; information obtained through the Dashboard Access Agreement, attached hereto as Attachment J; all customer lists, Member Information, and records generated and/or otherwise maintained by your Franchised Business; all internet/web protocols, procedures, and content related to the System and your Franchised Business; Franchisor’s training and other instructional programs and materials; all elements of Franchisor’s recommended staffing, staff training, and staff certification policies and procedures; all communications between you and Franchisor, including the financial and other reports you

are required to submit to Franchisor under this Agreement; additions to, deletions from, and modifications and variations of the components of the System and the other systems and methods of operations which Franchisor employs now or in the future; all other knowledge, trade secrets, or know-how concerning the methods of operation of your Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of operation under the terms of the Franchise Agreement; and all other information, knowledge, and know-how which either Franchisor or its Affiliates, now or in the future, designate as “Confidential Information.”

“Controlling Interest” means: (a) if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively (i) directly or indirectly own at least 50% of the shares of each class of the developer entity’s issued and outstanding capital stock or membership units, as applicable; and (ii) are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or (b) if you are a partnership, that the Owners (i) own at least 51% interest in the operating profits and operating losses of the partnership as well as at least 51% ownership interest in the partnership (and at least 51% interest in the shares of each class of capital stock of any corporate general partner); and (ii) are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

“Crisis Management Event” means any event that occurs at or about the PMA Studio premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

“Franchise Site Application” means the form of application prescribed by Franchisor, from time-to-time, and used to evaluate proposed sites for the Franchised Business premises.

“Grand Opening Advertising Amount” means the amount set forth in the Summary Page that Franchisee will spend in connection with the opening of the Franchised Business.

“Gross Sales” means the dollar aggregate of: (1) the sales price of all products, services, memberships, merchandise, and other items sold, and the charges for all services you perform, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, including sales and services (A) originating at the Franchised Business premises even if delivery or performance is made offsite from the Franchised Business premises, (B) placed by mail, facsimile, telephone, the internet and similar means if received or filled at or from the Franchised Business premises, and (C) that you in the normal and customary course of your operations would credit or attribute to the operation of the Franchised Business; and (2) all monies, trade value or other things of value that you receive from Franchised Business operations at, in, or from the Franchised Business premises that are not expressly excluded from Gross Sales. Gross Sales does not include: (1) the exchange of merchandise between Franchised Businesses (if you operate multiple franchises) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Franchised Business premises; (2) returns to shippers, vendors, or manufacturers; (3) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (4) the sale of gift certificates, stored value cards and loyalty program benefits (the redemption value will be included in Gross Sales at the time of redemption); (5) insurance proceeds; (6) sales to employees at a discount (provided such discounts will not exceed 1.5% of Gross Sales during any reporting period); (7) cash or credit refunds for transactions included within Gross Sales (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (8) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the

taxing authority; (9) tips and gratuities; and (10) Introductory Lesson Fees and other fees charged directly to PMA Studio customers by Franchisor and its affiliates. A purchase returned to the Franchised Business may not be deducted from Gross Sales unless the purchase was previously included in Gross Sales.

“Ideas and Concepts” means processes, innovations, improvements, ideas, concepts, methods, techniques, materials or customer information relating to the System, Confidential Information and/or PMA Studios that you or any of your Owners, Affiliates, personnel or independent contractors discovers, invents, creates, develops or derives from time to time in connection with the development or operation of the Franchised Business.

“Initial Franchise Fee” means the initial fee Franchisee must pay to Franchisor upon Franchisee’s execution of this Agreement as set forth in Section 6.A, and in the amount set forth in the Summary Page.

“Intellectual Property” means all intellectual property or other proprietary rights throughout the world, whether existing under contract, statutes, convention, civil law, common law or any law whatsoever, now or hereafter in force or recognized, including (1) patents and rights to inventions; (2) trademarks, service marks, logos, trade dress and design rights; (3) works of authorship, including, without limitation, copyrights, source codes, moral rights, and neighboring rights; (4) trade secrets; (5) Ideas and Concepts; (6) publicity and privacy rights; (7) any rights analogous to those set forth herein and any other intellectual property and proprietary rights; (8) any application or right to apply for any of the rights referred to in subsections (1) through (7) above; and (9) any and all renewals, divisions, continuations, continuations-in-part, re-issuances, re-examinations, extensions and restorations of any of the foregoing (as applicable).

“Local Marketing Expenditure” means the amount Franchisee must spend monthly on local advertising for the Franchised Business in the Protected Area each month as set forth in Section 15.A and in the amount set forth in the Summary Page, as may be amended.

“Manual” means the series of documents, publications, bulletins, materials, drawings, memoranda, CDs, DVDs, MP3s, and other media Franchisor may loan you from time-to-time, which sets forth the System’s operating systems, procedures, policies, methods, standards, specifications, and requirements for operating your Franchised Business, and which contains information and knowledge necessary and material to the System, and designated by Franchisor as the mandatory guide for the development and operation of PMA Studios, including, without limitation, the confidential and proprietary Operations Manual as Franchisor may, in its sole discretion, revise, amend, modify, or update from time-to-time upon notice of such revisions, amendment, modification, or update to you or your Affiliates.

“Opening Date” means the date by which the Franchised Business must open for business to the public, as set forth in Attachment B, which date will be no later than 12 months following the Effective Date.

“Owner(s)” means you if you are an individual, or each individual or entity holding more than a ten percent equity interest in you if you are a Business Entity (regardless of voting rights), and the franchisee individual(s) or entity(ies) that enter into the Franchise Agreement if you are a Business Entity. It includes all officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a Business Entity, then the term “Owner” also includes the Owners of that Business Entity.

“Person” means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, a limited liability company, a government, or any department or agency thereof, a trust, and any other incorporated or unincorporated association or organization.

“Proprietary Marks” means the trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may designate in writing for use in connection with the System, including, but not limited to, the collection of trademarks listed in the chart below for the country in which your Franchised Business is located.

“Protected Area” means the geographic area identified in Attachment B to this Agreement.

“Relocation Fee” means 25% of the then-current initial franchise fee.

“Renewal Fee” means 50% of the then-current initial franchise fee plus reimbursement of legal and professional fees and other costs incurred by Franchisor in connection with the renewal.

“Royalty Fee” means the continuing royalty fee Franchisee must pay to Franchisor as set forth in Section 6.B., and identified on the Summary Page.

“Site Application” means the documents and information that Franchisee must submit to Franchisor prior to Franchisor’s evaluation of a proposed site, including without limitation a description of the proposed site, demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics and a site plan of the premises that Franchisee wishes to include in the development of the Franchised Business, if any.

“Site Selection Area” means the geographical area defined by the map in Attachment B within which Franchisee must conduct its search to find an acceptable location for its Franchised business. “Site Selection Area Name,” as defined on the Summary Page, shall mean the general identifying name for the Franchisee’s area, and does not endow any greater area than the Site Selection map identified in Attachment B.

“Standards” means the standards, specifications, policies, procedures, and techniques that Franchisor has developed relating to the location, establishment, operation, and promotion of Franchisor’s Franchised Businesses, all of which may be changed by Franchisor in its sole discretion. The Standards include, among other things: required and recommended business practices; product preparation techniques; presentation standards; standards and specifications for Franchised Business design and appearance; customer service standards; sales techniques and procedures; and other management, operational, and accounting procedures.

“Term” means a number of years as reflected on the Summary Page.

“Transfer Fee” means 1) 50% of the then-current initial franchise fee if Controlling Interest is transferred to a new approved franchisee, 2) 25% of the then-current initial franchise fee if Controlling Interest is transferred to an approved existing franchisee; plus, reimbursement of legal and professional fees and other costs incurred by Franchisor in connection with the transfer, not to exceed \$3,500, or 3) \$3,500 if i) 20% or less of the total outstanding units in the Franchised Business are being transferred to an approved Owner *and* ii) limited to one time per rolling twelve-month period (otherwise, 25% of the then-current initial franchise fee).

REGISTERED US MARKS:

MARK	REGISTRATION OR SERIAL(S) NUMBER	REGISTRATION DATE	INTERNATIONAL CLASS
 (Design plus words, letters, and/or numbers)	3282683	August 21, 2007	035
 (Design plus words, letters, and/or numbers)	6431589	July 27, 2021	25, 28, 41
PREMIER MARTIAL ARTS (standard character mark)	6459164	August 24, 2021	25, 28, 41
CROSS KICK (standard character mark)	4629125	October 28, 2014	35

**PREMIER MARTIAL ARTS®
FRANCHISE AGREEMENT**

ATTACHMENT B

APPROVED LOCATION, SITE SELECTION AREA, AND PROTECTED AREA

Section 1.A. The Approved Location is at: _____ .

Section 1.B. The Protected Area includes the following zip codes and the map, where boundaries of the map control if there is a conflict: _____ .

Section 3.A. The Site Selection Area map is:

Section 3.B. The Opening Date is: _____ .

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Attachment B to be effective as of the Effective Date.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

FRANCHISEE:

[_____] ,
a [_____]

By: _____
Barry Van Over, its CEO

By: _____
[_____] , its [_____]

**PREMIER MARTIAL ARTS®
FRANCHISE AGREEMENT**

ATTACHMENT D

UNDERTAKING AND GUARANTY

By virtue of executing a PMA® Franchise Agreement (“Franchise Agreement”) dated _____, (“Franchisee”) has acquired the right and franchise from Premier Franchising Group, LLC (“Franchisor”) to establish and operate a Premier Marital Arts® business (“Franchised Business”) and the right to use in the operation of the Franchised Business the Proprietary Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor’s sole discretion.

Pursuant to the terms and conditions of the Franchise Agreement, each of the undersigned hereby acknowledges and agrees as follows:

1. I have read the terms and conditions of the Franchise Agreement and acknowledge that the execution of this Undertaking and Guaranty and the undertakings of the Owners in the Franchise Agreement are in partial consideration for, and a condition to, the granting of the rights under the Franchise Agreement. I understand and acknowledge that Franchisor would not have granted such rights without the execution of this Undertaking and Guaranty and the other undertakings of the Owners in the Franchise Agreement.
2. I own a beneficial interest in the Franchisee, and I am included within the term “Owner” as defined in the Franchise Agreement.
3. I, individually and jointly and severally with the other Owners, hereby make all of the covenants, representations, warranties, and agreements of the Owners set forth in the Franchise Agreement, and agree that I am obligated to and will perform thereunder, including, without limitation, the provisions regarding compliance with the Franchise Agreement in Article 11, the use of confidential information in Article 14, the restrictive covenants in Article 14, the transfer provisions in Article 17, the choice of law and venue provisions in Article 23, and the indemnification obligations in Article 20.
4. I, individually and jointly and severally with the other Owners, unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all obligations of the Franchisee under the Franchise Agreement will be punctually paid and performed. Upon default by the Franchisee or upon notice from Franchisor, I will immediately make each payment and perform each obligation required of the Franchisee under the Franchise Agreement. Without affecting the obligations of any Owner under this or any other Undertaking and Guaranty, Franchisor may, without notice to any Owner, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the Franchisee or settle, adjust, or compromise any claims that Franchisor may have against the Franchisee. I waive all demands and notices of every kind with respect to the enforcement of this Undertaking and Guaranty, including notices of presentment, demand for payment or performance by the Franchisee, any default by the Franchisee or any guarantor, and any release of any guarantor or other security for this Undertaking and Guaranty or the obligations of the Franchisee. Franchisor may pursue its rights against me without first exhausting its remedies against the Franchisee and without joining any other guarantor and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by Franchisor of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon Franchisor’s receipt of notice of the death of any Owner, the estate of the deceased will be bound by the foregoing Undertaking and Guaranty, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in that event, the obligations of the Owners who survive such death will continue in full force and effect.
5. No modification, change, impairment, or suspension of any of Franchisor’s rights or remedies shall in any way affect any of my obligations under this Undertaking and Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee’s

obligations, I agree that Franchisor's release of such security will not affect my liability under this Undertaking and Guaranty.

6. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

7. I understand that Franchisor's rights under this Undertaking and Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

8. I agree to be bound individually to all of the provisions of the Franchise Agreement including, without limitation, the litigation and dispute resolution provisions set forth in Article 23 and I irrevocably submit to the jurisdiction of the state and federal courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts.

9. I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.

10. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by Franchisor. Any capitalized terms contained in but not defined by this Guaranty and Personal Undertaking shall have the same meaning prescribed to that word in the Franchise Agreement.

11. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has executed this Undertaking and Guaranty to be effective on the day and year first written above.

OWNER

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**PREMIER MARTIAL ARTS®
FRANCHISE AGREEMENT**

ATTACHMENT E

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

In consideration of my being an Owner of [_____] (“Franchisee”) and by virtue of executing a Premier Martial Arts® Franchise Agreement dated [_____] (“Franchise Agreement”) and this Confidentiality and Non-Competition Agreement (herein, “Agreement”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree as follows:

1. Through the Franchise Agreement, Franchisee has acquired the right and franchise from Premier Franchising Group, LLC (“Franchisor”) to establish and operate a PMA® franchise facility (“Franchised Business”) and the right to use in the operation of the Franchised Business the Proprietary Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor’s sole discretion.
2. Franchisor possesses certain proprietary and confidential information, knowledge, elements, and know-how which is utilized in the operation of the System, including, without limitation, the Manual, Proprietary Products, Intellectual Property Confidential Information and other techniques and know-how which concerns Franchisor’s systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software, as further described in the Franchise Agreement.
3. In addition to the Confidential Information identified in the Franchise Agreement, any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.
4. I acknowledge that, in my position with the Franchisee, Franchisor and Franchisee have or will furnish me with valuable specialized training and will disclose Confidential Information to me in furnishing to me the training program and subsequent ongoing training and other general assistance during the term of this Agreement.
5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and I acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.
6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will not disclose and/or use the Confidential Information except in connection with the operation of the Franchised Business as an Owner of the Franchisee, and then only in strict compliance with the Manual and System and only to such employees having a need to know; I will not directly or indirectly imitate, duplicate, or “reverse engineer” any Confidential Information or any other information designated by Franchisor as confidential or aid any third party in such actions; and I will continue not to disclose and/or use any Confidential Information or any other information designated by Franchisor as confidential even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise agreement.

7. Except as otherwise approved in writing by Franchisor, I will not (either directly or indirectly, for myself or through, on behalf of, or in conjunction with any person, or legal entity) at any time while I am the Owner of, employed by, or associated with the Franchisee, or at any time during the uninterrupted two (2)-year period (which will be tolled during any period of noncompliance) after I cease to be the Owner of, employed by, or associated with the Franchisee (or the two (2)-year period after the expiration or earlier termination of the Franchise Agreement, whichever occurs first):
- (a) Divert or attempt to divert any present or prospective customer of any PMA Studio to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System defined and described in the Franchise Agreement; or
 - (b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any direct or indirect interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than PMA Studios pursuant to a then-currently effective Franchise Agreement with Franchisor. While I am the Owner of, employed by, or associated with the Franchisee, this restriction shall apply to any location within the United States, its territories or commonwealths, and any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks. After I cease to be the Owner of, employed by, or associated with the Franchisee (or after the expiration or earlier termination of the Franchise Agreement, whichever occurs first), this restriction shall apply to any Competitive Business that either:
 - (i) is or is intended to be located at the location of any current or former PMA Studio or within a 25-mile radius of any other PMA Studio in existence or under development at the time of such termination or transfer; or
 - (ii) delivers services through the internet or mobile channels to customers within a 25-mile radius of the Approved Location of the Franchised Business.

I acknowledge that for purposes of this Agreement, “Competitive Business” as used herein, means any business or facility (on a fixed location or mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any studio, school, gym, dojo, store, business, service, event or facility that features martial arts, self-defense, or character building, fitness training or any other products or services or related products and accessories that are the same or similar to the Products and Services offered by PMA Studios (other than a PMA Studio under a franchise agreement with us). The words “fitness training” shall not be included in the definition of “Competitive Business” after Franchisee and its Owners have opened its PMA Studios under all Franchise Agreements with us. For clarification, the Franchisee and its Owners shall be free to pursue business opportunities in “fitness training” after Franchisee has opened this PMA Studio and all other PMA Studios required to be opened under any Development Agreement, if applicable.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.
10. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Agreement.
11. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by both the Franchisee and me. Any capitalized terms contained in but not defined by this Confidentiality and Non-Competition Agreement shall have the same meaning prescribed to that word in the Franchise Agreement.
12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts. Further, I acknowledge that this Agreement has been entered into in the state of Texas, and that I am to receive valuable information emanating from Franchisor's headquarters in Bedford, Texas. In recognition of the information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Texas. Notwithstanding the foregoing, I acknowledge and agree that Franchisor may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.
13. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.**
14. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Confidentiality and Non-Competition Agreement to be effective on the day and year first written above.

ACKNOWLEDGED BY FRANCHISEE:

[_____] ,

a [_____]

By: _____

[_____] , its [_____]

**PREMIER MARTIAL ARTS®
FRANCHISE AGREEMENT**

ATTACHMENT F

TELEPHONE NUMBERS ASSIGNMENT AGREEMENT

This Telephone Numbers Assignment Agreement is made on [____], by and between [____] (“Assignor”) and PREMIER FRANCHISING GROUP, LLC or its designee (“Assignee”).

BACKGROUND

- A. The Assignee has developed and owns the proprietary system (“System”) for the operation of a facility under the trademark and logo PREMIER MARTIAL ARTS (“Franchised Business”);
- B. The Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated [____], in accordance with the System;
- C. To operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and
- D. As a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of a termination of the Franchise Agreement.

AGREEMENT

In consideration of the foregoing, the mutual premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

- 1. Assignment. In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its rights, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement; provided, however, such Assignment shall not be effective unless and until the Franchise Agreement is terminated in accordance with the provisions thereof.
- 2. Representation and Warranties of the Assignor. The Assignor hereby represents, warrants and covenants to the Assignee that:
 - (a) As of the effective date of the Assignment, all of the Assignor’s obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current;
 - (b) As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;
 - (c) This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof;
 - (d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which the Assignor is a party or by which the Assignor is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e) The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and the Assignor has obtained all necessary consents to this Assignment.

3. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Texas. All agreements, covenants, representations, and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns.

In witness whereof, the undersigned, intending to be legally bound, have executed this Telephone Numbers Assignment Agreement to be effective on the day and year first written above.

ASSIGNEE:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its President and CEO

ASSIGNOR:

[_____] ,
a [_____]

By: _____
[_____] , its [_____]

**PREMIER MARTIAL ARTS®
FRANCHISE AGREEMENT**

ATTACHMENT G

LEASE RIDER

THIS AGREEMENT is made and entered into on _____, 20____, by and among Premier Franchising Group, LLC, having its principal offices at 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022 (“Franchisor”), _____, having its principal offices at _____ (“Landlord”), and _____, having its principal offices at _____, _____ (“Tenant”).

BACKGROUND

- A. Landlord and Tenant have executed a lease agreement dated _____ (“Lease”) for the premises located at _____ (“Leased Premises”) for use by Tenant as a business to be opened pursuant to Franchisor’s proprietary marks and system in connection with a Franchise Agreement dated by and between Franchisor and Tenant (“Franchise Agreement”);
- B. A condition to the approval of Tenant’s specific location by Franchisor is that the Lease for the Leased Premises specify that the Leased Premises may be used only for the operation of a Premier Martial Arts franchised facility (“Franchised Business”) and contain the agreements set forth herein;
- C. Landlord acknowledges that Franchisor requires the modifications to the Lease set forth herein as a condition to its approving the Leased Premises as a site for the Franchised Business, and that Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein; and
- D. According to Section 3.C. of the Franchise Agreement, all rights, title and interest in and to the Lease must be assigned to Franchisor, at Franchisor’s option, upon the termination of the Franchise Agreement;

AGREEMENT

In consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. Use Clause. The Leased Premises shall be used for the operation of a Premier Martial Arts Franchised Business and identified by the mark Premier Martial Arts® or such other name as may be specified by Franchisor or its affiliates. A portion, in any case less than 25%, of the Leased Premises, may also be used for operation of businesses associated with Unleashed Brands, LLC, which shall not be the primary use of the Leased Premises and which additional use shall not violate any use restrictions that exist with respect to the Leased Premises as of the effective date of the Lease. Landlord acknowledges that such use shall not violate any then-existing exclusive rights granted to any existing tenant of Landlord. Landlord consents to Tenant’s use of Franchisor’s marks and signs, décor items, color schemes and related components of Franchisor’s proprietary system. Landlord further acknowledges that during the term of this Lease or any extension thereof, Landlord will not lease space to another business or facility (on a fixed location or mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any studio, school, gym, dojo, store, business, service, event or facility that features martial arts, self-defense, or character building, fitness training or any other products or services offered by Premier Martial Arts Franchised Business.

2. Termination of the Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease or any extension thereof, Tenant, upon the written request of Franchisor, shall assign to Franchisor all of its rights, title and interest in and to the Lease, and Franchisor or any affiliate designated by Franchisor may agree to assume from the date of assignment all of Tenant's obligations remaining under the Lease, and may assume Tenant's occupancy rights, and the right to sublease the premises, for the remainder of the term of the Lease. If Franchisor elects to accept the assignment of the Lease from Tenant, it shall give Tenant and Landlord written notice of its election to acquire the leasehold interest. Landlord hereby consents to the assignment of the Lease from Tenant to Franchisor and shall not charge any fee or accelerate rent under the Lease. Alternatively, in the event of a termination of the Franchise Agreement, Franchisor may elect to enter into a new lease with Landlord containing terms and conditions no less favorable than the Lease. Upon Landlord's receipt of written notice from Franchisor advising Landlord that Franchisor elects to enter into a new lease, Landlord shall execute and deliver such new lease to Franchisor for its acceptance. Landlord and Tenant shall deliver possession of the Leased Premises to Franchisor, free and clear of all rights of Tenant or third parties, subject to Franchisor executing an acceptance of the assignment of Lease or new lease, as the case may be.
3. Tenant's Agreement to Vacate Leased Premises. Tenant agrees to peaceably and promptly vacate the Leased Premises and, subject to Franchisor's right to acquire any such property pursuant to its Franchise Agreement with Tenant, to remove its personal property therefrom upon the termination of the Franchise Agreement. Any property not removed or otherwise disposed of by Tenant shall be deemed abandoned.
4. Delivery of Possession. If Landlord may not legally obtain possession of the Leased Premises or if Landlord is unable to deliver the Leased Premises to Franchisor within six (6) months from the date Franchisor notifies Landlord of its election to continue the use of the Leased Premises, then Franchisor shall have the right at any time thereafter to rescind its election to acquire a leasehold interest in the Leased Premises and to terminate the Lease or any new lease between it and Landlord for the Leased Premises, and Landlord shall release Franchisor from all of its obligations under the Lease or any new lease.
5. Entry. Franchisor may enter the Leased Premises without the consent of Landlord or Tenant to make any modification necessary to protect Franchisor's proprietary system or marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort.
6. Amendment of Lease. Landlord and Tenant agree not to amend the Lease in any respect, except with the prior written consent of Franchisor.
7. Franchisor Not a Guarantor. Landlord acknowledges and agrees that notwithstanding any terms or conditions contained in this Agreement or any other agreement, Franchisor shall in no way be construed as a guarantor or surety of Tenant's obligations under the Lease. Notwithstanding the foregoing, in the event Franchisor becomes the tenant by assignment of the Lease in accordance with the terms hereof or enters into a new lease with Landlord, then Franchisor shall be liable for all obligations of Tenant on its part to be performed or observed under the Lease or a new lease.
8. Document to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Agreement and the Lease, the terms of this Agreement shall prevail.
9. Waiver. Failure of Franchisor to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

10. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.
11. Notices. Landlord shall mail to Franchisor copies of any letters and notices it gives to Tenant related to the Lease or the Leased Premises concurrently with giving such letters and notices to Tenant. If Tenant fails to cure any default within the period provided in the Lease, if any, Landlord shall give Franchisor immediate written notice of such failure to cure. All notices shall be delivered by certified mail at the addresses designated in the heading of this Agreement or to such other addresses as the parties hereto may, by written notice, designate.
12. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.
13. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.
14. Remedies. The rights and remedies created herein shall be deemed cumulative and no one such right or remedy shall be exclusive at law or in equity of the rights and remedies which Franchisor may have under this or any other agreement to which Franchisor and Tenant are parties.
15. Attorneys' Fees. If any of the parties to this Agreement commences a legal action against another party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit; the term "prevailing party" means a party that is awarded actual relief in the form of damages, declaratory relief, or injunctive relief, as well as a party that successfully defends a legal action commenced against it.
16. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the state in which the leased premises is located.
17. Certain Acknowledgments. Landlord and Tenant acknowledge and agree that all interior and exterior signage and related items (collectively, the "Leased/Licensed Assets") are the sole property of Franchisor. Tenant shall have no rights to pledge in any manner the Leased/Licensed Assets and Landlord shall have no rights to place any liens on or make any claims to the Leased/Licensed Assets.

(SIGNATURE PAGE FOLLOWS.)

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Lease Rider to be effective on the day and year first written above.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its President and CEO

LANDLORD:

a _____, _____

By: _____
_____ (name)
_____ (title)

TENANT:

a _____, _____

By: _____
_____ (name)
_____ (title)

**PREMIER MARTIAL ARTS®
FRANCHISE AGREEMENT**

ATTACHMENT H

ACH AUTHORIZATION AGREEMENT

(VER. 08052021)

By executing below, the undersigned Franchisee authorizes Premier Franchising Group, LLC (“Franchisor”) to credit or debit the account identified below to pay all fees, charges, and any other amounts Franchisee owes Franchisor or its parents, affiliates, or subsidiaries pursuant to the applicable Franchise Agreement, as amended, and any other agreements entered into between Franchisor and Franchisee, including, but not limited to, reimbursable or pass through expenses, the cost of any products or services Franchisee purchases from Franchisor, and, if necessary, to initiate adjustments for any transactions debited or credited in error. These debits and credits are related to the operation of the franchised business and the amount of each debit or credit will vary from month-to-month. This authorization will remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor a reasonable opportunity to act on it. Termination of this authorization may result in your Franchise Agreement being terminated unless an alternate means of payment acceptable to Franchisor is provided.

TERMS OF BILLING:

Starting immediately and continuing thereafter until your Franchise Agreement has expired or been terminated or alternate means of payment are approved by Franchisor, Franchisee authorizes Franchisor to initiate either an electronic debit or credit or to create and process a demand draft against my bank account listed below on or about the 15th day of each month for those sums authorized herein.

Franchisee’s Bank Name: _____

Bank ABA Number (Routing Number): _____

Bank Account Number: _____

Bank Account Type (Checking/Savings): _____

Franchisee Federal Tax ID Number: _____

Territory Name: _____

Franchisee (Insert legal name): _____

By: _____

Printed Name: _____

Title: _____

Date: _____

**PREMIER MARTIAL ARTS®
FRANCHISE AGREEMENT**

ATTACHMENT I

DASHBOARD ACCESS AGREEMENT

This Dashboard Access Agreement (“Agreement”) is entered into by Franchisor and Franchisee on the last date of execution below and amends the terms of the franchise agreement entered into by the parties (“Franchise Agreement”). Capitalized terms not defined herein have the meaning ascribed in the Franchise Agreement.

WHEREAS, Franchisor created an online dashboard through Microsoft’s Power BI to provide PMA franchisees access to certain data, including, but not limited to, sales, operating expenses, membership sales and data, net promoter score, labor costs, and such other information as identified by Franchisor (“Data”); and

WHEREAS, by checking one of the two boxes below, Franchisee is indicating its desire to acquire an optional, license for Power BI through Franchisor, view the Data provided by Franchisee and others, and share its Data on Power BI such that it is visible to other PMA franchisees.

In light of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. LICENSE. Franchisee acknowledges its desire to purchase _____ (insert number of licenses to be purchased) twelve-month Power BI license(s) and agrees to reimburse Franchisor the License Fee (as defined below) charged by Microsoft for each Power BI license purchased. The “License Fee” shall equal \$10.00 per month per license plus applicable taxes, as such fee may be increased by Microsoft from time-to-time. Franchisor acknowledges the License Fee does not include any markup or rebate. Franchisee agrees Franchisor may bill the License Fee through the monthly royalty invoice and collect the License Fee pursuant to Franchisee’s ACH Authorization on file. If there is no ACH Authorization on file, then Franchisee shall remit payment to Franchisor by the deadline by which royalties are due Franchisor under the Franchise Agreement. Time is of the essence in the performance of the payment obligations hereunder, and violations of this Agreement constitute a violation under the Franchise Agreement. Access to Power BI is subject to all restrictions set forth in the Operations Manual and Microsoft’s terms, conditions, and license agreement available at <https://powerbi.microsoft.com/en-us/windows-license-terms>, which is incorporated herein. Please check one of the two boxes below indicating your desire to acquire a Microsoft Power BI license and to the sharing of data as set forth in section 2 below.

2. SHARING OF AND ACCESS TO DATA. Franchisee acknowledges (a) if Franchisee elects to opt in, Franchisor may share Franchisee’s Data with other PMA franchisees through the Power BI platform and such other platforms as identified by Franchisor and (b) if Franchisee elects to opt out, such Franchisee’s Data will be anonymous on the Power BI platform. Franchisor makes no warranty or representation the Data will be representative of all PMA franchisees. Further, Franchisee acknowledges and agrees it will access and use the Data solely with its efforts to improve the operation of its franchised business pursuant to the Franchise Agreement, and such Data is not provided in connection with the offer or sale of a franchise.

3. CONFIDENTIALITY. Franchisee agrees all Data Franchisor makes available to Franchisee through Power BI is Confidential Information as defined in the Franchise Agreement, and subject to confidentiality obligations and restrictive covenants set forth therein.

4. **MISCELLANEOUS TERMS.** This Agreement reflects the entire understanding of the parties regarding the subject matter hereof, may only be modified in writing, and supersedes any inconsistent or conflicting provisions of the Franchise Agreement. The remaining terms of the Franchise Agreement are unaffected by this Agreement and remain binding on the parties. The parties sign and deliver this Agreement to each other as shown below.

- OPT IN:** By selecting this box you are electing to receive a Microsoft Power BI license and the sharing of data as provided in section 2 above.
- OPT OUT:** By selecting this box you are declining to receive a Microsoft Power BI license and to share your data anonymously as provided herein.

FRANCHISOR:

Premier Franchising Group, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its President and CEO

FRANCHISEE:

[_____] ,
a [_____]

By: _____
[_____] , its [_____]

**PREMIER MARTIAL ARTS®
FRANCHISE AGREEMENT**

ATTACHMENT J

FRANCHISE AGREEMENT STATE SPECIFIC RIDERS

ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider to the Franchise Agreement (the “**Rider**”) is entered into this_____, 20___(the “**Effective Date**”), between Premier Franchising Group, LLC, a Tennessee limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”), and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you,**” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreements. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreements. Terms not otherwise defined in this Rider have the meanings as defined in the Agreements.

2. **Termination.** Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. **Governing Law.** Section 21.12 of the Franchise Agreement and Article 22 of the Development Agreement is amended in its entirety to read as follows:

Illinois law governs the Franchise Agreement(s) and Development Agreement.

4. **Jurisdiction.** In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

5. Any releases that the Franchisor requests the Franchisee to sign must conform with Section 41 of the Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Effective Date, regardless of the actual date of signature.

FRANCHISOR:

FRANCHISEE:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

[_____] ,
a [_____]

By: _____
Barry Van Over, its CEO

By: _____
[_____] , its [_____]

INDIANA RIDER TO THE FRANCHISE AGREEMENT

This Rider to the Franchise Agreement (the “**Rider**”) is entered into this _____, 20__ (the “**Effective Date**”), between Premier Franchising Group, LLC, a Tennessee limited liability company (“**we**,” “**us**,” “**our**” or “**Franchisor**”), and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you**,” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

- Under Indiana Code 23-2-2.7-1(10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Sections 21.12 and 21.13 of the Franchise Agreement and Articles 22 and 23 of the Development Agreement.
- Under Indiana Code 23-2-2.7-1(10), franchisee may not agree to waive any claims or rights.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its CEO

FRANCHISEE:

[_____] ,
a [_____]

By: _____
[_____] , its [_____]

MARYLAND RIDER TO THE FRANCHISE AGREEMENT

This Rider to the Franchise Agreement (the “**Rider**”) is entered into this_____, 20___(the “**Effective Date**”), between Premier Franchising Group, LLC, a Tennessee limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”), and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you,**” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

- 1. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- 2. The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
- 3. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise and/or Development rights.
- 4. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- 5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its CEO

FRANCHISEE:

[_____] ,
a [_____]

By: _____
[_____] , its [_____]

Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider to the Franchise Agreement (the “**Rider**”) is entered into this _____, 20__ (the “**Effective Date**”), between Premier Franchising Group, LLC, a Tennessee limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”), and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you,**” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure), and 180 days’ notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

2. Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

3. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise disclosure document or agreement(s) can abrogate or reduce your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. Such release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

6. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.

7. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.

8. We will protect your right to use our trademark, service marks, trade names, logo types or other commercial symbols and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your authorized use of the same.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its CEO

FRANCHISEE:

[_____] ,
a [_____]

By: _____
[_____] , its [_____]

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider to the Franchise Agreement (the “**Rider**”) is entered into this_____, 20__ (the “**Effective Date**”), between Premier Franchising Group, LLC, a Tennessee limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”), and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you,**” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

- 1. Capitalized terms used but not defined in this Rider have the meanings given in the Agreements.
- 2. Notwithstanding any provision of the Agreements to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33.
- 3. Any condition, stipulation, or provision in the Agreements purporting to bind Franchisee to waive compliance by Franchisor with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Notwithstanding any provision of the Agreements to the contrary, the New York Franchises Law shall govern any claim arising under that law.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its CEO

FRANCHISEE:

[_____] ,
a [_____]

By: _____
[_____] , its [_____]

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider to the Franchise Agreement (the “**Rider**”) is entered into this_____, 20___(the “**Effective Date**”), between Premier Franchising Group, LLC, a Tennessee limited liability company (“**we**,” “**us**,” “**our**” or “**Franchisor**”), and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you**,” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. Capitalized terms used but not defined in this Rider have the meanings given in the Agreements.
2. The Agreement (and any Guaranty Agreement) is/are amended to comply with the following:
 1. Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.
 2. Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
 3. Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
 4. Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
 5. Applicable Laws: The Agreement(s) (and any Guaranty Agreement) is/are governed by the laws of the State of North Dakota.
 6. Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
 7. Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.
 8. General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement(s).
 9. Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its CEO

FRANCHISEE:

[_____] ,
a [_____]

By: _____
[_____] , its [_____]

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider to the Franchise Agreement (the “**Rider**”) is entered into this _____, 20__ (the “**Effective Date**”), between Premier Franchising Group, LLC, a Tennessee limited liability company (“**we**,” “**us**,” “**our**” or “**Franchisor**”), and _____, a _____ whose principal business address is _____ (referred to in this Rider as “**you**,” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. Any provision in the Franchise Agreement and Development Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its CEO

FRANCHISEE:

[_____] ,
a [_____]

By: _____
[_____] , its [_____]

WASHINGTON ADDENDUM

TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, FRANCHISE DISCLOSURE QUESTIONNAIRE, AND RELATED AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Use of Franchise Brokers. The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its CEO

FRANCHISEE OR YOU:

[_____] ,
a [_____]

By: _____
[_____] , its [_____]

**EXHIBIT D
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

SAMPLE FORM OF GENERAL RELEASE

GENERAL RELEASE (this “General Release”)

This General Release is made and entered into on _____, ____ by and between Premier Franchising Group, LLC (“Franchisor”), _____ (“Franchisee”), _____ and _____ (together with the Franchisee, the “Franchisee Parties”). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties agree as follows.

1. To the maximum extent permitted by applicable law, the Franchisee Parties on behalf of themselves and each of their past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (together with the Franchisee Parties, the “Releasing Parties”) do remise, release, waive, and forever discharge Premier Franchising Group, LLC, Premier Martial Arts International, Inc., Studio Pro Enterprises, LLC, Premier Kidz Foundation, Inc., UA Holdings, LLC, Unleashed Brands, LLC, Unleashed Services, LLC and each of their respective past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (collectively, the “Franchisor Parties”) from any and all claims, demands, obligations, liabilities, actions, proceedings, agreements, debts, demands, damages, accounts, charges, invoices, discounts, incentives, allowances, controversies, expenses, attorneys’ fees, suits, arbitrations, and causes of action whatsoever, in law or equity, whether known or unknown, past, present, or future, which the Releasing Parties have, have had, claim to have, or may have against the Franchisor Parties including, but not limited to, any and all claims and damages in any way arising out of or related to (1) that franchise agreement between Premier Franchising Group, LLC and Franchisee dated _____ regarding the operation of a Premier Martial Arts studio located at _____, as amended; (2) any other franchise agreement or any other contract between any Releasing Party and any Franchisor Party; (3) the offer and sale of any Premier Martial Arts franchise opportunity, (4) the disclosure requirements under the FTC Franchise Rule (16 CFR et seq); (5) any other state franchise law, (6) any alleged misrepresentations made by the Franchisor Parties in the sale of a franchise to the Releasing Parties or otherwise; (7) any and all claims arising under local, state, and federal laws, rules, and ordinances, whether statutory or under common law; (8) the Premier Martial Arts studio located at _____; and (9) any relationship between the Releasing Parties and the Franchisor Parties.

2. The Franchisee Parties acknowledge this General Release extends to all claims the Franchisee Parties do not know or suspect to exist in their favor at the time of executing this General Release, which if were known to exist may have materially affected the decision to enter into this General Release. The Franchisee Parties understand the facts in respect of which this General Release is given may hereafter turn out to be other than or different from the facts known or believed to be true. By executing this General Release, the Franchisee Parties expressly assume the risk of the facts turning out to be different and agree this General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts. The Franchisee Parties, jointly and individually, covenant and agree that none of them will commence, maintain, participate in, or prosecute any claim, demand, suit, action, or cause of action against the Franchisor Parties concerning the claims released in this General Release.

3. This General Release represents the entire agreement of the parties regarding the subject matter hereof and may only be modified in writing.

[If Releasor is domiciled or has his or her principal place of business in the State of California]

WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.

_____ (“Releasor”) for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

With respect to those claims being released, I acknowledge, for myself and on behalf of all persons acting by or through me, which I am releasing unknown claims and waive all rights I have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this paragraph, I shall be considered to be creditors of Franchisor Parties, and each of them.

I acknowledge that this general release extends to claims which I do not know or suspect to exist in my favor at the time of executing this General Release, which if were known to me may have materially affected my decision to enter into this General Release. I understand that the facts in respect of which this General Release is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. I expressly assume the risk of the facts turning out to be so different and agree that this General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the dates set forth below.

FRANCHISEE PARTIES:

_____,
a _____

By: _____
_____, its _____

_____, individually

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

**EXHIBIT E
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

DEVELOPMENT AGREEMENT

**PREMIER FRANCHISING GROUP, LLC
DEVELOPMENT AGREEMENT
SUMMARY PAGE**

EFFECTIVE DATE: _____

EXPIRATION DATE: _____

DEVELOPER: _____

ADDRESS FOR NOTICES: _____

TELEPHONE NUMBER:

E-MAIL ADDRESS:

FRANCHISOR: Premier Franchising Group, LLC

ADDRESS FOR NOTICE: 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022

**DEVELOPMENT AREA
NAME:** _____

**NUMBER OF UNITS
TO BE DEVELOPED:** _____

DEVELOPMENT FEE: _____

**PREMIER FRANCHISING GROUP, LLC
DEVELOPMENT AGREEMENT**

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STATE SPECIFIC ADDENDA

ATTACHMENTS

Attachment A	Glossary of Additional Terms
Attachment B	Development Schedule and Development Area
Attachment C	Developer’s Owners and Key Personnel
Attachment D	Undertaking and Guaranty

**PREMIER FRANCHISING GROUP, LLC
DEVELOPMENT AGREEMENT**

THIS DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into as of the Effective Date reflected in the Summary Pages (“Effective Date”), by and between Premier Franchising Group, LLC, a Tennessee limited liability company (“Franchisor”), and the Developer identified on the Summary Page (“you” or “Developer”).

A. Franchisor and its Affiliates have, as the result of the expenditure of time, skill, effort, and money, developed a distinctive business system for the development and operation of Premier Martial Arts Studios using our System and Marks (defined below), which in a distinctive and innovative environment, focus on personal development through instruction of martial arts training, by providing fitness, self-defense and character development, using various techniques and styles, including Karate, Krav Maga, Kali and others we designate or approve. In this Agreement, Premier Martial Arts Studios are referred to as “PMA Studios” or sometimes, when referring to the PMA Studio governed by a Franchise Agreement, the “Franchised Business”) under the name Premier Martial Arts (“Brand”), which are based on and include the Proprietary Products, Marks, Indicia, and Standards (“System”).

B. The distinguishing characteristics of the System include, without limitation, certain services, products, and merchandise, which incorporate Franchisor’s Marks, trade secrets, and proprietary information (“Proprietary Products”); distinctive exterior and interior design, decor, color scheme, graphics, fixtures, and furnishings (“Indicia”); standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs (“Standards”); all of which may be changed, improved, and further developed by Franchisor from time-to-time.

C. The System is identified and recognized by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the word mark “Premier Martial Arts,” “PMA,” and such other trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may hereafter designate in writing for use regarding the System (“Marks”).

D. Franchisor and its Affiliates continue to develop, establish, use, and control the use of the Proprietary Products, Marks, Indicia, Standards, and System to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System’s high standards of quality, appearance, and service.

E. You desire the right to develop multiple units under the System and Marks (“Units” or “Franchised Locations”) and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. Grant of Unit Development Rights

1.1.1. Franchisor hereby grants to you certain development rights, and you hereby accept the right and obligation to develop no less than the specified number of Units identified on the Summary Page in the Development Area identified in Attachment B within the timeframe set forth in the Development Schedule identified in Attachment B. Each Unit to be developed shall be developed and operated pursuant to a separate franchise agreement in accordance with Section 4.1.

1.1.2. This Agreement grants you no right or license to use any of the Marks; your right to operate a Unit and license to use the Marks derives solely from the Franchise Agreements that you will enter into under this Agreement.

1.1.3. The development rights granted under this Agreement belong solely to you: you may not share them, divide them, subfranchise, or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

1.2. Development Area Protection. During the term of this Agreement, Franchisor shall not own or operate, or grant anyone else the right to operate, a PMA Studio within the Development Area.

1.3. Franchisor's Reserved Rights. Notwithstanding anything to the contrary, Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Developer any rights therein:

(a) To own, acquire, establish, and/or operate and license others to establish and operate, Premier Martial Arts Units under the System at any location outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Developer's Units;

(b) To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Marks, whether such businesses are similar or different from Premier Martial Arts, at any location within or outside the Development Area, notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Developer's Units. Nothing in this Agreement prohibits or restricts Franchisor from owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than the Marks), whether or not the business is the same as or competitive with Premier Martial Arts;

(c) To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers, distributors, catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet), including products bearing Franchisor's Marks; and

(d) To (i) acquire one or more retail businesses that are the same as, or similar to, Premier Martial Arts then operating under the System (each an "Acquired Business"), which may be at any location within or outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of Developer's Units, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as a Premier Martial Arts under the System, subject to the following conditions that apply to each Acquired Business located within the Development Area:

i. Provided that Developer is in compliance with this Agreement and any other agreement with Franchisor, Franchisor may, in its sole discretion, offer to Developer the option to purchase and operate, as a Premier Martial Arts, an Acquired Business that is purchased by Franchisor for operation by Franchisor or its affiliates. If Franchisor in its sole discretion offers to Developer such an option, Franchisor shall provide Developer with written notice of Franchisor's purchase of the Acquired Business(es), the terms and conditions applicable to the Developer's option to purchase such Acquired Business(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions offered to Developer shall include, without limitation, the following: (a) the purchase price which shall be determined by Franchisor in its sole discretion; and (b) the requirement that Developer enter into Franchisor's then-current

form of franchise agreement for the Acquired Business, provided that Developer shall not be required to pay an initial franchise fee for an Acquired Business.

ii. If Developer does not elect to purchase, or fails to complete the purchase of, an Acquired Business, Franchisor shall retain its right to operate itself, or through its affiliates or third-party licensees or franchisees, the Acquired Business under any trade name or trademarks including the Marks. If an Acquired Business is part of a system of retail businesses that Franchisor acquires (an “**Acquired System**”), franchised or otherwise, Franchisor may also license or franchise to third parties under the Acquired System additional units of the Acquired System so that such third parties have the right to develop and operate within the Development Area.

1.4. No Rights to Use the System. This Agreement is not a franchise agreement and does not grant to Developer any right to use the Marks or the System or to sell or distribute any products or services. Developer’s rights to use the Marks and System will be granted solely under the terms of the Franchise Agreement.

2. TERM OF DEVELOPMENT AGREEMENT

2.1. Term. Unless sooner terminated, the term (“**Term**”) of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated, or extended as provided in this Agreement, expires on the earlier of: (a) the date on which you have completed your development obligations under this Agreement pursuant to Attachment B, or (b) 12:00 midnight CST on the Expiration Date identified on the Summary Page.

2.2. Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all territorial protection afforded under this Agreement ends (particularly under Section 1.2. above), and you have no further right to develop any Units for which a Franchise Agreement has not been signed. Termination or expiration of this Agreement does not affect any rights or obligations under any then-existing Franchise Agreements. For purposes of clarity, upon expiration or termination, Developer shall no longer have any rights to the Development Area other than the Protected Areas defined in each Unit’s then-existing Franchise Agreement. This Agreement cannot be renewed upon termination or expiration.

3. FEES

3.1. Development Fee. Upon execution of this Agreement, you shall pay to Franchisor a Development Fee in the amount set forth on the Summary Page (“Development Fee”) pursuant to the Development Fee Schedule below. The Development Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances.

Number of PMA Studios	Development Fee For Each	Total Development Fee
1	\$49,500	\$49,500
2	\$44,550	\$94,050
3	\$39,600	\$133,650

On a very limited basis and only if Developer meets Franchisor’s then-current requirements for Developers who may develop more than three units pursuant to this Agreement, for 36 months of the Effective Date, any additional Units shall be developed for an additional fee of \$39,600. Upon the 37th month of the Effective Date, Developer shall pay the then-current initial franchise fee or development fee for purchase of any additional Units.

3.2. Credit Towards Franchise Fee. If the Developer has paid the respective Development Fee, Developer will not pay any additional initial franchise fees (“Franchise Fee”) for any of the Units to be developed under this Agreement.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1. Separate Franchise Agreements. The Franchise Agreements for the first Unit to be developed under this Agreement is the form attached to the current franchise disclosure document, and shall be executed at the same time as this Agreement. The Franchise Agreement for the second and each additional Unit to be developed is the form of Franchisor's then-current Franchise Agreement, the terms of which may be materially different from the terms of the first franchise agreement. At the time you are ready to develop your second and each subsequent Unit, you will be disclosed with the then-current Premier Martial Arts franchise disclosure document with the then-current form of franchise agreement. Each Unit developed hereunder shall be at a specific location, which shall be designated in the respective franchise agreement that is within the Development Area.

4.2. Time is of the Essence. Recognizing that time is of the essence, Developer shall comply strictly with the Development Schedule. Developer acknowledges and agrees that the Development Schedule requires that Developer have executed and delivered to Franchisor Franchise Agreements for a cumulative number of Franchised Locations by the end of the time periods specified in Exhibit A.

4.3. Manner for Exercising Development Rights.

4.3.1. Before exercising any development right granted hereunder, you shall apply to Franchisor for a franchise to operate a Unit. If Franchisor, in its sole discretion, determines that you have met each of the following operational, financial, and legal conditions, then Franchisor will grant you a franchise for each respective Unit:

(a) **Operational Conditions:** You are in compliance with the Development Schedule and this Agreement, and you or your Affiliates are in compliance with any other agreement between them and Franchisor or its Affiliates, including any other franchise agreement executed with Franchisor. You are conducting the operation of your existing Units, if any, and are capable of conducting the operation of the proposed Unit in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).

(b) **Financial Conditions:** You and your Owners satisfy Franchisor's then-current financial criteria for developers and Owners of Premier Martial Arts Units. You and your Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. You are not in default, and have not been in default during the 12-month period immediately preceding your request for financial approval, of any monetary obligations owed to Franchisor or its Affiliates under any Franchise Agreement or any other agreement between you or your Affiliates and Franchisor or its Affiliates. You acknowledge and agree that it is vital to Franchisor's interest that each of its franchisees must be financially sound to avoid failure of a restaurant and that such failure would adversely affect the reputation and good name of Premier Martial Arts and the System.

(c) **Legal Conditions:** You have submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement. This includes, but is not limited to, certificates of formation or articles of incorporation (or its equivalent), EIN information, company or operation agreement (or its equivalent), contact information for all Owners, and any other information Franchisor may reasonably require from time to time.

4.3.2. Identifying and Securing Sites. Developer shall be solely responsible for identifying, submitting for Franchisor's approval, and securing specific sites for each Unit. The following terms and conditions shall apply to each Unit to be developed hereunder:

(a) Developer shall submit to Franchisor, in a form specified by Franchisor, a completed Site Application, as the term is defined in the corresponding franchise agreement. The parties shall comply with the site selection process in the corresponding franchise agreement or Franchisor's operations manual. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

(b) Following Franchisor's approval of a proposed site, Developer shall use its best efforts to secure access to and use of such site. Developer shall secure a minimum of the remaining term of the respective franchise agreement executed for the Unit to be located at such site. Developer shall immediately notify Franchisor of the execution of a lease or other agreement granting it access to and use of the site (which was pre-approved by Franchisor as required by Section 3.3). The site approved and secured pursuant to this Agreement shall be specified as the "Approved Location" (or equivalent) under the franchise agreement executed pursuant Section 4.3.3. below.

(c) Developer hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Unit or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Developer and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Developer's expectations as to revenue or operational criteria.

4.3.3. Lease or Agreement Terms. For each Unit to be developed hereunder, if Developer will sign a lease or other agreement granting it access to and use of a space(s) in which to operate the Unit. Developer shall comply with the respective provisions within the Unit's franchise agreement.

4.4. Development Schedule. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 4.3. and the Development Schedule reflected Attachment B. You may, subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop Units early, *i.e.*, more than the total minimum number of Units which you are required to develop during any applicable Development Period. Any Unit developed in excess of the minimum number of Units required to be developed during the applicable Development Period shall be applied to satisfy your development obligation during the next succeeding Development Period, if any. You shall not open or operate more than the cumulative total number of Units you are obligated to develop under the Development Schedule.

4.4.1. If during the term of this Agreement, you cease to operate any Unit developed under this Agreement for any reason, you must develop a replacement Unit. The replacement Unit shall be developed within a reasonable time (not to exceed 120 days) after you cease to operate the original Unit. If you desire to open the replacement Unit in an area outside of the original Protected Area of original Unit, you must obtain Franchisor's written consent before relocating. If, during the term of this Agreement, you transfer your interest in a Unit in accordance with the terms of the applicable Franchise Agreement for the Unit, the transferred Unit will continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as a Premier Martial Arts Unit. If the transferred Unit ceases to be operated as a Premier Martial Arts Unit during the term of this Agreement, you shall develop a replacement Unit within a reasonable time (not to exceed 120 days) thereafter.

4.4.2. Your failure to adhere to the Development Schedule (including any extensions thereof, approved by Franchisor in writing) or to any time period for the development of replacement Units is a material default of this Agreement for which Franchisor may terminate this Development Agreement, in its sole discretion, in addition to any other remedies available to it under law. Franchisor, in its discretion, may

elect, in lieu of terminating this Agreement, to use other remedial measures for Developer's breach of this Agreement, which include, but are not limited to: **(a)** loss of the limited exclusivity, or reduction in the scope of protections, granted to Developer under Article 1 herein for the Development Area; **(b)** reduction in the scope of the Development Area; or **(c)** reduction in the number of Units to be developed under the Development Schedule. If Franchisor exercises said right, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights and invoke all other provisions that are provided in law and/or set out under this Agreement, including immediate termination of this Agreement.

4.4.3. You acknowledge and agree that you have conducted an independent investigation of the business contemplated under this Agreement, that you fully understand your obligations under this Agreement, and that you recognize and assume all associated risks. In addition, you acknowledge that Franchisor makes no representation: **(a)** that your Development Area contains a sufficient number of acceptable locations to meet the number of Units to be developed under the Development Schedule; or **(b)** that your Development Area is sufficient to economically support the number of Units to be developed under the Development Schedule. You acknowledge that you have performed all related and necessary due diligence before your execution of this Agreement and that, accordingly, you assume the risk of identifying a sufficient number of acceptable locations within the Development Area and the economic risk of developing the number of Units set forth in Exhibit B.

4.5. Projected Opening Dates. You must open each Unit by the projected opening date in Attachment B (the "Projected Opening Date") You acknowledge that the Projected Opening Date for each Unit to be developed hereunder is reasonable. Subject to your compliance with Section 4.3., hereof, you shall execute a Franchise Agreement for each Unit at or prior to the applicable lease execution date set forth in Attachment B, which shall be a date no later than six months prior to the Projected Opening Date for the applicable Unit.

4.5.1. No sooner than 30 days prior to the respective the "Franchise Agreement Execution Date" identified in Attachment B, you shall request a Franchise Agreement for each Unit to be developed during the Development Period.

4.5.2. Upon receiving your request, Franchisor shall deliver to you its then-current form of its Premier Martial Arts franchise disclosure document and execution copies of its then-current form of Franchise Agreement.

4.5.3. No later than the Franchise Agreement Execution Date identified in the Development Schedule (but in no sooner than as permitted by law), you shall sign and return a signed copy of the Franchise Agreement due thereunder.

4.5.4. Franchisor shall approve and countersign the Franchise Agreement if:

(a) You are in compliance with this Agreement and all other agreements between you or your Affiliates and Franchisor including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, Franchisor may require you to cure any deficiencies before it approves and countersigns the Franchise Agreement.

(b) You have demonstrated to Franchisor, in Franchisor's sole discretion, your financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement.

(c) You, your Owners, each of your Affiliates, and their Owners who have a then-currently effective Franchise Agreement or Development Agreement with Franchisor has signed a general release, in a form prescribed by Franchisor, of any and all claims that the party has, had, or claims to have against Franchisor and/or its Affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, arising out of or relating to this Agreement, any Franchise Agreement, the relationship created by this Agreement or any Franchise Agreement, and the offer and sale of the Premier Martial Arts franchise opportunity.

5. DUTIES OF THE PARTIES

5.1 Franchisor's Assistance. Franchisor shall furnish to Developer the following:

5.1.1. Site selection guidelines, including Franchisor's minimum standards for Premier Martial Arts sites and sources regarding demographic information, and such site selection counseling and assistance as Franchisor may deem advisable.

5.1.2. Such on site evaluation as Franchisor deems advisable in its sole discretion in response to Developer's request for site approval for each proposed site; provided, however, that Franchisor shall not provide on site evaluation for any proposed site prior to the receipt of a site application for such site prepared by Developer.

5.2 Designated Principal. If Developer is other than an individual, Developer shall designate, subject to Franchisor's reasonable approval, one Owner, as identified in Attachment C, who is both an individual person and owns at least a ten percent (10%) of Developer, and who shall be responsible for general oversight and management of the development of the Franchised Locations under this Agreement pursuant to the Development Schedule (the "Designated Principal"). Once open, the Developer or Designated Principal may appoint a Designated Manager, pursuant to the respective Franchise Agreement, to operate the Unit. Developer acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Principal to have been given, by Developer, the responsibility and decision-making authority regarding the Developer's business and operation. In the event the person designated as the Designated Principal becomes incapacitated, leaves the employ of Developer, transfers his/her interest in Developer, or otherwise ceases to supervise the development of the Franchised Locations, Developer shall promptly designate a new Designated Principal, subject to Franchisor's reasonable approval.

5.3 Records and Reports to Franchisor. Developer shall, at its expense, comply with the following requirements to prepare and submit to Franchisor upon request the following reports, financial statements and other data, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time:

5.3.1. No later than the twentieth (20th) day of each calendar month, Developer shall have prepared a profit and loss statement reflecting all of Developer's operations during the last preceding calendar month, for each Franchised Location. Developer shall prepare profit and loss statements on an accrual basis and in accordance with generally accepted accounting principles. Developer shall submit such statements to Franchisor at such times as Franchisor may designate or as Franchisor may otherwise request;

5.3.2. On April 15th of the year following the end of Developer's fiscal year, a complete annual financial statement (prepared according to generally accepted accounting principles), on a compilation basis, and if required by Franchisor, such statements shall be prepared by an independent certified public accountant; and

5.3.3. Such other forms, reports, records, information, and data as Franchisor may reasonably designate.

5.4 Maintaining Records. Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Developer's expense, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles.

5.5. Compliance with Laws. Developer shall fully comply with all federal, state, and local laws, rules, and regulations when exercising its rights and fulfilling your obligations under this Agreement and any franchise agreement.

6. COVENANTS

6.1. Confidential Information. Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Franchisor, and shall disclose such information or materials only to such of Developer's employees or agents who must have access to it in connection with their employment. Developer shall not at any time, during the term of this Agreement or thereafter, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

6.2. During the Term. Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable specialized training and confidential information, which may include, without limitation, information regarding the operational, sales, advertising and promotional methods and techniques of Franchisor and the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

(a) Divert or attempt to divert any business or guest of any Premier Martial Arts Unit or of any unit under the system to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the proprietary marks or the system.

(b) Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or Developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

(c) Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined in Attachment A). Developer acknowledges and agrees that Developer shall be considered in default under this Agreement and that this agreement will be subject to immediate termination in sole discretion of Franchisor, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Developer (or, if Developer is other than an individual, each Owner that is subject to these covenants) engages in a Competitive Business that would violate this section 6.2 if such person was subject to the covenants of this section 6.2.

6.3. Post-Termination. Developer covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 8 below; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.3; or (e) any or all of the foregoing, Developer shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation, or other entity, own, maintain, operate, engage in, be employed by, or have any interest in any Competitive Business, which is, or is intended to be, located (i) within the Development Area (other than those Units provided for in the Development Schedule), or (ii) within a radius of twenty-five (25) miles of any other Premier Martial Arts in operation or under construction on the effective date of termination or expiration located anywhere. Provided, however, that this provision shall not apply to the operation by Developer of any business under the System under a franchise agreement with Franchisor.

6.4. Exception for Ownership in Public Entities. Sections 6.2 and 6.3 hereof shall not apply to ownership by Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "publicly held corporation"

refers to a corporation which has outstanding securities that have been registered under the federal Securities Exchange Act of 1934.

6.5. Personal Covenants. At the request of Franchisor, Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 6 (including covenants applicable upon the termination of a person's relationship with Developer) from all managers and other personnel employed by Developer who have received or will receive training and/or other confidential information, or who are or may be involved in the operation or development of the Franchised Locations. Every covenant required by this Article 6 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

6.6. Covenants as Independent Clauses. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article 6 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 6.

6.7. Covenants Survive Claims. Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 6. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 8.

6.8. Compliance with Laws. Developer represents and warrants to Franchisor that neither Developer (including, without limitation, any and all of its Principals, employees, directors, officers and other representatives) nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

6.9. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 6 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

7. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

7.1. Independent Contractor. The parties acknowledge and agree that you are operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, joint employer, or agency relationship between the parties. Neither party has any fiduciary obligations to the other or will be liable for the debts or obligations of the other. Neither party has the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing by the parties. Or shall conspicuously identify yourself and the business contemplated under this Agreement in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership. During the term of this Agreement, Developer shall hold itself out to the public as an independent contractor operating the business pursuant to a Development Agreement with Franchisor. Developer agrees to take such action as may be

necessary to do so, including, without limitation, exhibiting a notice of the fact in a conspicuous place in Developer's offices, the content of which Franchisor reserves the right to specify.

7.2. **Indemnification.** You shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates and their respective directors, officers, managers, employees, shareholders, and agents, (collectively, "**Indemnitees**") from any and all "**losses and expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof arising out of or related to the business contemplated under this Agreement ("**event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this **Section 7.3**, the term "**losses and expenses**" include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give Franchisor prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the indemnities or the System.

7.3. **No Assumption of Liability.** Nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on Franchisor's or any of its Affiliates' behalf, or to incur any debt or other obligation in Franchisor's or its Affiliates' name; and that Franchisor and Affiliates shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Developer in Developer's operations hereunder, or for any claim or judgment arising therefrom against Developer or Franchisor.

8. TRANSFER OF INTEREST

8.1. **Transfer by Franchisor.** Franchisor shall have the uninhibited right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity without Developer's consent or prior notice. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Franchisor and/or its Affiliates may sell their assets, the Marks, Copyrighted Works or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands, or damages arising from or relating to the loss of Franchisor's name, the Marks (or any variation thereof), Copyrighted Works, and System and/or the loss of association with or identification of Premier Franchising Group, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands, or damages arising from or related to the foregoing merger, acquisition, and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract, or breach of the implied covenant of good faith and fair dealing. You agree that Franchisor has the right, now or in the future, to purchase, merge, acquire, or affiliate with an existing

competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Premier Martial Arts Units operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to any Premier Martial Arts Unit developed under this Agreement).

8.2. Transfer by Individual Developer to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if: **(a)** the Business Entity is formed solely for purposes of continuing your development rights and obligations; **(b)** you provide to Franchisor a copy of the Business Entity's formation and governing documents (including disclosure of all owners of such entity) and a certificate of good standing from the jurisdiction under which the Business Entity was formed; **(c)** you sign a general release in favor of Franchisor and in the form Franchisor requires; **(d)** you pay to Franchisor a \$3,500 administrative fee; and **(e)** you and all other Owners sign an Undertaking and Guaranty in the form of Attachment D.

8.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: **(a)** you have provided to Franchisor advance notice of the transfer and have obtained our prior written consent, which shall not be unreasonably withheld; **(b)** Attachment C to this Agreement has been amended to reflect the new ownership; **(c)** each new Owner has signed a Undertaking and Guaranty in the form of Attachment D; **(d)** each previous and/or new Owner has signed a general release in favor of Franchisor and in the form Franchisor requires, **(e)** you pay to Franchisor a \$3,500 administrative fee; and **(f)** you must be in compliance with the Development Agreement. Transfers under this Section 8.3. are limited to once per rolling 12-month period; otherwise, transfers under this Section 8.3. shall be subject to an administrative fee of 25% of the then-current initial franchise fee. For purposes of this Section 8.3 only, "Non-Controlling Interest" shall mean 20% or less of the total outstanding units in the Franchised Business.

8.4. Transfer of Agreement; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement and the sale of a Controlling Interest in you if you are a Business Entity) require Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

8.4.1. Your written request for consent and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of any Franchised Business in operation at the time of transfer;

8.4.2. The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate each Franchised Business; and has sufficient equity capital to operate each Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of each Franchised Business);

8.4.3. All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

8.4.4. You and each Owner has executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, managers, shareholders, agents and employees in their corporate and individual capacities, including, without

limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

8.4.5. Payment of the transfer fee equal to \$25,000 plus \$1,500 for each Unit yet to be developed;

8.4.6. You and the transferee have executed a consent to transfer of this Agreement in the form prescribed by Franchisor;

8.4.7. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Undertaking and Guaranty;

8.4.8. The transferee has have complied with Franchisor's then-current initial training requirements for the operation of each then-existing Unit;

8.4.9. The transferee signs our then-current form of the Development Agreement for the remaining term of your Development Agreement; and

8.4.10. If Franchisor introduced the buyer to you, you have paid all fees due Franchisor under its then-current franchise resale policy or program.

8.5. Transfer to Business Entity. Notwithstanding Section 8.4 of this Agreement, you may, with Franchisor's prior written consent, execute and contemporaneously assign your rights and obligations under this Development Agreement to a business entity under common control with you if: **(a)** such business entity executes and complies with the terms and conditions of the Franchise Agreement; and **(b)** you pay Franchisor an administrative fee in the amount of \$3,500.

8.6. Transfers Void. Developer understands and acknowledges that Franchisor has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Developer or the Owners of Developer if Developer is not an individual. Accordingly, neither Developer nor any Owner shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in the Developer (including any direct or indirect interest in a corporate or partnership Developer), the rights or obligations of Developer under this Agreement, or any material asset of the Developer's business, without the prior written consent of Franchisor, which shall be subject to this Article 8, and to all of the conditions and requirements for transfers set forth in the franchise agreements executed simultaneously with this Agreement that Franchisor deems applicable to a proposed transfer under this Agreement. In addition, Developer's first Unit under its first Franchise Agreement must be open and operating, and Developer must be in compliance with the Development Schedule (and all other terms of this Agreement and all Franchise Agreements and other agreements between Development and its affiliates, and Franchisor). Any purported transfer under this Article 8, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement, which shall provide Franchisor the right to terminate the agreement without an opportunity to cure.

8.7. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in this Agreement or the franchise without Franchisor's consent.

8.8. Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a private or public offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions

set forth in Section 8.4 and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.9. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of the Developer or any Owner, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an *inter vivos* transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 8, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 9.3.

8.10. Non-Waiver of Claims. Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

9. DEFAULT AND TERMINATION

9.1. Automatic Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against any Franchised Location premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

9.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** you fail to meet the Development Schedule; **(b)** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; **(c)** there is any transfer or attempted transfer in violation of Article 8 of this Agreement; **(d)** you or any Owner fails to comply with the confidentiality or non-compete covenants in Article 6 and Article 10 of this Agreement; **(e)** you or any Owner has made any material misrepresentations in connection with your developer application; or **(f)** Franchisor delivers to you three or more written notices of default pursuant to this Article 9 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

9.3. Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: **(a)** failure to obtain or maintain required

insurance coverage at the Units; **(b)** failure to pay any amounts due to Franchisor; **(c)** failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); **(d)** failure to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; **(e)** misappropriate, misuse, or otherwise utilize the Marks and Confidential Information in a way not authorized by Franchisor; and **(f)** if an approved transfer as required by Section 8.9 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

9.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 9, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

9.5. Cross-Default. Any default under any agreement (including any franchise agreement) between you and Franchisor or its Affiliates, which your failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement without an opportunity to cure.

9.6. Additional Remedies. If you are in Default of this Agreement, Franchisor may, in its sole discretion, elect to reduce the number of Units which you may establish pursuant to the Development Schedule. If Franchisor elects to exercise this remedy as set forth above, you agree to continue to develop Units in accordance with your rights and obligations under this Agreement, as modified. Franchisor's exercise of its remedy under this Section 9.7 shall not constitute a waiver by Franchisor to exercise Franchisor's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

9.7. No Further Rights. Developer has no independent or unilateral right to terminate this Agreement. Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any Premier Martial Arts for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Franchisor's remedies for Developer's breach of this Agreement shall include, without limitation, Developer's loss of its right to develop additional Franchised Locations under this Agreement, and Franchisor's retention of all Development fees paid or owed by Developer. Upon termination or expiration, Franchisor shall be entitled to establish, and to franchise others to establish Premier Martial Arts Units in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Developer or Developer's affiliates.

9.8. Damages Upon Termination. In addition to the above, upon termination or expiration of this Agreement, Developer shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of this Agreement, such sums shall include, without limitation, all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and termination, which obligation shall give rise to, and remain until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Developer at the time of default. Upon termination of this Agreement by reason of a default by Developer, Developer agrees to pay to Franchisor within fifteen (15) days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages equal to, for each unit to be developed, 1/12th of the median Gross Sales of a PMA Studio operated by franchisees, as disclosed in Item 19 of the franchise disclosure document of the year this Agreement was executed, multiplied by the number of months remaining in the term the Development Agreement and with such product multiplied by seven percent. The parties hereto acknowledge and agree that it would be impracticable to determine precisely the penalties Franchisor would incur from this Agreement's termination and the parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty.

10. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

10.1 List of Principals. If Developer is a corporation, limited liability company, or partnership, each Owner of Developer and the interest of each person holding an ownership interest in Developer, shall be identified in Attachment C to the Agreement. Developer shall maintain a list of all owners and immediately furnish Franchisor with an update to the information contained in Attachment C upon any change, which shall be made only in compliance with Section 7 above. Developer shall also appoint a Designated Principal, pursuant to Section 5.2 above.

10.2 Guaranty and Undertaking. Each Owner shall execute a guaranty and undertaking, and acknowledgment of Developer's covenants and obligations under this Agreement in the form attached hereto as Attachment D.

10.3 Corporations and Limited Liability Companies. If Developer is a corporation or limited liability company, Developer shall comply with the following requirements:

10.3.1. Developer shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Locations.

10.3.2. Developer shall promptly furnish to Franchisor copies of Developer's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

10.3.3. Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Developer shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 10.3.3 shall not apply to a publicly held corporation.

10.4 Partnerships and Limited Liability Partnerships. If Developer or any successor to or assignee of Developer is a partnership or limited liability partnership, Developer shall comply with the following requirements:

10.4.1. Developer shall be newly organized and its company or operating agreement (or its equivalent) shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Locations.

10.4.2. Developer shall furnish Franchisor with a copy of its company or operating agreement (or its equivalent) as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

10.4.3. Developer shall promptly furnish to Franchisor copies of Developer's certificate of formation (or equivalent), and any other documents filed with the respective state secretary of state or other equivalent agency for formation of such limited liability company or partnership.

10.4.4. The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

11. APPLICABLE LAW; DISPUTE RESOLUTION

11.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

11.2. Mediation.

11.2.1. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, you, and each Owner agree to submit any claim, controversy, or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, managers, agents, representatives, and/or employees) and you or your Affiliates (and your Owners, agents, representatives, and/or employees) arising out of or relating to: **(a)** this Agreement or any other agreement between Franchisor and you, **(b)** Franchisor's relationship with you, or **(c)** the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy, or dispute in a court or before any other tribunal.

11.2.2. The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Franchisor maintains its principal place of business at the time mediation is initiated. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

11.2.3. If the parties are unable to resolve the claim, controversy, or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 11.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

11.2.4. Notwithstanding the foregoing provisions of this Section 11.2, the parties' agreement to mediate shall not apply to controversies, disputes, or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, the Marks, or Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

11.3. Arbitration. Franchisor and Developer agree that, except for controversies, disputes, or claims related to or based on improper use of the Marks or confidential information, all controversies, disputes, or claims between Franchisor and Developer's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Developer (and/or Developer's owners, guarantors, affiliates, and/or employees) arising out of or related to (a) this Agreement or any other agreement between Developer and Franchisor; (b) Franchisor's relationship with Developer; (c) the validity, arbitrability, or enforceability of this arbitration provision, Agreement, or any other agreement between Developer and Franchisor; or (d) any System standard must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (AAA). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current commercial arbitration rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's principal headquarters at the time arbitration is initiated. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(a) The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs

(as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, as expressly provided in Section 16.9 below, award any punitive, exemplary or multiple damages against either party.

(b) Franchisor and Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Developer further agrees that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Developer or Franchisor.

(c) Franchisor and Developer agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates their respective shareholders, officers, directors, agents, and employees, and Developer (including owners, guarantors, affiliates, and employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

(d) Despite Franchisor's and Developer's agreement to arbitrate, Franchisor and Developer each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Developer must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section.

(e) The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

11.4. **Venue.** With respect to any controversies, disputes, or claims which are not finally resolved through mediation or arbitration, as provided in Sections 11.2 and 11.3., the parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively and within the state and federal judicial district court serving the district in which we maintain our principal headquarter at the time litigation is initiated or Tarrant County, Texas (if there is a dispute), and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Nothing contained in this Agreement bars Franchisor's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief.

11.5. **Nonexclusivity of Remedy.** No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

11.6. **WAIVER OF JURY TRIAL.** FRANCHISOR AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

11.7. **WAIVER OF PUNITIVE DAMAGES.** THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN

THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

11.8. Limitation to Bring a Claim. Any and all claims and actions arising out of or relating to this Agreement and/or the relationship of Developer and Franchisor, brought by either party hereto against the other, whether in mediation, in arbitration or in court, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be forever barred.

11.9. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

11.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

12. NOTICES

12.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; by DocuSign or other electronic signature or delivery system; or by or by facsimile or other electronic system. Service shall be deemed conclusively made: **(a)** at the time of service, if personally served; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; **(d)** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and **(e)** at the time of transmission by facsimile, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

12.2. Notice of Actions. Developer shall notify Franchisor in writing within five (5) days of the receipt of any demand letter, commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Developer and/or any Unit established under this Agreement.

13. CONSTRUCTION

13.1. Entire Agreement. This Agreement and its attachments represent the entire fully integrated agreement between the parties concerning the subject matter hereof, and supersedes all other negotiations, agreements, representations, and covenants, oral or written. Recognizing the costs on both Franchisor and Developer which are uncertain, Franchisor and Developer, each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Developer agree and promise each other that this Agreement supersedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Developer or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Developer or the relationship between them. Franchisor and Developer agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings. In accordance with the foregoing,

it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Developer concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Developer to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Section 13.1. is intended to disclaim any of the information contained in Franchisor's franchise disclosure document or its attachments or exhibits. Any representations, warranties, inducements, promises, understandings or agreements between the parties, that are not in the franchise disclosure document which you acknowledge receiving at least 14 days before signing this Agreement or paying any money, or in writing and signed by us and you, are void and not enforceable.

13.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

13.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

13.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

13.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A ("Glossary of Additional Terms"). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

13.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. As applicable, each Owner shall execute the Undertaking and Guaranty attached as Attachment D. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the applicable Undertaking and Guaranty.

13.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

13.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

13.9. Full Scope of Terms. Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

13.10. Captions Only for Convenience. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

14. REPRESENTATIONS

14.1. Representations of Franchisor. Franchisor represents and warrants that **(a)** Franchisor is duly organized and validly existing under the law of the state of its formation; **(b)** Franchisor is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and **(c)** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power and have been duly authorized.

14.2. Representations of Developer. (Initial each subsection)

14.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that **(a)** you are duly organized and validly existing under the law of the state of your formation; **(b)** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; **(c)** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the development and operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate, or have any financial or beneficial interest in any business that is the same as or similar to a Premier Martial Arts Unit; and **(d)** The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under its written partnership or limited liability company agreement and have been duly authorized.

14.2.2. You represent to Franchisor that neither Franchisor nor its agents or representations have made any representations, and you have not relied on representations made by Franchisor or its agents or representatives, concerning actual or potential sales, expenses, or profit of a Premier Martial Arts Unit, except for information that may have been contained in Item 19 of the franchise disclosure document delivered to you in connection with your purchase of a Premier Martial Arts franchise.

14.2.3. You acknowledge that you have received a complete copy of Franchisor's franchise disclosure document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

[] 14.2.4. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

[] 14.2.5. You represents and warrants that to its actual knowledge: (i) neither you, nor its officers, directors, managers, members, partners, shareholders, or other individual who own or manage the affairs of Developer, nor any Developer affiliate or related party, or any funding source for any Unit, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "Blocked Person(s)"); (ii) neither Developer nor any Developer affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Developer nor any Developer affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Developer nor any Developer affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Department of State's Debarred List, as such lists may be amended from time to time (collectively, the "Lists"); (v) neither Developer nor any Developer affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Developer nor any Developer affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. Developer agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

[] 14.2.6. You represent and warrant to Franchisor that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict you from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

[] 14.2.7. INVESTIGATION OF THE BUSINESS POSSIBILITIES. DEVELOPER ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF DEVELOPING AND OPERATING PREMIER MARTIAL ARTS STUDIO, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF DEVELOPER (OR, IF DEVELOPER IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND DEVELOPER ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. DEVELOPER ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. DEVELOPER FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES

OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT DEVELOPER HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the Effective Date set forth above.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

By: _____
Barry Van Over, its CEO

DEVELOPER:

a

By: _____
_____, its _____

ILLINOIS ADDENDUM TO DEVELOPMENT AGREEMENT

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between Premier Franchising Group, LLC, a Tennessee limited liability company (“**Franchisor**”), and _____ a _____ (“**Developer**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Developer are parties to that certain Development Agreement dated _____, 20__ (the “Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Development Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Development Agreement occurred in Illinois and the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in Illinois, and/or (b) Developer is domiciled in Illinois.

2. **FORUM FOR LITIGATION.** The following sentence is added to the end of Section 11.4 (“Venue”) of the Development Agreement:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void.

3. **GOVERNING LAW.** Section 11.1 (“Choice of Law”) of the Development Agreement is deleted and replaced with the following:

Illinois law shall govern this Agreement.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as Section 11.11 of the Development Agreement:

11.11 Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of the Development Agreement.

FRANCHISOR:
PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

DEVELOPER:
[____],
a [_____]

By: _____
Barry Van Over, its CEO

By: _____
[____], its [_____]

MARYLAND ADDENDUM TO DEVELOPMENT AGREEMENT

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between Premier Franchising Group, LLC, a Tennessee limited liability company (“**Franchisor**”), and _____ a _____ (“**Developer**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Developer are parties to that certain Development Agreement dated _____, 20__ (the “**Development Agreement**”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Development Agreement. This Addendum is being signed because (a) Developer is domiciled in Maryland, and/or (b) the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in Maryland.

2. **INSOLVENCY.** The following sentence is added to the end of Section 9.1 of the Development Agreement:

Section 9.1 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

3. **FORUM FOR LITIGATION.** The following language is added to the end of Section 11.4 (“Venue”) of the Development Agreement:

Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **GOVERNING LAW.** The following sentence is added to the end of Section 11.1 (“Choice of Law”) of the Development Agreement:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 11.8 (“Limitation”) of the Development Agreement:

Developer must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after Franchisor grant Developer the franchise.

6. **ACKNOWLEDGMENTS.** The following language is added as Section 14.3 of the Development Agreement:

14.3. **ACKNOWLEDGMENTS.** All representations requiring Developer to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Development Agreement.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

DEVELOPER:

[_____] ,
a [_____]

By:

Barry Van Over, its CEO

By:

[_____] , its [_____]

MINNESOTA ADDENDUM TO DEVELOPMENT AGREEMENT

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between Premier Franchising Group, LLC, a Tennessee limited liability company (“**Franchisor**”), and _____ a _____ (“**Developer**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Developer are parties to that certain Development Agreement dated _____, 20__ (the “Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Development Agreement. This Addendum is being signed because (a) the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in Minnesota.

2. **FORUM FOR LITIGATION.** The following language is added to the end of Section 11.4 of the Development Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT FRANCHISOR, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF DEVELOPER’S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR DEVELOPER’S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

3. **GOVERNING LAW.** The following statement is added at the end of Section 11.1 of the Development Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF DEVELOPER’S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR DEVELOPER’S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

4. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES.** If and then only to the extent required by the Minnesota Franchises Law, Sections 11.6 and 11.7 of the Development Agreement are deleted.

5. **LIMITATION OF CLAIMS.** The following is added to the end of Section 11.8 of the Development Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Development Agreement.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

DEVELOPER:

[_____] ,
a [_____]

By:

Barry Van Over, its CEO

By:

[_____] , its [_____]

NEW YORK ADDENDUM TO DEVELOPMENT AGREEMENT

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between Premier Franchising Group, LLC, a Tennessee limited liability company (“**Franchisor**”), and _____ a _____ (“**Developer**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Developer are parties to that certain Development Agreement dated _____, 20__ (the “Development Agreement”) that has been signed concurrently with this Addendum. This Addendum is being signed because (a) Developer is domiciled in the State of New York and the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in New York.

2. **TERMINATION OF AGREEMENT – BY DEVELOPER.** The following language is added as Section 9.10. of the Development Agreement:

Developer also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Section 11.4:
Franchisor’s right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

4. **FORUM FOR LITIGATION.** The following statement is added at the end of Section 11.4 (“Consent to Jurisdiction”) of the Development Agreement:

This section shall not be considered a waiver of any right conferred upon Developer by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

5. **GOVERNING LAW.** The following is added to the end of Section 11.1 (“Governing Law”) of the Development Agreement:

This section shall not be considered a waiver of any right conferred upon Developer by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Development Agreement.

FRANCHISOR:
PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

DEVELOPER:
[_____] ,
a [_____]

By:
Barry Van Over, its CEO

By:
[_____] , its [_____]

NORTH DAKOTA ADDENDUM TO DEVELOPMENT AGREEMENT

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between Premier Franchising Group, LLC, a Tennessee limited liability company (“**Franchisor**”), and _____ a _____ (“**Developer**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Developer are parties to that certain Development Agreement dated _____, 20__ (the “Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Development Agreement. This Addendum is being signed because (a) Developer is a resident of North Dakota and the Franchised Locations that Developer will operate and develop under the Development Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in North Dakota.

2. **COVENANT NOT TO COMPETE.** The following is added to the end of Section 6.3 of the Development Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

3. **FORUM FOR LITIGATION.** The following is added to the end of Section 1.4 of the Development Agreement:

NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO DEVELOPER’S ARBITRATION OBLIGATIONS, DEVELOPER MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Sections 11.6 and 11.7 of the Development Agreement are deleted.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Development Agreement.

FRANCHISOR:
PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

DEVELOPER:
[_____] ,
a [_____]

By:
Barry Van Over, its CEO

By:
[_____] , its [_____]

RHODE ISLAND ADDENDUM TO DEVELOPMENT AGREEMENT

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between Premier Franchising Group, LLC, a Tennessee limited liability company (“**Franchisor**”), and _____ a _____ (“**Developer**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Developer are parties to that certain Development Agreement dated _____, 20__ (the “Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Development Agreement. This Addendum is being signed because (a) Developer is domiciled in Rhode Island and the Franchised Locations that Developer will operate and develop under the Development Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in Rhode Island.

2. **TERMINATION.** The following paragraph is added to the end of Section 9:

9.10. Notice. Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law’s requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / VENUE FOR LITIGATION.** The following language is added to the end of Sections 11.1 and 11.4 of the Development Agreement:

SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT “A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT.” TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the dates noted below, to be effective as of the Effective Date of the Development Agreement.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

DEVELOPER:

[____],
a [_____]

By:

Barry Van Over, its CEO

By:

[____], its [_____]

WASHINGTON ADDENDUM TO DEVELOPMENT AGREEMENT

THIS ADDENDUM (the “**Addendum**”) is made and entered into by and between Premier Franchising Group, LLC, a Tennessee limited liability company (“**Franchisor**”), and _____ a _____ (“**Developer**”), whose principal business address is _____.

1. **BACKGROUND.** Franchisor and Developer are parties to that certain Development Agreement dated _____, 20____ (the “Development Agreement”) that has been signed concurrently with the signing of this Addendum. This Addendum is annexed to and forms part of the Development Agreement. This Addendum is being signed because (a) Developer is domiciled in Washington; and/or (b) the Franchised Locations that Developer will operate and develop under the Development Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Development Agreement occurred in Washington.

2. **WASHINGTON LAW.** The following paragraphs are added to the end of the Section 11 of the Development Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Development Agreement in Developer’s relationship with the Franchisor including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the Development Agreement in Developer’s relationship with the Franchisor, including the areas of termination and renewal of the franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Development Agreement, Developer may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by Developer may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a Franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount

that will be adjusted annually for inflation). As a result, any provisions contained in the Development Agreement elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits Franchisor from restricting, restraining, or prohibiting a Developer from (i) soliciting or hiring any employee of a franchisee of the Franchisor or (ii) soliciting or hiring any employee of the Franchisor. As a result, any such provisions contained in the Development Agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date of the Development Agreement.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

DEVELOPER:

[_____] ,
a [_____]

By:

Barry Van Over, its CEO

By:

[_____] , its [_____]

**PREMIER FRANCHISING GROUP, LLC
DEVELOPMENT AGREEMENT**

**ATTACHMENT A
GLOSSARY OF ADDITIONAL TERMS**

“**Affiliate**” means any entity that is wholly or partly owned by another entity, that shares common ownership with another entity, or that has an ownership interest in another entity.

“**Business Entity**” means a corporation, limited liability company, limited partnership, or other entity created pursuant to statutory authority.

“**Competitive Business**” means any business or facility (on a fixed location or mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any studio, school, gym, dojo, store, business, service, event or facility that features martial arts, self-defense, or character building, fitness training or any other products or services or related products and accessories that are the same or similar to the Products and Services offered by PMA Studios (other than a PMA Studio under a franchise agreement with us). The words “fitness training” shall not be included in the definition of “Competitive Business” after Franchisee has opened its PMA Studios under all Franchise Agreements with us. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us. During the term of the Franchise Agreement, you must provide us with ninety (90) days’ notice before you purchase any other franchise.

“**Confidential Information**” means all information, knowledge, elements, trade secrets, and know-how utilized or embraced by the System, or which otherwise concerns Franchisor’s systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software; including, but not limited to: the Standards and all elements of the System and all products, services, equipment, technologies, policies, standards, requirements, criteria, and procedures which now or in the future are a part of the System; all information contained in the Manual, including supplements to the Manual; Franchisor’s standards and specifications for product preparation, packaging, and service; all specifications, sources of supply, all procedures, systems, techniques and activities employed by Franchisor or by you in the offer and sale of products and/or services at or from the Franchised Business premises; all pricing paradigms established by Franchisor or by you; all of Franchisor’s and/or your sources, or prospective sources, of supply and all information pertaining to same, including wholesale pricing structures, the contents of sourcing agreements, and the identity of vendors and suppliers; Franchisor’s specifications, and your final plans, for the construction, buildout, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of your Franchised Business premises; the identify of, and all information relating to, the computer and POS hardware and software utilized by Franchisor and you; all information and data pertaining to Franchisor’s and/or your advertising, marketing, promotion, and merchandising campaigns, activities, materials, specifications and procedures; all customer lists and records generated and/or otherwise maintained by your Franchised Business; all internet/web protocols, procedures, and content related to the System and your Franchised Business; Franchisor’s training and other instructional programs and materials; all elements of Franchisor’s recommended staffing, staff training, and staff certification policies and procedures; all communications between you and Franchisor, including the financial and other reports you are required to submit to Franchisor under this Agreement; additions to, deletions from, and modifications and variations of the components of the System and the other systems and methods of operations which Franchisor employs now or in the future; all other knowledge, trade secrets, or know-how concerning the methods of operation of your Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of operation under the terms of the Franchise Agreement; and all other information,

knowledge, and know-how which either Franchisor or its Affiliates, now or in the future, designate as “Confidential Information.”

“**Controlling Interest**” means: (a) if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively (i) directly or indirectly own at least 50% of the shares of each class of the developer entity’s issued and outstanding capital stock or membership units, as applicable; and (ii) are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or (b) if you are a partnership, that the Owners (i) own at least 51% interest in the operating profits and operating losses of the partnership as well as at least 51% ownership interest in the partnership (and at least 51% interest in the shares of each class of capital stock of any corporate general partner); and (ii) are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

“**Copyrighted Works**” means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, Franchisor’s product packaging and advertising and promotional materials, and the content and design of Franchisor’s Web site and advertising and promotional materials.

“**Development Area Name**,” as defined on the Summary Page, shall mean the general identifying name for the Developer’s Development Area, and does not endow any greater area than the Development Area map identified in Attachment B.

“**Development Period**” means each of the time periods indicated on Attachment B during which you shall have the right and obligation to construct, equip, open and thereafter continue to operate Premier Martial Arts Units.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Your financial inability to perform or your insolvency shall not be an event of Force Majeure under this Agreement.

“**Franchise Agreement**” means the form of agreement prescribed by Franchisor and used to grant to you the right to own and operate a single PMA Studio, including all attachments, exhibits, riders, guarantees or other related instruments, all as amended from time to time. A current form of Franchise Agreement is attached to the current franchise disclosure document, which shall be used for the first and second Unit. Franchisor reserves the right to modify this form and issue then-current form of franchise agreement under its then-current franchise disclosure document at the time you are ready to develop the second and any subsequent Units.

“Owner” means you if you are an individual, or each individual or entity holding more than a ten percent or greater equity interest in you if you are a Business Entity (regardless of voting rights), and the individual(s) or entity(ies) that enter into the Development Agreement if you are a Business Entity. It includes all officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a Business Entity, then the term “Owner” also includes the Owners of that Business Entity.

**PREMIER FRANCHISING GROUP, LLC
DEVELOPMENT AGREEMENT**

**ATTACHMENT B
DEVELOPMENT SCHEDULE AND DEVELOPMENT AREA**

Section 1.1.1.: The “Development Area” includes the following zip codes in the attached map: ____; if there is a conflict between the zip codes and the map below, the boundaries of the map control:

[MAP]

Section 1.1.1.: The “Development Schedule” is as follows:

Unit Number	Franchise Agreement Execution Date	Deadline to Execute Lease	Projected Opening Date	Cumulative Number of Units to be Open and Operating by Developer in the Development Area
1	Concurrently with this Development Agreement	Six (6) months from the Effective Date	12 months from the Effective Date	1
2	12 months from the Effective Date	Six (6) months from the Franchise Agreement Execution Date for Unit #2	Six (6) months from the lease execution date of Unit #2	2
3	18 months from the Effective Date	Six (6) months from the Franchise Agreement Execution Date for Unit #3	Six (6) months from the lease execution date of Unit #3	3

For the purposes of determining compliance with this Development Schedule, only the Units Developer actually opens and continuously operates in the Development Area for at least the first six (6) months after opening will be counted toward the number of Units required to be open and operated above.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the parties hereof have executed this Attachment B effective for all purposes as of the Effective Date.

FRANCHISOR:

PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

DEVELOPER:

[_____] ,
a [_____]

By: _____
Barry Van Over, its CEO

By: _____
[_____], its [_____]

**PREMIER FRANCHISING GROUP, LLC
DEVELOPMENT AGREEMENT**

**ATTACHMENT C
DEVELOPER’S OWNERS AND KEY PERSONNEL**

- A. The following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in the Developer, and a description of the nature of their interest, and each Owner of whom shall execute the Undertaking and Guaranty substantially in the form set forth in Attachment D to the Development Agreement:

NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL	OWNERSHIP INTEREST IN DEVELOPER	NATURE OF INTEREST

- B. Developer’s Designated Principal is:
Telephone Number:
Email Address:

- C. Developer represents to Franchisor that the persons identified in this Attachment C reflect a true and correct listing of the shareholders, partners, members, or other persons/companies owning a direct or indirect interest in the Developer and a true and correct description of the nature of their interest.

FRANCHISOR:
PREMIER FRANCHISING GROUP, LLC,
a Tennessee limited liability company

DEVELOPER:
[],
a []

By: _____
Barry Van Over, its CEO

By: _____
[], its []

**Premier Franchising Group, LLC
DEVELOPMENT AGREEMENT**

**ATTACHMENT D
UNDERTAKING AND GUARANTY**

By virtue of executing a Premier Martial Arts Development Agreement (“Development Agreement”) dated , (“Developer”) has acquired the right and franchise from Premier Franchising Group, LLC (“Franchisor”) to establish and operate a Premier Martial Arts Franchised Business (“Franchised Business”) and the right to use in the operation of the Franchised Business the Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor’s sole discretion.

Pursuant to the terms and conditions of the Development Agreement, each of the undersigned hereby acknowledges and agrees as follows:

1. I have read the terms and conditions of the Development Agreement and acknowledge that the execution of this Undertaking and Guaranty and the undertakings of the Owners in the Development Agreement are in partial consideration for, and a condition to, the granting of the rights under the Development Agreement. I understand and acknowledge that Franchisor would not have granted such rights without the execution of this Undertaking and Guaranty and the other undertakings of the Owners in the Development Agreement.
2. I own a beneficial interest in the Developer, and I am included within the term “Owner” as defined in the Development Agreement.
3. I, individually and jointly and severally with the other Owners, hereby make all of the covenants, representations, warranties, and agreements of the Owners set forth in the Development Agreement, and agree that I am obligated to and will perform thereunder, including, without limitation, the provisions regarding compliance with the Development Agreement in Section 5.3., the use of confidential information in Section 6.1., the covenants in Article 6, the transfer provisions in Article 8, the choice of law and venue provisions in Article 11, and the indemnification obligations in Article 7.
4. I, individually and jointly and severally with the other Owners, unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all obligations of the Developer under the Development Agreement will be punctually paid and performed. Upon default by the Developer or upon notice from Franchisor, I will immediately make each payment and perform each obligation required of the Developer under the Development Agreement. Without affecting the obligations of any Owner under this or any other Undertaking and Guaranty, Franchisor may, without notice to any Owner, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the Developer or settle, adjust, or compromise any claims that Franchisor may have against the Developer. I waive all demands and notices of every kind with respect to the enforcement of this Undertaking and Guaranty, including notices of presentment, demand for payment or performance by the Developer, any default by the Developer or any guarantor, and any release of any guarantor or other security for this Undertaking and Guaranty or the obligations of the Developer. Franchisor may pursue its rights against me without first exhausting its remedies against the Developer and without joining any other guarantor and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by Franchisor of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon Franchisor’s receipt of notice of the death of any Owner, the estate of the deceased will be bound by the foregoing Undertaking and Guaranty, but only for defaults and obligations under the Development Agreement existing at the time of death, and in that event, the obligations of the Owners who survive such death will continue in full force and effect.

5. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Undertaking and Guaranty. If the Developer has pledged other security or if one or more other persons have personally guaranteed performance of the Developer's obligations, I agree that Franchisor's release of such security will not affect my liability under this Undertaking and Guaranty.

6. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

7. I understand that Franchisor's rights under this Undertaking and Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

8. I agree to be bound individually to the provisions of the Development Agreement including, without limitation, the litigation and dispute resolution provisions set forth in Article 23 and I irrevocably submit to the jurisdiction of the state and federal courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts.

9. I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE DEVELOPMENT AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE DEVELOPMENT AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.

10. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by Franchisor. Any capitalized terms contained in but not defined by this Undertaking and Guaranty shall have the same meaning prescribed to that word in the Development Agreement.

11. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has executed this Undertaking and Guaranty to be effective on the day and year first written above.

OWNER

_____ []

_____ []

_____ []

_____ []

_____ []

_____ []

**EXHIBIT F
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

TABLE OF CONTENTS OF OPERATING MANUAL

**TABLE OF CONTENTS
TO ONLINE OPERATIONS MANUAL**

BUSINESS TRAINING

TOTAL 95 PAGES

1. Successful Selling
 - Child Intro
 - Child Intro Enrollment
 - Adult Group Mass
2. Statistics
3. Task List
4. Communication
 - Calls Text Email
5. Merchandising
6. Staff Solutions
 - Find Staff Meeting
 - Job Description Employee Policy Employee Agreement Payroll

MARKETING

TOTAL 30 PAGES

1. Online Presence
2. Promotional Booths
3. Business 2 Business
4. Rack Cards
5. Lead Boxes
6. Pre-Opening Plan
7. Mass intro
8. Birthday Parties
9. Working with Public Schools
10. To Be A Star
11. Referral Programs
12. Every Door Direct Mail
13. Television Advertisement
14. Business Networking

MEMBER MANAGEMENT

TOTAL 670 PAGES

- 15. Premier Curriculum
 - Overview
 - Class Management Misc. PM Curriculum
- 16. Lesson Plans
- 17. Certified Instructor Training
 - CIT Manual
 - CIT Owner’s Manual
- 18. Drills for Skills
- 19. Black Belt Excellence
- 20. Class Schedule
- 21. Programs
 - Basic Experience Internal Marketing
 - Basic Experience Parents Night Out
 - White Belt Buddy Bash
 - New Parent Orientation Graduation

22. Instructor Performance
Miscellaneous Information

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Find Staffing

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Downloads

- 23. Commercials
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- 28. Social Media
- 29. Ads

Contact

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825

**EXHIBIT G
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

**PMA STUDIO CURRENT FRANCHISEES AND DEVELOPERS,
AND AFFILIATE-OWNED LOCATIONS**

**LIST OF PMA STUDIO DEVELOPERS' AND
FRANCHISEES OPEN AS OF DECEMBER 31, 2021**

Owner Name	Address	City/State	State	Phone
Josh & Stephanie Burnside*	3186 Indian School Road	Phoenix	AZ	(480) 900-5284
David Bravo	13077 Tavener Loop, Ste 9	Scottsdale	AZ	(480) 272-9340
Holly and Nick Pitman*	2483 S Market St	Gilbert	AZ	(480) 666-5548
Darryl Liner*	8696 Elk Grove Blvd # 3	Elk Grove	CA	(916) 714-9994
David Dunn	17750 Sierra Hwy	Canyon Country	CA	(661)373-0399
Roger Lacombe	3675 Thousand Oaks Blvd	West Lake Village	CA	(818) 889-7898
Austin Smith	20209 E. Smoky Kill Road, Suite A2	Centennial	CO	(303) 362-0598
Robert Hall	460 Chapel Hills Drive, Suite 120	Colorado Springs	CO	(719) 696-3053
Eric Krepps	6530 S Academy Blvd. Ste 110	Colorado Springs	CO	(719) 315-5665
William & Katie Baker	7008 W 10 th Street Suite 200	Greeley	CO	(970) 616-5166
Chad Zechiel*	8176 S Wadsworth Blvd, Unit C	Littleton	CO	(303) 476-2890
David & Emma Blackwell*	545 W. South Boulder Road, Suite 150	Lafayette	CO	(303) 752-8655
Stephanie & Nathan Wankel*	1699 S Colorado Blvd, Unit G	Denver	CO	(720) 458-5425
Julian Trotman*	6540 Main Street	Trumbull	CT	(866) 205-4890
Alan Garcia	132 Greentree Drive	Dover	DE	(302) 674-1985
Jeff Mikulak	2349 Village Square Parkway	Fleming Island	FL	(904) 420-8485
Patricia Bennett	1050 Pine Ridge Road	Naples	FL	(239) 263-7017
Jeff Asesor	17503 Pines Blvd.	Pembroke Pines	FL	(954) 431-5111
Kurt Asesor	877 Nob Hill Road	Plantation	FL	(954) 440-2980
Ken Brayman	570 Monroe Rd. Suite 1012	Sanford	FL	(407) 302-2010
Jeff Asesor	4466 Weston Road	Weston	FL	(954) 319-0654
Kurt Asesor	1375 Shotgun Rd.	Weston	FL	(954) 217-6006
Clay & Megan Brian*	2411 S Hwy 27	Clermont	FL	(407) 743-3503
David Perkins*	13740 Beach Boulevard, #404	Jacksonville	FL	(904) 201-1288
Derek & Heather Devane*	16321 FishHawk Blvd	Lithia	FL	(813) 812-5084
Ed & Helena Grossberg*	4400 W Sample Rd, Unit 106	Coconut Creek	FL	(954) 743-5074
Lloyd Capanna*	15231 N Dale Mabry Hwy	Tampa	FL	(813) 982-4268
Victor Marshall & Lauren Weems*	5275 University Pkwy #127	University Park	FL	(941) 926-6347
George Smiley*	2484 Braircliff Rd	Atlanta	GA	(404) 236-9173
Aaron Hensley	253 Robert C Daniel Jr Parkway	Augusta	GA	(706) 955-5010

Travis Thornton	155 Altama Connector	Brunswick	GA	(912) 466-0880
Eric Hensley	4460 Washington Rd. Suite 1	Evans	GA	(706) 426-6339
Eric Hensley	701 Devika Dr.	Grovetown	GA	(706) 432-6963
Aaron Hensley	1025 Veterans Memorial SE, Suite 340	Mableton	GA	(678) 395-1160
Scott Raven♦	2100 Roswell Road, Suite 2186	Marietta	GA	(404) 682-2611
Michael Reid	2727 Canton Road, Suite 500	Marietta	GA	(770) 422-9250
Scott Rubant♦	3162 Johnson Ferry Rd, Ste 270	Marietta	GA	(770) 299-9951
Aaron Hensley	3851 Evans to Locks Rd, Suite 105	Martinez	GA	(706) 910-8941
Alice & Billy McCleary	3180 Florence Rd., #304	Powder Springs	GA	(770) 439-4029
George Smiley	102 Sams St	Decatur	GA	(404) 482-0594
Saied & Maryam Kochesfahani♦	11585 Jones Bridge Road, Suite 240	Johns Creek	GA	(678) 288-9392
Scott Raven	227 Sandy Springs PI NE #380	Sandy Springs	GA	(404) 682-2611
Ron Kuhn	10152 Maysville Road	Fort Wayne	IN	(260) 638-8602
Ron Kuhn	10240 Coldwater Road	Fort Wayne	IN	(260) 638-8602
Ron Kuhn	9906 Illinois Road	Fort Wayne	IN	(260) 638-8602
Mark Taylor	3201 Clinton Parkway Ct.	Lawrence	KS	(785) 749-4400
Rachael Weber	2121 N. Tyler Road, #205	Wichita	KS	(316) 833-1004
Matt & Rennie Kaushal♦	11951 S Strang Line Rd	Olathe	KS	(913) 303-0709
Pat Lobb♦	6960 W. 135 th Street	Overland Park	KS	(913) 563-8000
Josh Smith	451 Jordan Dr., Suite A-1	Paducah	KY	(270) 556-5553
Whitney & Rob Scott♦	2160 Sir Barton Way	Lexington	KY	(859) 785-3700
Michael Authement	787 Robert Blvd	Slidell	LA	(985) 630-1155
Kenneth Godin	705 S. Main Street	Haverhill	MA	(978) 771-1912
Greg Riddle	771 Boston Post Rd. E., #9	Marlborough	MA	(508) 229-2545
Ally Bresnahan	175 Mansfield Ave #19	Norton	MA	(781) 354-9830
Joseph Fischbach	1470 New State Hwy #22	Raynham	MA	(508) 828-9797
Abby Cushing & Stephen Rishworth♦	450 Paradise Rd	Swampscott	MA	(781) 333-5352
Brady and Tara Osmond	1778 Washington St	Stoughton	MA	(781) 361-7083
Doug Herman♦	154 Cambridge Street, Ste 8	Burlington	MA	(781) 425-5014
Eric Nickel	2121 Celebration Dr NE, Suite 600	Grand Rapids	MI	(616) 222-4397
Mike Romkema♦	5369 Crooks Road	Troy	MI	(248) 238-3703
Ed Bentley♦	3570 15 Mile RD. Suite G	Sterling Heights	MI	(844) 762-1844
Eric & Jackie Nickel♦	6161 Kalamazoo Ave	Grand Rapids	MI	(616) 259-0587
John & Kelly Broschak♦	5751 Byron Center Road Suite L	Wyoming	MI	(616) 271-4166
Greg Steinbrueck♦	12525 Olive Blvd	Creve Coeur	MO	(314) 800-0510

Brett Thomason	501 N Taylor Ave	Saint Louis	MO	(314) 873-5717
Brett Thomason	2418 Taylor Road	Wildwood	MO	(636) 544-1068
Greg Steinbrueck	469A Lafayette Center	Manchester	MO	(314) 380-3133
Matt & Rennie Kaushal	1661 NE Douglas St	Lees Summit	MO	(816) 600-2070
Derek Croley	64 Long Shoals Rd	Arden	NC	(828) 620-0327
Derek Croley	231 S. Liberty Street	Asheville	NC	(828) 713-0765
Jeremy Kempka	7102 Brighton Park Dr Ste 520	Charlotte	NC	(980) 298-6318
Frank Williams	471 Highway 70 West	Havelock	NC	(252) 447-2446
Erik Skinner♦	1125 Hatches Pond Lane	Morrisville	NC	(919) 502-3100
Dan & Darci Frahm♦	610 Jetton, Suite 120	Davidson	NC	(704) 462-6246
Edwin & Anne Van Der Heijden	9810 Gilead Rd	Huntersville	NC	(704) 800-0182
John & Colleen Dinning♦	9804 Sandy Rock Place, Suite C	Charlotte	NC	(412) 999-0795
Srini & Priya Kasthoori♦	221 S Elliot Road	Chapel Hill	NC	(410) 419-8891
Todd Strange♦	954 U.S. Highway 64	Apex	NC	(919) 634-4096
Shane Taylor	5038 S 153 rd St	Omaha	NE	(402) 325-1000
Lara Breuche♦	195 Applegarth Rd	Monroe	NJ	(800) 762-2358
Matt & Saida Glass♦	277 Eisenhower Pkwy	Livingston	NJ	(973) 436-1301
Trish & Darnell Azeez♦	1585 Springfield Ave	Maplewood	NJ	(973) 339-5125
Lauren Rhea	3910 Highway 45	North Columbus	NS	(205) 495-2909
Bonnie Fraser	1102 E Silverado Ranch Blvd, Ste #100-110	Las Vegas	NV	(702) 576-3339
Todd Peters*	800 West Miller Street Suite #13	Newark	NY	(315) 331-0878
Cheryl & Ben Walters♦	5518 Irwin Simpson Rd	Mason	OH	(513) 299-7074
Joe & Robin Feicht♦	1033 Polaris Parkway	Columbus	OH	(614) 602-4282
Nick Kormos & Veronica Lynagh♦	8210 Macedonia Commons Blvd #3	Macedonia	OH	(330) 227-4502
Dan Bluhm	1350 Plaza Blvd Suite C	Central Point	OR	(541) 821-4538
Steven Miller	19171 Williamette Drive	West Linn	OR	(971) 666-2451
Mike Bolding	1613 Orchard Drive	Chambersburg	PA	(717) 262-4141
Mary Destolfo	1950 Main Avenue	Conshohocken	PA	(610) 834-8533
Monica Sharp♦	5507 Main St	East Petersburg	PA	(717) 553-7858
Joe Ellman♦	900 Rutter Ave	Forty Fort	PA	(570) 285-8022
Mike Bolding	13630 Molly Pitcher Hwy	Greencastle	PA	(717) 593-9110
Dave Pantano	2755 Philmont Avenue, Suite 135	Huntingdon	PA	(215) 938-8999
Walter Nesbit	271 Main Street	Imperial	PA	(412) 401-9052
David Madeira♦	536 Kimberton Road, Store C2	Phoenixville	PA	(610) 757-7305
Tom & Debbie Durig♦	1102 Baltimore Pike, Suite 115	Glen Mills	PA	(610) 314-4302

Matthew Bird	1099 Park Avenue	Cranston	RI	(401) 884-4800
Matthew Bird	7300 Post Rd.	North Kingstown	RI	(401) 884-4800
Mario Mennella	43 Village Plaza Way	North Scituate	RI	(401) 764-5745
Matthew Bird	2519 Warwick Ave	Warwick	RI	(401) 884-4800
Aaron Hensley	161 S. Aiken Lane, Suite 500	Aiken	SC	(803) 989-0128
Michael Tucci	131 Evergreen Rd. Suite 107	Lake Wylie	SC	(803) 619-4588
Aaron Hensley	401 W. Martintown Rd., #163	North Augusta	SC	(803) 640-8443
Wylie and Zaire Bullock	275 Harbison Blvd, Suite EE	Columbia	SC	(803) 768-4397
Josh Smith	1011 Winn Way, Suite 120	Clarksville	TN	(931) 436-5008
Ronnie Presley	1443 W Baddour Parkway	Lebanon	TN	(615) 443-4783
Parker Wadman	2024 W. Broadway Avenue	Maryville	TN	(865) 233-0473
Josh Smith	11229 Lebanon Rd	Mt Juliet	TN	(629) 200-9717
Morgan Barth♦	8133 Sawyer Brown Rd #602	Nashville	TN	(615) 813-2333
Morgan Barth♦	4183 Franklin Rd Suite B7	Murfreesboro	TN	(615) 813-2333
Myles & Kristina Baker	2545 Lifestyle Way, #7	Chattanooga	TN	(423) 509-0009
Josh Smith	2020 Fieldstone Pkwy Suite 800	Nashville	TN	(629) 239-9095
James Cox	6410 Buffalo Gap Rd., E.	Abilene	TX	(325) 704-5454
James Cox	3287 South 14 th St.	Abilene	TX	(325) 676-2696
Jeffrey Crow	8204 Brodie Lane, Unit 102	Austin	TX	(512) 797-1496
Bryce Ligeti	201 Harwood Rd., #124	Bedford	TX	(817) 281-4390
Clint Justice	9660 Audelia Road, Suite 121	Dallas	TX	(214) 785-2115
Al Garza	3455 Gulf Freeway	Dickinson	TX	(832) 285-5177
Mike Vaughn	2650 King Road Suite #500	Frisco	TX	(972) 955-9393
James & Kerri Watts♦	5266 Independence Pkwy, Suite 120	Frisco	TX	(214) 600-8115
John Liles	5145 Lake Ridge Parkway, Suite 111	Grand Prairie	TX	(469) 610-5455
Eric Arriaga	624 S. Ed Carey Drive	Harlingen	TX	(956) 428-5425
Al Garza	2047 W. Main St., # C9	League City	TX	(281) 332-5425
John Liles	3517 50 th Street	Lubbock	TX	(806) 792-2192
John Liles	6535 82 nd	Lubbock	TX	(806) 792-2192
Tommy Crouch	7395 Farm to Market Road 1488	Magnolia	TX	(832) 482-2702
Eric Arriaga	6500 N 10 th Street, Suite I	McAllen	TX	(956) 428-5425
Al Garza	2560 Pearland Pkwy #140	Pearland	TX	(832) 328-5139
Adrian Cardenas	6505 W. Park Blvd., #210	Plano	TX	(972) 608-0762
Christopher Davis	2922 1 st Street	Rosenburg	TX	(281) 239-6401
Gary Craig	1200 E. Palm Valley Blvd.	Round Rock	TX	(512) 745-5551
Amanda & Gonzalo Torres♦	10350 Bandera Road, Suite 204	San Antonio	TX	(512) 315-4577

Brandon & Lacoya Brown♦	6300 FM 1463, Suite 250	Fulshear	TX	(832) 777-3221
Chris Davis	11011 Shadow Creek Pkwy, Suite 105	Pearland	TX	(713) 539-7965
Clint & Kim Justice♦	7331 Gaston Avenue, Suite 110	Dallas	TX	(214) 612-6125
Efrain Cayama♦	1850 S Lakeline Blvd #100	Cedar Park	TX	(512) 400-4419
Eric Arriaga	2211 E Griffin Parkway, Suite 200	Mission	TX	(956) 428-5425
Gary & Evelyn Aguilar♦	7426 South Staples, Ste. 204	Corpus Christi	TX	(361) 678-2223
Leonard & Paula Gomes♦	8019 West Grand Parkway South, Suite #1070	Richmond	TX	(832) 777-3506
Mohammed Sheharyar Khan♦	10511 Jones Road	Houston	TX	(713) 913-3656
Nathan & Judy Kim♦	3501 Lakeline Blvd	Leander	TX	(737) 205-4300
Paul Hedgepeth♦	2608 Flower Mound Rd, Ste 100	Flower Mound	TX	(972) 798-8923
Robert Boles♦	2714 W. Lake Houston Pky, Suite 170	Kingwood	TX	(346) 299-5425
Ryan Collier♦	1101 E State Hwy 114, Suite 114	Southlake	TX	(817) 527-8384
Stephen & Tara McNair♦	2925 W. Anderson Lane	Austin	TX	(512) 400-4415
Tommy Crouch	618 Fish Creek Thoroughfare	Montgomery	TX	(936) 225-3557
Ryan Collier	2550 Bobcat Blvd, Suite 103	Trophy Club	TX	(817) 617-7447
Wayne & Laura Kinningham♦	8035 Hwy 6, Suite 120	Missouri City	TX	(281) 560-3085
Wayne & Laura Kinningham	2401 N. Shepherd Dr #130	Houston	TX	(713) 588-2296
Wayne & Laura Kinningham	2055 Westheimer, Suite 160	Houston	TX	(713) 581-8075
Taylor Frost♦	832 East 800 North	Orem	UT	(385) 375-6816
Jon & Emily Koelling♦	535 W 400 North, Ste A	West Bountiful	UT	(385) 630-4853
Jon and Emily Koelling♦	240 N 300 W	Kaysville	UT	(385) 630-4853
Ryan Cropper♦	12447 S Crossing Drive, Ste 106	Riverton	UT	(801) 610-4336
Ryan Cropper♦	205 East 700 South Unit #C	Pleasant Grove	UT	(801) 610-4336
Ryan Cropper♦	1273 East Draper Pkwy	Draper	UT	(801) 610-4336
Tim Rook*	7986 Crescent park Drive	Gainesville	VA	(571) 284-5121
Tim Rook*	9231 Sudley Rd.	Manassas	VA	(703) 361-3428
Tim Rook*	14508 Smoketown Rd.	Woodbridge	VA	(571) 398-0848
Billie & Jason Torrentt♦	6650 W. State Street	Wauwutosa	WI	(262) 806-0440
Billie & Jason Torrentt♦	15060 W Greenfield Avenue	Brookfield	WI	(262) 416-1115

* These units are legacy Premier Martial Arts licensees who are under license agreements, and not franchise agreements. These license agreements are no longer offered.

♦ This indicates Developers who were participants of a previous discontinued multi-unit development agreement. No Developers are under the current Development Agreement offered in this disclosure document.

**LIST OF PMA STUDIO FRANCHISEES WHO SIGNED FRANCHISE AGREEMENTS
BUT WERE NOT YET OPEN AS OF DECEMBER 31, 2021**

Owner	Phone	City	State
Allison Pinson	(727) 488-4038	Fayetteville	AR
Steve & Kim Jones	(501) 258-9999	Greenbrier	AR
Holly and Nick Pitman	(480) 321-9841	South Phoenix	AZ
Josh and Stephanie Burnside	(713) 202-4497	Scottsdale	AZ
Paul Marc Dickinson	(503) 961-5654	Chandler	AZ
Glenn Loomis & Kowsilliya Ramnaresh	(859) 462-3134	Murrieta	CA
Jamie & Maggie Moorhouse	(858) 695-0488	San Diego	CA
Joe & Jenny Rhoton	(714) 488-5489	Huntington Beach	CA
Lisa Ivey	(323) 376-0368	Los Angeles	CA
Morris Lifschutz	(213) 880-3489	San Diego	CA
Ryan & Micah Logan	(858) 336-1529	San Diego	CA
Brian & Janelle Waterman	(720) 675-9659	Arvada	CO
Chad Zechiel	(614) 578-5891	South Denver	CO
Chris & Jamie Stefanski	(724) 996-9124	Denver	CO
Hayden & Teresa Clower	(303) 921-2093	Thornton	CO
Jill & Julius Pasion	(303) 548-6909	Denver	CO
Mark & Tara Burkley	(303) 579-7728	Boulder	CO
Tami & Joel Kirkland	(720) 323-6827	Aurora	CO
Terry Poindexter	(720) 672-9911	Lone Tree	CO
Lee Vason	(202) 844-2711	Washington	DC
Tom & Debbie Durig	(302) 365-8682	Bear	DE
Travis Thornton	(302) 390-5220	Middletown	DE
Alex & Kim Destino	(904) 429-4882	St. Augustine	FL
Bill Anthony	(239) 799-7350	Bonita Springs	FL
Dan & Deb Favuzza	(813) 693-5606	Lutz	FL
Derek & Heather Devane	(813) 708-3220	Tampa	FL
Eric & Stacey Petrosevich	(904) 788-3211	Ormond Beach	FL
Etienne & Nathalie Kusmirek	(305) 608-6421	Doral	FL
Kent & Judy Wilcher	(865) 255-6461	Fort Walton Beach	FL
Matias Carrio & Vicky Gomez	(347) 972-0968	Aventura	FL
Matt & Saida Glass	(781) 974-3498	Florida coast	FL
Ross & Michelle Woodley	(703) 819-7212	Seminole	FL
Scott & Jennifer Holland	(904) 618-0260	Jacksonville	FL
Cynthia & Vineet Beniwal	(470) 289-1700	Norcross	GA
Gus Gordy	(770) 310-3174	Austell	GA

Jon & Ashley Costolnick	(470) 260-4606	Kennesaw	GA
Scott & Erika Rubant	(770) 299-9951	North Atlanta	GA
Scott Raven	(404) 309-2546	Atlanta	GA
Will & Quiana Scott	(404) 441-3175	Atlanta	GA
Chris & Mary Strow	(208) 901-3918	Meridian	ID
Daniel & Sybil Alex	(630) 408-3277	Chicago	IL
Freddy Altomari	(833) 762-5425	Deerfield	IL
Jeremiah & Tiffany Evans	(312) 884-1653	Chicago	IL
Kevin & Jim McElroy	(708) 280-9819	Hinsdale	IL
Mia Trinh	(808) 428-7495	Naperville	IL
Steve & Susan Besch	(312) 493-4934	Chicago	IL
Mark & Erika & Danny Vevang	(317) 498-2379	Noblesville	IN
Pat Lobb	(816) 679-8341	Kansas City	KS
Rich & Victoria Chandler	(402) 968-8255	Wichita	KS
John & Joy Mays	(615) 554-8387	Louisville	KY
Whitney & Rob Scott	(859) 940-2139	Lexington	KY
Abby Cushing & Stephen Rishworth	(617) 717-4170	Hingham	MA
Doug Herman	(978) 826-8670	North Boston	MA
Graham Waters	(240) 447-9456	Quincy	MA
Sean McNally	(617) 686-8884	Saugus	MA
Ed Bentley	(248) 630-6547	Detroit	MI
Eric & Jackie Nickel	(616) 745-4226	Grand Rapids	MI
Jacob & Candace Kulhanek	(989) 277-9172	Okemos	MI
Mike Romkema	(248) 238-3703	Detroit	MI
William Johnson & Kelli Herman	(734) 262-5946	Detroit	MI
Jason Yen & Angie Wang	(626) 665-8152	Minneapolis	MN
Greg Steinbrueck	(314) 497-0127	St. Louis	MO
Scott & Rebecca Steele	(816) 832-4748	Kansas City	MO
Kelly & Matt Thien	(406) 465-2369	Kalispell	MT
Todd Brandes	(312) 507-9600	Bzemna	MT
Allie & Jason Key	(704) 765-3634	Charlotte	NC
Erik Skinner	(405) 206-6721	Raleigh	NC
Monte & Josh Runfola	(704) 209-5005	Charlotte	NC
Natalia & David West	(918) 810-6901	Garner	NC
Pravin Chougule	(201) 675-7156	Charlotte	NC
Todd Strange	(419) 619-9953	Raleigh	NC
Jeff Neeley & Chris Sprenkel	(208) 970-2805	Omaha	NE
Amit Tacker & Shivali Juneja	(412) 251-9100	Fort Lee	NJ
Andy Burr & Chris Beck	(617) 230-6582	Cherry Hill	NJ

Diarra & Walter Douglas	(973) 339-3914	Bloomfield	NJ
Lara Breuche	(516) 398-7628	Central New Jersey	NJ
Matt & Saida Glass	(781) 974-3498	North New Jersey	NJ
Raj & Shefali Patel	(973) 601-2550	Denville	NJ
Shashi & Swarna Ranjan	(914) 218-0874	West Windsor	NJ
Jason McMahon & Theresa Seligman	(505) 550-7603	Albuquerque	NM
Bonnie Fraser	(702) 576-3339	Henderson	NV
David & Janine Mika	(518) 878-8207	Latham	NY
Homesh Lokenauth & Alrick Crowe	(646) 796-6193	Thornwood	NY
Rodrigo & Cristy Gutierrez	(914) 826-4876	Scarsdale	NY
Brent & Michelle Wentz	(330) 267-9850	Aurora	OH
Cheryl and Ben Walters	(513) 335-4575	Cincinnati	OH
Daysha & Jamel Lawrence	(330) 814-2078	Fairlawn	OH
Dale & Christy House	(918) 633-4362	Broken Arrow	OK
Sid & Kathy Goodrich	(405) 415-1974	Oklahoma City	OK
Dan & Betsy Kaschak	(503) 964-8932	Portland	OR
Steven Miller	(503) 508-2725	Portland	OR
David Madeira	(610) 715-0489	Philadelphia	PA
Joe & Carly Ellman	(570) 466-4736	Allentown PA & North Philly	PA
Kourtney & Brian Joyce	(717) 448-1405	Mechanicsburg	PA
Matt & Caitlin Boland	(724) 882-7296	Pittsburgh	PA
Michael & Gen Strazisar	(412) 427-9985	Pittsburgh	PA
Monica Sharp	(610) 948-4089	Wyomissing	PA
Peter & Michelle Silberman	(412) 292-0865	Cranberry Township	PA
Matt & Anna Neal	(864) 483-4442	Greenville	SC
Phil Clark	(571) 216-6178	Charleston	SC
Andrea & Luke Myers	(865) 414-5075	Knoxville	TN
Casey & Kevin Maidon	(404) 955-9924	Collierville	TN
Morgan Barth	(615) 678-8658	Nashville	TN
Myles & Kristina Baker	(865) 591-6223	Chattanooga	TN
Alan Reed*	(817) 313-9441	East Dallas	TX
Angele & Ryan Burton	(214) 775-0616	Allen	TX
Ariana & Cody Dean	(281) 229-1941	Spring	TX
Bryce Ligeti	(817) 281-4390	Colleyville	TX
Cale & Aimee Bearden	(325) 647-9089	Watauga	TX
Dan Hollingsworth	(214) 585-3140	Central/North Houston	TX
David & Cristie Glazner	(972) 849-5744	Dallas	TX
Dom & Dayna Druke	(832) 683-8116	Houston	TX
Eris Lasku	(210) 587-6595	San Antonio	TX

James and Kerri Watts	(214) 991-8715	North Dallas	TX
James and Kerri Watts	(214) 991-8715	North Dallas	TX
Jeff & Janice Moyer	(210) 245-7600	Schertz	TX
Kevin & Melissa Gerland	(210) 866-7123	San Antonio	TX
Lea & Joe Abdalla	(215) 341-6421	Addison	TX
Marc & Larissa Ponce	(915) 920-5542	El Paso	TX
Matt & Meredith Brown	(817) 205-5538	Longview/Tyler	TX
Mohammad Akhaghi & Pamchal Sayyad	(281) 840-7497	Lake Jackson	TX
Nathan & Judy Kim	(737) 205-4302	Pflugerville	TX
Paul Hedgepeth	(901) 604-9075	West Dallas	TX
Robert Boles	(713) 202-0224	San Antonio & Houston	TX
Sean & Catrina Sanders	(901) 289-5760	Dallas	TX
Shahul Hameed	(432) 425-1939	Midland/Odessa	TX
Sri Vadlamudi	(972) 310-2804	Mckinney	TX
Tim Loser	(281) 685-8871	New Caney	TX
Jon and Emily Koelling	(775) 530-4951	Ogden UT & SLC	UT
Ryan Cropper	(920) 257-6723	Salt Lake City	UT
Gerald & Maria Lowe	(703) 883-7074	McLean	VA
Hari Gouta Reddy	(703) 371-6090	Ashburn	VA
Andrea & Gary Dos Santos	(206) 437-0200	Seattle	WA
David & Cassie Alexander	(619) 885-3489	Richland	WA
Megan & Ben Larson	(206) 370-0722	Renton	WA
Mohan Nakka	(425) 677-4356	Bothell	WA
Tim & Parisa Ellisor	(832) 977-1369	Marysville	WA
Tony & Karly Doble	(206) 304-6220	Seattle	WA

*Franchisee is deceased. Termination of the Franchise Agreement is pending the administration of the Franchisee's estate.

If you buy this franchise, your contact information may be disclosed to other buyers while you are part of and when you leave the System.

**LIST OF CORPORATE OR AFFILIATE-OWNED OUTLETS
AS OF DECEMBER 31, 2021**

NAME*	ADDRESS	CITY	ST	ZIP	PHONE
Premier Martial Arts West Town, LLC	8231 Kingston Pike	Knoxville	TN	37919	865-255-5584
Northshore PMA, LLC	2028 Town Center Blvd.	Knoxville	TN	37922	865-255-5464
Premier Martial Arts Farragut, LLC	135 Brooklawn St., Suite 135	Farragut	TN	37934	865-255-5464
Hardin Valley Premier Martial Arts, LLC	10854 Hardin Valley Rd	Knoxville	TN	37932	865-255-5584
Premier Martial Arts North Knoxville, LLC	2427 Callahan Road	Knoxville	TN	37912	865-393-3947
PMA Studios, LLC	4140 Moore Road suite b-110	Suwanee	GA	30024	678-926-9707
PMA Studios, LLC	271 Merchants Square Dr, Suite A-118	Carmel	IN	46032	317-550-0212
PMA Studios, LLC	3130 Mathis Airport Parkway #306	Suwanee	GA	30024	470-735-0333
Baker Martial Arts, LLC	2545 Lifestyle Way, #7	Chattanooga	TN	37421	423-509-0009

* Some of the corporate-owned locations have undergone a reorganization since December 31, 2021.

**EXHIBIT H
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF PMA STUDIOS WHO HAVE LEFT THE SYSTEM

**LIST OF PMA STUDIOS FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF
DECEMBER 31, 2021 OR WHO HAVE NOT COMMUNICATED WITH US WITHIN 10
WEEKS OF THE ISSUANCE DATE OF THE FRANCHISE DISCLOSURE DOCUMENT**

Owner Name	City/State	Phone
Adam Wen*	Summerlin, NV	(702) 985-7902
Steve Dufrane & Paula Bishop*	Phoenix, AZ	(480) 694-2409
Renee & Edward Taylor*	Raleigh, NC	(919) 427-1196
Andrew & Victoria Brindley**	Carmel, IN	(317) 750-0262
Jay Winkler*	Nashville, TN	(615) 557-8549
Micki and Ron Gulley**	Suwanee, GA	(470) 735-0333
Wesley Kim*	Las Vegas, NV	(424) 653-8586
Lauren & Jeff Kaeser**	Suwanee, GA	(678) 926-9707
Robert & Michelle Wright**	Houston, TX	(703) 896-2287
Ken Brayman**	Sanford, FL	(407) 302-2010

* These franchisees terminated before they opened a PMA Studio.

** These franchisees transferred their PMA Studio to another franchisee or to an affiliate of the franchisor.

If you buy this franchise, your contact information may be disclosed to other buyers while you are part of and when you leave the System.

**EXHIBIT I
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	STATE	STATE ADMINISTRATOR
CALIFORNIA	Dept. of Financial Protection and Innovation 320 W. 4 th St., Ste. 750 Los Angeles, CA 90013 213.576.7505 866.275.2677	NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 212-416-8222
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant St. Honolulu, HA 96813 808.586.2722	NORTH DAKOTA	North Dakota Securities Department 600 East Blvd. Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701.328.4712
ILLINOIS	Franchise Bureau Office of the Attorney General 500 S. Second St. Springfield, IL 62706 217.782.4465	RHODE ISLAND	Securities Division Dept. of Business Regulation 1511 Pontiac Ave. John O. Pastore Complex – Building 69-1 Cranston, RI 02920 401.462.9585
INDIANA	Securities Commissioner Indiana Securities Division 302 W. Washington St., Room E-111 Indianapolis, IN 46204 317.232.6681	SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 605.773.4823
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 410.576.6360	VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main St, 9 th Floor Richmond, VA 23219 804.371.9051
MICHIGAN	Michigan Dept. of Attorney General Consumer Protection Division Franchise Section 525 West Ottawa Street G. Mennen Williams Bldg, 1 st Floor Lansing, MI 48909 517.373.1837	WASHINGTON	Dept. of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 360.902.8760

STATE	STATE ADMINISTRATOR	STATE	STATE ADMINISTRATOR
MINNESOTA	Minnesota Dept. of Commerce 85 7 th Place East, Ste 280 St. Paul, MN 55101-2198 651.539.1600	WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington St, 4 th Floor Madison, WI 53703 608.266.3364

LIST OF AGENTS FOR SERVICE OF PROCESS

<p>CALIFORNIA Department of Financial Protection and Innovation Division of Corporations 320 W. 4th Street, Suite 750 Los Angeles, California 90013</p> <p>ILLINOIS: Office of the Attorney General 500 South Second Street Springfield, Illinois 62706</p> <p>INDIANA: Indiana Secretary of State 302 West Washington Street Room E-111 Indianapolis, Indiana 46204</p> <p>MARYLAND: Securities Commissioner Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020</p> <p>MICHIGAN: Michigan Dept. of Attorney General Consumer Protection Division Franchise Section 525 W. Ottawa Street G. Mennen Williams Bldg., 1st Floor Lansing, Michigan 48913</p> <p>MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101</p> <p>NEW YORK New York Secretary of State 99 Washington Avenue, 6th Floor Albany, New York 12231</p>	<p>RHODE ISLAND Securities Division Department of Business Regulations 1511 Pontiac Avenue John O. Pastore Complex-Building 69-1 Cranston, Rhode Island 02920</p> <p>SOUTH DAKOTA Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501</p> <p>TEXAS: Stephen Polozola 2350 Airport Freeway, Suite 505 Bedford, Texas 76022</p> <p>VIRGINIA Clerk, State Corporation Commission Tyler Building, 1st Floor 1300 Eat Main Street Richmond, Virginia 23219</p> <p>WASHINGTON Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501</p> <p>WISCONSIN Administrator, Division of Securities Department of Financial Institutions 345 West Washington Street, 4th Floor Madison, Wisconsin 53703</p>
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**EXHIBIT J
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Premier Franchising Group, LLC (“we” or “us”) and you are preparing to enter into a Franchise Agreement for the operation of a Premier Martial Arts franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the disclosure document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes ___ No ___ 1. Have you received and personally reviewed the Premier Martial Arts Franchise Agreement and each exhibit or schedule attached to it?
- Yes ___ No ___ 2. Have you received and personally reviewed the Premier Martial Arts disclosure document we provided?
- Yes ___ No ___ 3. Did you sign a receipt for the Premier Martial Arts disclosure document indicating the date you received it?
- Yes ___ No ___ 4. Do you understand all the information contained in the Premier Martial Arts disclosure document and Franchise Agreement?
- Yes ___ No ___ 5. A) Have you reviewed the Premier Martial Arts disclosure document and Premier Martial Arts Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes ___ No ___ B) Have you discussed the benefits and risks of operating a Premier Martial Arts franchise with your professional advisor?
- Yes ___ No ___ C) Did you discuss the benefits and risks of operating a Premier Martial Arts franchise with an existing Premier Martial Arts franchisee?
- Yes ___ No ___ 6. Do you understand the risks of operating a Premier Martial Arts franchise?
- Yes ___ No ___ 7. Do you understand the success or failure of your Premier Martial Arts franchise will depend in large part upon your skills, abilities and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes ___ No ___ 8. Do you understand we are not obligated to provide assistance to you in finding and securing a location for your Premier Martial Arts Franchised Business?
- Yes ___ No ___ 9. Do you understand that the Franchise Agreement and the attachments contain the entire agreement between us and that you are not relying on any oral promises or representations that are not explicitly stated in the Franchise Agreement?
- Yes ___ No ___ 10. Do you understand that your designated Manager and at least one Owner must successfully complete our initial training program?
- Yes ___ No ___ 11. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

- Yes ____ No ____ 12. A) Do you understand that the U.S. Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?
- Yes ____ No ____ B) Is it true that you have never been a suspected terrorist or associated directly or indirectly with terrorist activities?
- Yes ____ No ____ C) Do you understand that we will not approve your purchase of a Premier Martial Arts franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?
- Yes ____ No ____ D) Is it true that you are not purchasing a Premier Martial Arts franchise with the intent or purpose of violating any anti-terrorism law, or for obtaining money to be contributed to a terrorist organization?

For Maryland Residents Only and those franchises to be operated in Maryland: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Print Name

Signature

Date

If signing on behalf of a corporation or other entity, please complete the following:

Name of Entity

Title

**EXHIBIT K
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the franchise disclosure document be registered or filed with the states, 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
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	May 18, 2022
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT L
TO THE PREMIER MARTIAL ARTS
FRANCHISE DISCLOSURE DOCUMENT**

RECEIPTS

RECEIPT

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

If Premier Franchising Group, LLC offers you a franchise, it must provide this disclosure document to you fourteen days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Under Illinois, Maine, Nebraska, New York, Oklahoma, Rhode Island or South Dakota law, if applicable, Premier Franchising Group, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. New York Law requires the Franchisor to provide the Franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If Premier Franchising Group, 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 in the state agency listed on Exhibit I. Premier Franchising Group, LLC authorizes the respective state agencies identified on Exhibit I to receive service of process for it in the particular state.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Josh Wall	2350 Airport Freeway, Suite 505, Bedford, TX 76022	800-960-4778

Issuance Date: May 18, 2022.

I received a disclosure document dated May 18, 2022 (or the date reflected on the State Effective Dates Page), that included the following Exhibits:

Exhibit A	State Specific Addenda to the disclosure document	Exhibit H	PMA Studio Franchisees Who Have Left the System
Exhibit B	Financial Statements	Exhibit I	List of State Agencies/Agents for Service of Process
Exhibit C	Franchise Agreement	Exhibit J	Franchise Disclosure Questionnaire
Exhibit D	Sample Form of General Release	Exhibit K	State Effective Dates
Exhibit E	Development Agreement	Exhibit L	Receipts
Exhibit F	Table of Contents of Operating Manual		
Exhibit G	PMA Studio Current Franchisees and Developers, and Affiliate-Owned Locations		

Print Name	Signature	Date
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If signing on behalf of a company in addition to individually, please complete the following:

Print Name	Signature	Date
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Keep this copy for your records.

RECEIPT

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

If Premier Franchising Group, LLC offers you a franchise, it must provide this disclosure document to you fourteen days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

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Exhibit G	PMA Studio Current Franchisees and Developers, and Affiliate-Owned Locations		

_____	_____	_____
Print Name	Signature	Date

If signing on behalf of a company in addition to individually, please complete the following:

_____	_____	_____
Print Name	Signature	Date

**Please sign this copy of the receipt, date your signature, and return it by mail or email to
Josh Wall, 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022.**