# FRANCHISE DISCLOSURE DOCUMENT




Fit Franchise Brands, LLC
a New Jersey limited liability company
Justin Corporate Center (Bldg. 2, #400)
200 Route 9 North
Manalapan, New Jersey 07726
Telephone: (732) 520-4475
Email: info@themaxchallenge.com
Home page: www.themaxchallenge.com

The franchisee will provide ten-week fitness programs in a specially designed format.

The total investment necessary to begin operation of MAX Fitness and Wellness Center® franchised transformation center is between (a) $151,028 to $349,478 if you purchase the traditional stand-alone franchise opportunity and (b) $63,428 - $125,228 if you purchase the Express franchise opportunity. This includes $55,000 (or $30,000 if you purchase an Express franchise opportunity) that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of your first MAX Fitness and Wellness Center® franchised transformation center under an Area Development Agreement that requires the development and operation of 3 Centers ranges from $214,778 to $413,228. This includes $118,750 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all 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 or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different forms, contact Bryan Klein, CEO, Fit Franchise Brands, LLC at Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726 or (732) 520-4475.

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 "Buying a Franchise: A Consumer Guide," 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: April 24, 2026

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D and E. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit C includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing, or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only MAX Fitness and Wellness Center®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 MAX Fitness and Wellness Center®franchisee?** | Item 20 or Exhibits D and E 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 F.

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

## Special Risks to Consider About *This* Franchise

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

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

2. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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

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

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**EXHIBITS**


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B Development Agreement
C Financial Statements
D List of Franchisees
E List of Former Franchisees
F State Administrators/Designation of Agent for Service of Process
G Table of Contents of Operations Manual
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## ITEM 1

## THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify language in this Disclosure Document, we will refer to FIT FRANCHISE BRANDS, LLC, as "**we**," "**us**," "**our**," "**Franchisor**", "**The MAX,**" or "**MAX Franchising**," and to the franchisee as "**you**." If you are a corporation, partnership or other entity, the word "**you**" may also include owners or partners of the franchisee.

### Franchisor

The franchisor is FIT FRANCHISE BRANDS, LLC, a New Jersey limited liability company, formed on January 3, 2013. Our principal business address is Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726. FIT FRANCHISE BRANDS, LLC was formerly known as Max Franchising, LLC until it formally changed its name on May 31, 2024.

We currently offer franchises under the trademark "**MAX FITNESS AND WELLNESS CENTER®**". We began offering franchises in 2013 under the mark **TAKE IT TO THE MAX FITNESS FOR THE BODY, MIND AND SPIRIT®**. In April 2016, we changed the mark to "**THE MAX CHALLENGE®**" and offered franchises under that trademark through 2025. In 2026, we began offering franchises under the current mark, "MAX Fitness and Wellness Center®" . Franchisees who purchased franchises before April 2016 may continue to operate under the prior mark. We do business as Fit Franchise Brands, LLC, "MAX Fitness and Wellness Center®", "The MAX Challenge®" and **TAKE IT TO THE MAX FITNESS FOR THE BODY, MIND AND SPIRIT®**.

In addition, on October 30, 2024, we began (subject to applicable franchise disclosure and registration laws) offering franchise opportunities under the trademark FARRELL'S EXTREME BODYSHAPING®. On January 2, 2024, our Parent (as defined below) consummated a transaction (the "FXB Acquisition") whereby it acquired substantially all of the assets of Farrell's eXtreme Bodyshaping, Inc., the former franchisor of the FARRELL'S EXTREME BODYSHAPING® franchise system (the "FXB Franchise System"). The FXB Franchise System operates fitness studios that offer a comprehensive approach to wellness, combining kickboxing, strength training, nutrition, and personal coaching all under one roof. As of the date of the acquisition, the FXB Franchise System had 46 franchised FXB Studios located in various states including Colorado (2), Illinois (4), Indiana (2), Iowa (14), Minnesota (15), Nebraska (6) Arizona (1) and Wisconsin (2). Following the FXB Acquisition, our Parent transferred the acquired franchise agreements to us.

We do not operate businesses of the type you will operate directly. "Company-owned" outlets are operated by our affiliates. Other than as set forth in this Disclosure Document, we are not engaged in any other type of business and do not conduct business under any other name. Other than as set forth above, we do not offer franchises in any other line of business.

Our agents for service of process are set forth on **Exhibit F**.

### Parents, Predecessors and Affiliates

Parents

Max Transformation Holdings, LLC ("MAX Holdings"), a New Jersey Limited Liability Company formed in January 2013, is our immediate parent. MAX Holdings shares our principal business address at Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726.

Affiliates

We are party to an intellectual property license agreement with our affiliate, MAX IP, LLC ("**Max IP**"), a New Jersey limited liability company formed on January 3, 2013 solely to be the holder of MAX Holding's intellectual Property. Max IP shares a principal business address with us.

Except as disclosed above, we do not have any (a) parent companies, (b) predecessors or (c) affiliates that offer franchises in any line of business, or affiliates that offer, sell or provide products or services to our franchisees.

## The Franchise Offered

We offer and grant franchises for the operation of transformation centers providing body renewal through fitness, nutrition, counseling and healthy lifestyle programs in a specially designed format under the mark **MAX Fitness and Wellness Center®** (each a "Transformation Center" or a "Center"). Most Transformation Centers operate in stand-alone leased spaces; however, if you are approved to purchase an Express franchise opportunity, you may operate your Transformation Center from an existing fitness location that you already control or from one that you sublease. Our business model is based on offering exercise/fitness training programs together with motivational coaching, nutritional coaching, and related services to members for a ten-week program, and thereafter on a monthly basis for a monthly fee. The concept is all about transforming bodies, minds, and lives through a ten-week program. A Transformation Center offers daily group training sessions and nutritional counseling. You are currently obligated (unless prohibited by applicable law) to offer a prize or award, which may include free membership for a designated period of time and/or a monetary payment to the winner of each ten-week challenge. It is your obligation to ensure compliance with all applicable laws, rules and regulations in connection with the offer, promotion and payment of any and all prizes and awards awarded to each ten-week challenge winner.

Area Development Agreement

We may, in our sole discretion, offer opportunities to develop multiple Centers (currently a minimum of three (3) Centers) within a designated geographic area according to a pre-determined development schedule to interested and qualified candidates who meet our then-current criteria for multiple-unit development. If you are interested and qualify, and we elect to offer you the opportunity, you will enter into our then-current form of Area Development Agreement for the development of multiple Centers. Currently, we do not anticipate granting development rights for the development of less than three Centers nor do we anticipate granting development rights for the development of express franchises, but we reserve the right to do so. You and we will mutually agree on an area to be defined in the Area Development Agreement as the "Development Area." You will be required to develop and open, directly or through affiliated entities that are owned entirely by you (or your owners, if you are a legal entity), a pre-determined number of Centers within the Development Area. You (or your approved affiliate) will sign our then-current Franchise Agreement, which may be different from the franchise agreement included in this offering, for each Center you are obligated to open under the Development Agreement. You will not be required to pay any initial franchise fee under the Franchise Agreements for the Centers you are obligated open under the Development Agreement.

A copy of our current Area Development Agreement is attached to this Disclosure Document as Exhibit B.

**Market Competition**

Your Transformation Center will compete with other health and fitness facilities offering exercise/fitness training programs and related services to members, including some facilities that may, now or in the future, be owned by us, our Parent, or our affiliates. Your Transformation Center will have to compete with other businesses, including franchised operations, national chains and independently owned companies offering exercise, health and wellness, and fitness facilities and training to members. A Transformation Center will have to compete with other businesses offering fitness equipment, spa facilities, personal training, nutritional counseling, vitamin/supplement sales and other fitness and health-related products and services. The market for your services will be individuals interested in health and fitness and weight loss. We conduct research in the markets where Transformation Centers are located, using population demographics compiled by the U.S. Census. We do not run a competition analysis.

**Industry-Specific Regulations**

You must comply with all federal, state, and local laws and regulations pertaining, directly or indirectly, to the operation of a Transformation Center, including, without limitation, regulations pertaining to workers compensation, equal protection and workplace safety laws and regulations (such as Title VII, the Americans with Disabilities Act and the Affordable Care Act). You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with the operation of the Transformation Center. Certain states may specifically require a bond to operate a health club that sells annual memberships. In some states, you may be required to post specific notices to your members regarding activities conducted in your business. You should investigate all of these laws. It is your responsibility to ensure that you are in compliance with all requirements imposed under all applicable laws, rules and regulations.

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## ITEM 2
## BUSINESS EXPERIENCE

**Chief Executive Officer: Bryan Klein**

Mr. Bryan Klein became the Chief Executive Officer of Fit Franchise Brands, LLC as of January 3, 2013. From January of 2021 until its sale in January of 2025, Mr. Klein served as the president of PTK Fit, LLC, a New Jersey limited liability company that owned and operated a Transformation Center in Clinton, NJ. Mr. Klein served as president of UTA Martial Arts and Fitness, a New Jersey Corporation that operated a Transformation Center in Manalapan, NJ from May 2012 through July 2014. Mr. Klein was the President and co-owner of Max Transformation Inc. a New Jersey corporation which offers fitness services, located at 285 Gordons Corner Road, Manalapan, New Jersey, from December 2011 − July 2019. Mr. Klein served as: (i) President of Max Transformation of East Brunswick, LLP located in Matawan, New Jersey from July 2012 through February 2013; (ii) President of Max Transformation of East Windsor, LLP located in East Windsor, New Jersey from September 2012 through February 2013; and (iii) President of Max Transformation of Matawan, LLP located in Matawan, New Jersey, from November 2012 through February 2013. Between 1989 and May 2012, Mr. Klein was President of United TaeKwonDo Academy, located at 285 Gordons Corner Road, Manalapan, New Jersey, which offered the ten-week fitness program and provided other martial arts and fitness services to individuals in Central New Jersey. Mr. Klein has been involved in the fitness industry for over thirty years.

**President: Lance Farrell**

Mr. Farrell is the President of Fit Franchise Brands, LLC, a role he has held since January of 2024. Mr. Farrell is currently based out of Waukee, Iowa. Before the FXB Acquisition, Mr. Farrell served as the founder and CEO of Farrell's eXtreme Bodyshaping, Inc. from September of 2001. He was previously based out of Urbandale, Iowa.

**Director of Operations: Hayley Guerra**

Ms. Guerra currently serves as the Director of Franchise Operations, a position she has held since 2024. Ms. Guerra served as the Director of Franchisee Success from 2022 to 2023. From 2020 to 2021, Ms. Guerra served as the Director of Marketing and Operations. Ms. Guerra served as Marketing Manager from 2018 to 2019. Ms. Guerra began her career with the company in January 2018 as the Social Media and Marketing Communications Administrator.

**Director of Franchisee Success: Tony Ferraro**

Mr. Ferraro joined us as Director of Franchisee success in June of 2024 and he is based out of Manalapan, New Jersey. Prior to joining us, Mr. Ferraro was the Director of Operations at Family First MA, LLC in Westborough, MA from September of 2023 to April of 2024. Before that, he was the Director of Franchisee Support at Stretch Med Studio, LLC from September of 2019 through July of 2023 in Needham, MA.

## ITEM 3

## LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4

## BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5

## INITIAL FEES

### Initial Franchise Fee

If you purchase a traditional, stand-alone franchise, you must pay an initial franchise fee in a lump sum of $40,000 upon signing the Franchise Agreement. If you subsequently enter into one or more additional Franchise Agreements for the development and operation of additional stand-alone Centers, the initial franchise fee for your second Center will be reduced to $33,500 and the initial franchise fee for your third Center will be reduced to $30,250.

If you purchase an express franchise, you must pay an initial franchise fee of $15,000 upon signing the Franchise Agreement.

All initial franchise fees are uniformly imposed and payable to us and there are no refunds of any initial franchise fee under any circumstances.

### Training Fee

You must pay a Training Fee in a lump sum of $15,000 (for a traditional stand-alone franchise) or $15,000 (for an express franchise) upon signing the Franchise Agreement.

If you sign multiple Franchise Agreements for Stand-Alone Transformation Centers simultaneously, you will only be required to pay one Training Fee in the amount of $15,000 at the time of signing (and not $15,000 per Franchise Agreement signed). The Training Fee is uniform and payable to us and there are no refunds of any portion of the Training Fee under any circumstances.

### Development Fee

If you are granted the opportunity to enter into an Area Development Agreement, as disclosed in Item 1, you and we will mutually agree on an area to be defined in the Area Development Agreement as the "Development Area." The Area Development Agreement will specify the total number of Centers you are required to open and operate in the Development Area. When you sign the Area Development Agreement that requires the development of three Centers, you will pay us a Development Fee equal to $40,000 for your first Center, plus $33,500 for the second Center, and $30,250 for the third and each additional Center you are required to develop under the Development Agreement.. You will also pay us the Training Fee in the amount of $15,000 at the time you sign the Area Development Agreement. You (or your approved affiliate) will sign our then-current Franchise Agreement for each Center you are obligated to open under

the Development Agreement. You will not be required to pay any initial franchise fee or training fee under the Franchise Agreement for the Centers you open under the Development Agreement.

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## ITEM 6

## OTHER FEES

<table>
<tr><th>TYPE OF FEE</th><th>AMOUNT</th><th>DUE DATE</th><th>REMARKS</th></tr>
<tr>
<td>Royalty Fee<br>See Note 1</td>
<td>The Greater of 7% of gross revenues or the Monthly Minimum Royalty Fee in accordance with the following schedule:<br><br>Minimum Monthly Royalty Fee Schedule:<br><br>
<table>
<tr><th>During Months*</th><th>Monthly Minimum Royalty Fee (per month)</th></tr>
<tr><td>1-12</td><td>$600</td></tr>
<tr><td>12-120</td><td>$1100</td></tr>
</table>
</td>
<td>Payable monthly via EFT (see Remarks for details on payment) based upon the gross revenues for the prior month.</td>
<td>Currently, all payments are processed through an electronic funds transfer system (“EFT”). Under this system a third party service provider receives all payments made to your franchised business. The service provider credits to your bank account all payments made to the service provider, less a total of 9% of gross revenues (7% for the royalty fee and 2% for the Brand Fund Fee), on a weekly basis. The 9% is retained by the service provider and paid to us at the end of each month. If the 7% retained for the royalty fee does not cover your Minimum Monthly Royalty Fee payment (as determined in accordance with the Minimum Monthly Royalty Fee Schedule) and your Brand Fund Fee as set forth below, the Advertising , you must pay us the difference immediately.<br>*Your obligation to begin paying monthly royalties, including minimum monthly royalties, begins at the earlier to occur of (a) the Start Date specified in the Franchise Agreement; or (b) the day Your Transformation Center begins Enrollment. The months set forth on the Schedule to the left shall coincide with the earlier of (a) or (b) in the preceding</td>
</tr>
</table>

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| | | | sentence. Your Monthly Minimum Royalty Fee during any renewal term may differ in accordance with then-current minimums for renewal franchisees and, in no event, shall be less than that set forth for months 12 – 120. |
| Brand Fund Fee | 2% of gross revenues or $200 per month, whichever is greater, payable as directed | Upon commencement of operations, payable monthly, based on the gross revenues of the preceding month. | You must pay a Brand Fund Fee equal to the greater of 2% of gross revenues or $200 per month to the Fund, as we designate, in the manner we designate. The Brand Fund Fee is currently collected and paid as disclosed in the remarks to the royalty fee payment in the first row of this chart. If an advertising cooperative is formed in your area and you are required to participate, you may be required to pay up to 2% of gross revenues to the cooperative. All payments made to the cooperative will be credited against your Brand Fund Fee obligations. As of the date of this Disclosure Document, there are advertising cooperative or franchisor-owned outlets; accordingly, franchisor owned outlets would not control the voting power of any advertising cooperative (if formed). |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Local Advertising Deficiency Fee *[Note, this fee is only payable if you fail to comply with your local advertising expenditure requirements.]* | 10% of gross revenues per month or $3,000 per month, whichever is greater, payable to us only if we impose the fee after you fail to meet your local advertising expenditure requirements under your Franchise Agreement. During highly competitive phases, this fee may increase to12% of gross revenue per month. | Monthly expenditure required if you fail to meet your required individual local franchise advertising requirements | The Local Advertising Deficiency Fee will only be imposed if we elect to charge the fee after you fail to comply with the your Pre-Opening Advertising Expenditure and/or Local Advertising Requirement (see Item 11). We may utilize any such deficiency we collect for any purpose we deem appropriate, which may include purposes that do not directly or indirectly benefit your Center. |
| Technology and Support Services Fee | Then-current fee; Currently $599 per month | EFT payable monthly | You must pay us a Technology and Support Services Fee to be used, at our discretion, for technology and support related purposes as we determine in our discretion. Currently, the technology and support services fee may include access to SOCi (a marketing platform), photo app access, MAXconnect (our internal franchise management software), your Center's local website and constant contact. It does not currently cover the MAX Mobile App or ENE Fees, which are addressed separately below. This fee is paid one month in advance and payment will begin when you open. |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Bookkeeping fee | $325 per month | EFT payable monthly | Due and Payable via EFT at onset of Pre-Sales period. |
| MAX Mobile App Fee | Then-current fee; currently, $250 per month | EFT payable monthly | You must pay us a MAX Mobile App Fee; this fee will provide your members access to an app that will assist them on their transformation journey. We reserve the right to make changes to, or discontinue, the App at any time. This fee is paid monthly and payment will begin when you open. |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| ENE Fee | Then-current fee; currently, $750/month | EFT payable monthly | You must pay us an ENE Fee; in exchange for this fee, we will provide you with digital marketing management services by which our in-house marketing agency manages your digital marketing needs in accordance with a budget you determine. Digital marketing costs incurred will be invoiced separately as an additional charge. We reserve the right to make changes to, or discontinue, our ENE services at any time. This fee is paid monthly and payment will be structured as follows: $500 due upon execution of your franchise agreement, $750 (or the then-current fee) due upon lease execution, $750 (or the then-current fee) each month thereafter. |
| Additional Initial Training Fee | $500 per person | One week prior to beginning training. Non-refundable, but any unused fees can be applied to future training. | If a franchisee desires to bring more than two individuals to initial training, it may do so provided that it must pay us the "Additional Initial Training Fee". In the event that any required trainee fails to complete initial training to our satisfaction, we reserve the right to require such trainee to undergo additional training and will charge you the "Additional Initial Training Fee". You shall also be responsible to pay for any travel and living expenses for you or your employees to travel to our training facilities or for our trainer to travel to you. |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Annual Mandatory Conferences & Continuing Education *See Note 2* | Currently $0, but we reserve the right to charge you a fee equal to our costs plus fifteen percent (15%) | One week prior to attending the annual conference. Non-refundable, but any unused fees can be applied to future conferences. | We reserve the right to hold annual, mandatory conferences and continuing education. If we hold an annual conference, or mandate continuing education, you must attend. |
| Optional Franchisee Support & Training | Our then-current rates; currently, ranging from $80/hour to $500/day depending on the nature of the services requested plus reimbursement of direct costs | 30 days after billing. | In the event that a franchisee seeks additional training for itself or its team members during the term of the agreement, franchisee may select from various additional training and support modules that we offer; such opportunities and pricing is set forth in the Manual. |
| Transfer Fee | $20,000 | Prior to consummation of transfer. | If you wish to effectuate a Transfer, you must pay us a transfer fee of $20,000. You must also ensure that you satisfy all of our transfer conditions, including, if we so require, that the transferee pay us an initial franchise fee that will be equal to 50% of the then-current initial franchise fee as well as the full initial training fee.<br><br>No fee charged for a one time transfer from individual(s) to a corporate entity wholly owned and controlled by such individual(s) and formed for convenience of ownership during the 8 month period after the date you sign the franchise agreement. If the transfer from individual(s) to an entity takes place after |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| | | | the 8 month period, you must pay us an assignment fee of $2,000. |
| Transfer Brokerage Fee | 20% of the sale price | Upon sale of the franchise | This fee only applies if we locate a purchaser for your Center. |
| Renewal Fee | Then-current renewal fee, currently $20,000, non-refundable | Upon renewal of franchise. | Fee payable to us. |
| Holdover Royalty Fee | Then-current royalty payment. | Upon failure to execute successor franchise agreement upon expiration of the initial term. | If the initial term of your franchise agreement expires and you fail to execute a successor franchise agreement but continue to operate the franchised business, we will extend the initial franchise agreement on the same terms on a month to month basis until a successor franchise agreement is signed; however, for our inconvenience, we will also assess a Holdover Royalty Fee. The Holdover Royalty Fee will be equal to 1 x the then-current Royalty Fee due to us.. The Holdover Royalty Fee will be in addition to your regular Royalty Fee, so you will, in effect, be paying double the amount of royalties to us until such time that you execute a successor franchise agreement or cease operating the franchised business. |
| Audit | Cost of audit | 30 days after billing if there is a discrepancy of 2% or more with respect to the reporting of gross sales. | Fees will be payable to us to reimburse auditor, will be imposed & collected by us, and will be non-refundable. Fees will vary depending on the cost of the audit. |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Interest on Past Due Amounts | 12% per year or the highest amount allowed by applicable law, whichever is less | Upon invoice. | Charges will be uniformly imposed on a state-by-state basis in conformance with applicable state laws regulating interest rates. |
| Costs and Attorneys' Fees | Total amount of our costs and expenses. | Upon demand. | You are obligated to reimburse us for all costs and expenses, including attorneys' fees, expert witness fees, court costs, discovery costs, and costs on appeal, we incur in obtaining injunctive or other relief for the enforcement of the Franchise Agreement. |
| Alternative Supplier Request Fee | Currently $0; up to $500 plus all costs we incur | Upon submission of alternative supplier request | If you request our permission to use an alternative product or supplier, you must submit an alternative supplier request in writing. You must reimburse us for all costs we incur, including but not limited to product and supplier testing, visiting the facility. You must pay the alternative supplier fee set forth in the manual, which may be up to $500. |
| Trainer and Designated Manager Assistance Fee | Currently $2,500 for each request you submit to us | Upon submission of request | If you request our assistance in locating potential Designated Managers or a Trainer for your Transformation Center, we will charge you a fee. You are not obligated to use this service. |
| Indemnification | Total losses and expenses incurred by us and our affiliates | As incurred. | You must indemnify and hold us and our affiliates harmless in any and all actions arising out of or resulting from the development, opening or operation of your Center. These amounts include all losses, damages, costs and |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| | | | expenses we incur including but not limited to any judgments against us as a result of any act or omission by you. |
| Non-Compliance Fees | Up to $500 per incident | Upon demand | If you fail to comply with any of your obligations under the Franchise Agreement, and we issue you a notice of default (each a "Default Notice"), in addition to any other right and remedy we may have under the Franchise Agreement and applicable law, we have the right to assess a Non-Compliance Fee, which, if assessed, will be due and payable to us immediately upon your receipt of the Default Notice. |
| Taxes | You must reimburse us for any taxes, fees or assessments imposed on us for acting as franchisor or licensing the Marks. | Within 15 days of receipt of invoice. | |
| Liquidated Damages | An amount equal to the aggregate Royalty Fees and other Continuing Monthly Fees, due to us during the 36 month period immediately preceding termination | Upon termination if your Franchise Agreement is terminated as a result of your default | If the Franchise Agreement is terminated as a result of a default by you, prior to the expiration of the Term, you must pay us liquidated damages in an amount equal to the aggregate Royalty Fees and Other Continuing Monthly Fees as defined in the Franchise Agreement (such as the Brand Fund, Tech and Support Services Fee, ENE Fee, Max Mobile App Fee, Customer Service Fee and Bookkeeping Fee) accrued under your Franchise Agreement during the 36 full calendar months during which your |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| | | | Center was open and operating immediately before the termination date. If the Center has not been open and operating for at least 36 months before the termination date, liquidated damages shall be equal to (x) the average monthly Royalty Fees and Other Continuing Monthly Fees owed under the Franchise Agreement for all months during which the Center was open and operating, multiplied by (y) 36. |
| Relocation/Franchisee Initiated Renovation Support & Approval Fee | $2,500 | Immediately upon receipt of our approval of your request | If you wish to relocate your Center (subject to your compliance with the conditions and requirements in your Franchise Agreement), or if you wish to renovate your Center during the term (other than a renovation we are requiring you to complete under your Franchise Agreement), you must pay to us a relocation/franchisee initiated renovation approval fee of $2,500. This fee is assessed and due to us if we approve your request, payable immediately upon your receipt of our approval. This fee is non-refundable upon payment. |
| Express Conversion Fee | $10,000 | Upon receiving our consent to convert. | If you desire to convert your Express franchise into a stand-alone Transformation Center, and we approve of your request, you must pay us an Express Conversion Fee, must comply with all then-current requirements for stand-alone franchises (including incurring all |

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| | | | applicable costs for a stand-alone franchise as set forth in Item 7 below) and must also enter into a new franchise agreement in our then-current form. |
| Unapproved Product, Service or Vendor Penalty Fee | Then-current rate; Currently, $250 per day until violation stops | Fees are to be paid via EFT immediately. | You must only sell products and services that have been approved by us. Further, if we designate a required vendor for any product, equipment, supply, service or otherwise, you must use only that vendor. If you sell unapproved products or services, or purchase from unapproved vendors, we will provide you with notice and, for your first violation only, provide you with seven days to cure your violation. If you fail to cure the violation within seven days from the date of our notice to you, we will charge you the Unapproved Product, Service or Vendor Penalty Fee for each violation for each day that the violation continues. Upon your second and any subsequent Unapproved Product or Vendor violation, we will assess the Unapproved Product or Vendor Penalty Fee without first providing you seven days to cure the violation. |

**GENERAL:** Unless otherwise stated, all fees are imposed by, paid to and collected by us and are non-refundable. Except as otherwise disclosed in this Item, for all franchises offered pursuant to this disclosure document, all fees described in this Item 6 are uniformly imposed, however, in some circumstances under which we deem appropriate, we reserve the right to waive or reduce some or all of these fees for a particular franchisee. We require that all fees payable to us be paid through an electronic funds transfer, including automatic debits from your bank account(s), unless we specify otherwise. To the extent fees set forth in

the table above are calculated based upon our "then-current" amount, the maximum annual increase that we will impose upon you during the term of your agreement will not exceed 30% of the prior year's "then-current" amount.

**Notes:**

1. "Gross Sales" and "gross revenues" defined herein means the total amount of all revenue derived from operating the franchised business, including, but not limited to, all revenues received by You and Your Related Parties for all services and sales, including new and legacy member enrollment, member dues, and any other goods or services sold during the course of operating the franchise, including but not limited to cash, check, credit card, rewards bucks, barter or trade, in whole or in part, excluding any amounts collected for state and local sales taxes from the Center or in connection with the Trade Name or Marks, within an accounting period. If you purchase an express franchise, and you operate your Transformation Center out of a shared location from which you already operate an existing fitness business, "Gross Sales" and "Gross Revenue" shall exclude any revenue from your existing fitness business that shares the same location as the Transformation Center (if applicable and subject to restrictions).

Your obligation to begin paying monthly royalties begins at the earlier to occur of (a) the Start Date specified in the Franchise Agreement; or (b) the day Your Transformation Center begins Enrollment. This means royalties may be due before the franchised business begins classes.

You must use the commercial billing service and its supplied computer program as we designate to process member enrollment, dues, payments, activity and other fees. You must instruct and authorize the commercial billing service to credit to our bank account the applicable royalty percentage and for all similar continuing monthly fees s. All credits to us for amounts billed or received during each month are to be credited to us on or about the 5th day of each month for the preceding month, unless we designate a different day. We reserve the right to modify the manner and method through which you must pay your Royalty Fees, Brand Fund Fees, Continuing Fees and other fees due to us under the Franchise Agreement at any time upon notice to you. You are required to immediately comply with all changes.

You must also allow the commercial billing service to allow us to access and review all of your records relating to your Center operations, including your database and receivables.

We reserve the right to, in writing, approve granting franchises with lower royalty fees in certain limited circumstances. Before varying from standard fees, we will take into account many factors, including prior experience and financial capabilities. We may offer incentives in new or developing markets. Incentives may be offered to new and/or existing franchisees. We anticipate that any reduced fees will only apply to franchisees who are in compliance with all of our agreements and requirements. We are not currently offering an incentive program, but may do so in the future. We reserve the right to cancel or modify any future incentive program we may offer. You will not be entitled to receive the benefits of any such incentive programs unless agreed by us in writing.

Prior to any renewal term of your franchise agreement, we will provide you with a new Monthly Minimum Royalty Fee Schedule. Your Monthly Minimum Royalty Fee for any renewal term will not be less than the Monthly Minimum Royalty Fee that set forth in the Monthly Minimum Royalty Fee Schedule for months 12 through 120 (currently, $1,100). We reserve the right to determine the Monthly Minimum Royalty Fee Schedule for any renewal or successor term in our sole discretion .

Please note that Monthly Minimum Royalty Fee Schedule does not represent a financial performance representation by us and do not, in any way, indicate the amount of revenue that your Transformation Center may earn.

If any federal, state, or local tax other than an income tax is imposed upon the Royalty Fees paid by you to us which we cannot directly and, dollar for dollar, offset against taxes required to be paid by us under applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount of the Royalty Fees paid to us is not less than that the dollar amounts of the Royalty Fees under the Franchise Agreement.

2. You are responsible for your own travel and living expenses related to any training, and for the travel and living expenses for any of our trainers required to travel to your site for training purposes. The cost of the trainers' travel and living expenses varies depending on the distance from our headquarters to your site.

We may, from time to time, require continuing education that is charged at cost plus an administrative fee of up to fifteen percent (15%) of our costs (see Sections 6.6 and 6.7 of the Franchise Agreement for more information on this requirement).

Additionally, we may hold periodic conferences to discuss sales techniques, personal and group training, motivational speaking, nutrition, bookkeeping, accounting, inventory control, performance standards, advertising programs and merchandising procedures to improve and develop the franchised business. In the event that such conferences are held, there is no conference fee at this time, but you must pay all your travel and living expenses related to your attendance at the conference. We do, however, reserve the right in our discretion to charge a fee for the conference of up to 15% of the cost of the conference. These conferences will be held at a location chosen by us. Attendance is mandatory.

## ITEM 7

## ESTIMATED INITIAL INVESTMENT

### TABLE 1

### YOUR ESTIMATED INITIAL INVESTMENT − STAND ALONE FRANCHISE

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|---|---|---|---|
| Initial Franchise Fee<br><br>*Note 1* | $40,000 | Lump Sum | Total due upon signing of Franchise Agreement. | Us. |

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|---|---|---|---|
| Training Fee<br><br>*Note 1* | $15,000 | Lump Sum | Total due upon signing of Franchise Agreement | Us |
| Opening Advertising-Enrollment /First Three Months Local Advertising Expenditures<br><br>*Note 2* | $27,000 | As Incurred | Before opening, and during the three month period after opening. | Approved Third Party Suppliers of advertising materials. |
| Computer Equipment;<br><br>*Note 3* | $6,000- $7,500 | Leased or Financed | Before beginning business. | Approved Third Party Computer Equipment providers. |
| Pre-Registration Office<br><br>*Note 2* | $0 to $5,000 | As incurred, as required | When premises is secured. | Third Parties. |
| Grand Opening Package<br><br>*Note 4* | $3,728 - $4,728 | Lump Sum | Before beginning business. | Approved Third Party Supplier. |
| Insurance<br><br>*Note 5* | $500 - $2,000 | As Incurred, as required | Down payment before opening of business; 10 subsequent payments due in monthly installments. | Insurance Company; State Agency; Governmental Authorities. |
| Signage | $6,000 - $18,000 | Lump Sum | Before beginning business. | Approved Third Party Signage Company. |
| Equipment and Furnishings<br><br>*Note 6* | $23,100 - $38,250 | Bank loan or Lease | Before beginning business. | Approved Third Party Suppliers. |
| Prepaid Rent and Security Deposit<br><br>*Note 7* | $4,500 - $20,000 | As Incurred | Before beginning business. | Per agreement with landlord. |

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|---|---|---|---|
| Leasehold Improvements/Fit out<br><br>*Note 7* | $7,500 - $115,000 | As Incurred or Amortized | Before beginning business. | Various approved contractors/suppliers. |
| Utility Deposits | $1,000 to $2,000 | Lump Sum | Before beginning business. | Landlord and/or utility companies. |
| Licenses and Permits; Fictitious Name Registration and/or Incorporation and Legal Review<br><br>*Note 8* | $1,500 to $5,000 | Lump Sum | Before beginning business. | Attorney and Governmental Authorities as required. |
| Initial Training; Travel, Lodging, Meals, etc. for Initial Training<br><br>*Note 9* | $200 to $5,000 | As Incurred | Before beginning business. | Us; Hotels, restaurants, airlines, etc. (as needed). |
| Additional Funds<br><br>*Note 11* | $15,000 - $45,000 | As incurred | As incurred. | Utility companies, advertising companies, employees, government tax authorities, and various suppliers as needed. |
| **TOTAL**<br><br>***Note 11*** | **$151,028 to $349,478** | | | |

GENERAL NOTE: The Franchisor does not offer financing for any part of the Initial Investment.

## TABLE 2

## YOUR ESTIMATED INITIAL INVESTMENT – EXPRESS FRANCHISE

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|---|---|---|---|
| Initial Franchise Fee<br><br>*Note 1* | $15,000 | Lump Sum | Total due upon signing of Franchise Agreement. | Us. |
| Training Fee<br><br>*Note 1* | $15,000 | Lump Sum | Total due upon signing of Franchise Agreement | Us |
| Opening Advertising-Enrollment /First Three Months Local Advertising Expenditures<br><br>*Note 2* | $11,000 | As Incurred | Before opening, and during the three month period after opening. | Approved Third Party Suppliers of advertising materials. |
| Computer Equipment;<br><br>*Note 3* | $6,000 – $7000 | Leased or Financed | Before beginning business. | Approved Third Party Computer Equipment providers. |
| Grand Opening Package<br><br>*Note 4* | $3,728 - $4,728 | Lump Sum | Before beginning business. | Approved Third Party Supplier. |
| Insurance<br><br>*Note 5* | $1000 - $2,000 | As Incurred, as required | Down payment before opening of business; 10 subsequent payments due in monthly installments. | Insurance Company; State Agency; Governmental Authorities. |
| Signage | $2,000 - $8000 | Lump Sum | Before beginning business. | Approved Third Party Signage Company. |
| Equipment and Furnishings<br><br>*Note 6* | $6,000 - $16000 | Bank loan or Lease | Before beginning business. | Approved Third Party Suppliers. |
| Prepaid Rent and Security Deposit<br><br>*Note 7* | $0 - $5,000 | As Incurred | Before beginning business. | Per agreement with landlord. |

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|---|---|---|---|
| Leasehold Improvements/Fit out<br><br>*Note 7* | $0 - $6,000 | As Incurred or Amortized | Before beginning business. | Various approved contractors/suppliers. |
| Utility Deposits | $0 - $500 | Lump Sum | Before beginning business. | Landlord and/or utility companies. |
| Licenses and Permits; Fictitious Name Registration and/or Incorporation and Legal Review<br><br>*Note 8* | $500 to $5,000 | Lump Sum | Before beginning business. | Attorney and Governmental Authorities as required. |
| Initial Training; Travel, Lodging, Meals, etc. for Initial Training<br><br>*Note 9* | $200 to $5,000 | As Incurred | Before beginning business. | Hotels, restaurants, airlines, etc. (as needed). |
| Additional Funds<br><br>*Note 10* | $3,000 - $25,000 | As incurred | As incurred. | Utility companies, advertising companies, employees, government tax authorities, and various suppliers as needed. |
| **TOTAL**<br><br>***Note 12*** | **$63,428 - $125,228** | | | |

**Notes to Table 1 and Table 2:**

1. The Initial Franchise Fee for a Center is $40,000 (or $15,000 for an express franchise) and the Training Fee is $15,000 (or $15,000 for an express franchise). The Initial Franchise Fee and Training Fee are due and payable in full when you sign the Franchise Agreement and are non-refundable under any circumstances. See Item 5 for more details regarding the Initial Franchise Fee and Training Fee.

2. You are required to expend at least $20,000 (or $10,000 for an express franchise) during the period leading up to the opening of your Center to conduct pre-opening advertising and marketing (the "Pre-Opening Advertising Expenditure"), including on local search engine optimization. During the period leading up to the opening of your Center, you will be required to begin enrolling members for your Center. You may conduct pre-opening membership enrollment from a temporary office space located at or near your Center location. You may incur rent and other costs associated with pre-opening registration and

enrollment activities. As disclosed in Item 11, in addition to the Pre-Opening Advertising Expenditure, you are required to expend at least $36,000 (or $24,000 for an express franchise) on local advertising, marketing and search engine optimization during your first year of operations (the "First Year Marketing Expenditure") as follows: (a) you must spend no less than $24,000 (or $12,000 for an express franchise) during the first six (6) months of operations; and (b) you must spend no less than $3,000 per month (or 10% of your monthly gross sales if higher) for the seventh through the twelve month of operations. The estimate in the above table only includes expenditures through your third month of operation, that is, $4,000 (or $2,000 for an express franchise) per month for each of the three months.

Pre-Registration Office is optional. If you do not use a Pre-Registration Office, there will be no cost.

If you acquire an existing Center from a System franchisee, you are not required to expend the Pre-Opening Advertising Expenditure, however, we require you to spend $15,000 in marketing during the 90-day period commencing on the effective date of the transfer of the franchise to you.

Platform costs (such as, but not limited to, ENE, SOCi and Twilio) do not count towards your Pre-Opening Advertising Expenditure, First Year Marketing Expenditure or continuing Local Advertising Requirement.

3. Most Transformation Centers have 2 computers. The Computer System includes the components disclosed in Item 11 including QuickBooks, Microsoft Office, Windows, a scanner, record keeping/support, a card processor, and a signature pad.

4. As of the issuance date of this Disclosure Document, we require you to purchase the Grand Opening Package from a third party supplier.

5. You must, at all times, maintain insurance as prescribed by law, and you must maintain the minimum insurance requirements listed below:

A. If you have employees, you must maintain worker's compensation policies which, at a minimum, include Voluntary Compensation, and provide:

| | |
|---|---|
| $500,000 | Per Accident |
| $500,000 | Disease Per Employee |
| $500,000 | Disease Policy Limit |

B. Special Form Property Insurance for all equipment, supplies, extended coverage for theft, vandalism and malicious mischief for all equipment, supplies and other property used in the operation of the fitness center (of not less than 100% of the replacement value of the same, except that an appropriate deductible clause will be permitted);

C. Business interruption insurance;

D. Employment Related Practices Insurance (inclusive of 3rd Party Coverage) including, but not limited to, $500,000 per occurrence for each of the following: Sexual Harassment, Wrongful Termination, Discrimination, or Wrongful Failure to Employ or Promote; and

E. Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a fitness business located in your Approved Territory, but not less than:

| | |
|---|---|
| Commercial General Liability* | $1,000,000 per occurrence/ $2,000,000 aggregate |
| Products/Completed Operation | $1,000,000 per occurrence/ $2,000,000 aggregate |
| Personal/Advertising Injury | $1,000,000 per occurrence/ $2,000,000 aggregat |
| Professional Liability | $1,000,000 per occurrence/ $2,000,000 aggregate |
| Sexual abuse/molestation | $100,000 per occurrence/ $200,000 aggregate |
| Hired/non-owned auto | $1,000,000 per occurrence/ $2,000,000 aggregate |

*Your General Liability Insurance must expressly cover athletic participation, nutritional products, nutritional counseling, and/or martial arts.

All insurance policies must insure both you and us (including our parents, subsidiaries, affiliates, and their successors and assigns) against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of your Transformation Center. All insurance policies must be maintained with companies financially rated A- or better. If you are using the space for your Transformation Center to conduct another fitness business of any kind, you must provide proof of insurance for all of your other businesses doing business at the Approved Location to us.

We recommend, but do not require, that You obtain Umbrella Policy Coverage as follows:

| | |
|---|---|
| 1 to 3 Transformation Center Locations | $1,000,000 per occurrence |
| 3 to 4 Transformation Center Locations | $2,000,000 per occurrence |
| 5 or more Transformation Centers | $5,000,000 per occurrence |

You must also provide certificates of insurance evidencing your insurance coverage in compliance with these minimums before your facility opens for business, and each year when your policy renews.

6. A typical Transformation Center contains soft rubber mat flooring, at least one mirrored wall, 2 ceiling fans, portable fitness equipment such as free weights, medicine balls and other similar equipment, an audio system, an AED device, WaveMasters. We recommend pre-ordering equipment 6-8 weeks before the planned opening date to allow sufficient time for delivery and installation. A list of the typical equipment you will buy is included in the Operations Manual. Other furnishings include basic office furniture and equipment, such as a desk, chairs, a fax machine, telephones, etc., water cooler, merchandise display, TV waiting area, CR Equipment, camera system, and a reception counter. Each item addressed in this Note 6 is included in the range of costs in the Table for Equipment & Furnishings.

7. The construction, leasehold improvements and real estate rental fees vary depending on a number of factors including the size, location, existing leasehold improvements and costs of construction in the area of your Center. These costs will vary based on building size, configuration and condition of the premises, material costs, construction costs, labor costs, installation costs, geographic location, requirements imposed by government and distance from suppliers. Payments for building or leasehold improvements are made to third party contractors and suppliers not related to us. Payments to these contractors and suppliers are typically made as the services are received or when the stages of work are completed. These payments are usually not refundable. Real estate/space development costs vary considerably. Your costs can be higher depending on the site and code requirements, and other factors. The cost of the leasehold improvements is also dependent on the condition of the leasehold site when you (the tenant) take possession and/or how much the landlord's contribution to leasehold improvements may be, and this varies from location to

location. Some landlords may agree to do "rough plumbing," or sheetrock all the exterior walls (vanilla box). In that case, the additional leasehold improvements that you would be paying for, at a minimum, would be as follows:

Two handicapped accessible restrooms (if required by local or state law or ordinance)
Rubber mat flooring throughout exercise areas.
Construction of the front desk/reception area.
Construction of work out area.
Construction of 1 room of at least 100 square feet to be used as an office. (depending on your total square footage)

The estimated costs of construction and outfitting for a new, stand-alone Transformation Center are based on a model build-out of approximately 2,500 square feet. All new sites must be a minimum of 1,700 square feet. If you purchase an express franchise and wish to operate your Transformation Center from your existing fitness facility that you already control or intend to sublease, you must obtain our approval for the location and must renovate the existing fitness facility in accordance with our then-current specifications for express Transformation Centers. You may not operate a Transformation Center in a site less than 1,700 square feet without our prior written consent. The estimate in the Table includes estimates for mirrors, fans, paint, pole wraps, cubbies/benches/storage for members, architect fees, hard construction costs and soundproofing.

8. You are responsible for obtaining all necessary permits required for the development, opening and operation of your Center. The costs for permitting vary from location to location. You may also incur legal fees and related costs in connection with your investment in the franchised opportunity.

9. Training for up to two people is included in the Training Fee. Additional persons may attend initial training for a $500 per person fee. The Training Fee does not include expenses that you may incur to attend training (travel, lodging, meals, etc.); you are responsible for your own expenses and those of your employees who attend Initial Training.

10. The "Additional Funds" category includes estimated start-up costs, such as payroll, utilities and advertising, calculated for a period of three (3) months, with additional operating capital to be available as may be needed during the initial phase. These expenses do not include owner's salary or draw. We cannot and do not estimate when or whether any franchisee will achieve a positive cash flow or profits during this period, or any period. These estimates were determined by experience of the Franchisor, franchisees, and industry norms and trends.

11. This chart provides estimates of your initial start-up expenses and does not include ongoing marketing and advertising expenses or percentage rent payable under the terms of your lease. Depending on the size of the Center, and whether you are opening a Center in a stand-alone location or an existing fitness facility, these estimates may vary. These figures are estimates only based upon our affiliate's experience in developing and operating affiliate-owned locations and limited information reported to us from our franchisees.

**TABLE 3**

**AREA DEVELOPMENT AGREEMENT**

| TYPE OF EXPENDITURE | AMOUNT | METHOD OF PAYMENT | WHEN DUE | TO WHOM PAYMENT IS TO BE MADE |
|---|---|---|---|---|
| Development Fee (Note 1) | $103,750 *[if you sign an Area Development Agreement for three Centers.]* | Lump Sum | At the Signing of the Development Agreement | Us |
| Training Fee (Note 1) | $15,000 [*if you sign an Area Development Agreement for three Centers.]* | Lump | At the Signing of the Development Agreement | Us |
| Initial Investment for your **first** Center to be developed under the Development Agreement (Note 2) | $96,028 -$294,478 *[The initial investment range disclosed in Table 1 for the **first** Center Developer is obligated to open under the Development Agreement, less the $40,000 initial franchise fee and the Training Fee disclosed in Table 1.]* | See Item 7 Chart above for Franchise Agreement | See Item 7 Chart above for Franchise Agreement | See Item 7 Chart above for Franchise Agreement |
| TOTAL (Notes 1 & 2) | $214,778 - $413,228 *[Total Amount includes an Area Development Agreement for three Centers, Training Fee and the Initial Investment for your **first** Center.]* | | | |

**Notes.**

Note 1. If you are granted the opportunity to enter into an Area Development Agreement, as disclosed in Item 1, you and we will mutually agree on an area to be defined in the Area Development Agreement as the "Development Area." The Development Agreement will specify the number of Centers you are required to open under the Development Agreement (the "Development Area Centers"), with a minimum of three stand-alone Centers. The Development Fee you will pay to us under the Development Agreement will be equal to $40,000 for your first Center, plus $33,500 for the second Center, and $30,250 for the third and

each additional Center you are required to develop under the Development Agreement.. You will also pay us Training Fee in the amount of $15,000 at the time you sign the Area Development Agreement; the Training Fee will cover all of the Centers you are required to open under the Development Agreement. You (or your approved affiliate) will sign our then-current Franchise Agreement for each Center you are obligated to open under the Development Agreement. You will not be required to pay any initial franchise fee or training fee under the Franchise Agreement for the Centers you are obligated to open under the Development Agreement. If you are unable to open the Centers you are obligated to open under the Development Agreement, or if the Development Agreement is terminated for any reason, you will not receive any refund of any portion of the Development Fee or any training fees.

Note 2. As set forth above in Table 3, the Initial Investment estimate for the first stand-alone Center to be developed under a Development Agreement was derived from the Total Estimated Initial Investment range set forth above in Table 1, less the initial franchise fee of $40,000 and the training fee of $15,000); the Initial Investment estimate set forth in Table 3 will apply to each Center you are obligated to open and operate under the Area Development Agreement. Table 3 includes the estimated initial investment range for the first Center you are obligated to open. You will incur initial investment expenses for each Center you are required to open and operate under the Area Development Agreement. These expenses may increase over time.

## ITEM 8

## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have spent considerable time, effort and financial resources to develop the franchise system (the "System"). We have established standards and specifications for most of the services, products and goods used in and offered through the Franchised Business. The System is subject to modification, change and improvement going forward. You must conform to our System standards, including high standards of service, quality, safety, and cleanliness. We anticipate that our standards will change over time. You must adhere to these changes. You may incur increased costs and expenses to comply with these changes, at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement. Our requirements are critical to assure the quality, safety and consistency of the services provided by Centers in the System, and to protect and enhance the image of the Marks and the System.

Our standards and specifications may be communicated to you through our confidential operations manual and various other confidential manuals and/or written materials relating to operation of Franchised Businesses (collectively, the "Manual"), all of which may be changed by us at any time in the future and all of which may be housed in our online portal instead of in print form. The Manual may include, among other things, specifications relating to required services, customer service techniques, and issues and procedures related to brand uniformity and brand protection.

You must, at your expense, construct, improve and operate your Center under the System and in accordance with our standards and specifications, as set forth in our Manual and other publications or written materials we issue from time to time. You must, at your expense, purchase or lease, install and use, among other things, all fixtures, signage, furnishings, improvements, supplies, other products and equipment (including computer equipment, inventory, uniforms, signage, point of sale, and computer hardware and software), décor items, related items and services we require, all of which must conform to the Manual and our standards, specifications and other publications or written materials we issue from time to time. You may

not install or permit to be installed at the Center any fixtures, furnishings, equipment, décor items, signs, games, or other items that we have not designated without our prior written consent.

You must operate the Center in accordance with the Manual and our standards, specifications, and other publications or written materials we issue. You must offer all services and products we designate through your Center. You may not offer any products or service that we have not specifically designated or approved without first obtaining our written consent. You must discontinue offering for sale any items, products and/or services we disapprove, which we have the right to do at any time. You must, at all times, ensure that the retail area of your Transformation Center complies with all of our then-current specifications, including certain minimum mandatory inventory levels we may establish from time to time. You must keep your retail area stocked at the levels and with the items we require at all time.

If we institute a restrictive sourcing program (which we have already done for certain items, as noted above) you must use the vendors we designate. If you offer products or services that we have not approved, or fail to use a vendor that we require, we will, after providing you with seven days to cure your violation, assess an Unapproved Product or Vendor Penalty Fee for each violation (see Item 6). You may not deviate from our standards and specifications in any way without obtaining our written consent first.

We have the right to, and expect to, supplement or modify the Manual and our standards, specifications and other publications we issue in our sole discretion, at any time. We will provide written notice to you of any changes.

System Modifications

We have the right to supplement, improve and otherwise change the System at any time, including in response to the opportunity to offer new services and products to customers of Transformation Centers operating under the System, the experience of franchised and affiliate-operated Centers over time and other factors. We will have full control and discretion over any of these developments and you must comply with all such requirements, including offering and selling new or different products or services specified by us.

Approved and Designated Suppliers

We have the absolute right to limit the suppliers with whom you may deal. We require you to purchase certain items, products, services, signs, furnishings, supplies, fixtures and equipment from us, or distributors we have approved (collectively, "suppliers"). You must purchase all goods, items, products and services required for the development and operation of the Center from our approved or designated suppliers. We have the right to designate one supplier for any given item or service. We will provide you with a list of suppliers, which list may change over time. While the suppliers included on this list are currently mandated, approved and/or recommended, we reserve the right to change this list from time to time in our sole discretion. Notifications of changes to the approved suppliers list will be communicated to you through changes to the Operations Manual or other written communications, including via electronic mail. Approval of suppliers may be revoked upon written notice.

We may become an approved supplier, and/or the only supplier, for any item, product, good and/or service in the future.

As of the issuance date of this Disclosure Document, You must pay us monthly fees for certain services we provide to you including technology and support services, digital advertising services through our ENE platform, the MAX Mobile App and bookkeeping services. We may make a profit on the sale of these items and services to you. Other than these purchases, as of the issuance date of this Disclosure Document,

neither we nor any of our affiliates are currently approved suppliers, or sell or lease products or services to you; however, we reserve the right, at any time in the future in our sole discretion, to become, or have our affiliate become, an approved or designated supplier (including the exclusive supplier) for any item, product and/or service at any time in the future and to derive revenue and other material benefits on account of such purchases.

We estimate that the cost of the equipment, software, forms, supplies, services, and goods for resale that must be purchased from designated or approved suppliers or in accordance with our specifications will represent between 90% and 100% of your total purchases in connection with the establishment of your business, and will represent between 5% and 10% of your ongoing expenses.

We may source certain branded services, products and /or items for the Center and we may, but are not required to, develop private label and/or proprietary products, which may or may not bear our trademark. If and when they are developed, you must purchase these products from us or an approved or designated supplier.

Except as disclosed in this Item, as of the issuance date of this Disclosure Document, there are no approved suppliers in which any of our officers or directors own an interest.

Additionally, while you (as the franchisee) are not required to make any such purchases, we do reserve the right to require you to promote certain optional products or services for sale directly to the members of your Center. We likewise reserve the right to limit your ability to promote to your members other products or services at your Center. The products or services that you may be required to promote to your members from time to time may be sold by our affiliated entities or by approved third parties.

Derived Revenue

We and/or our affiliates, may derive income, consideration, payments and other benefits on account of your purchase or lease of any products, services, supplies and/or other items from us or any supplier, including approved suppliers, and/or designated suppliers. This income may be derived in any form, including as a rebate from various suppliers based on the quantity of System franchisee purchases. We may use these benefits for any purpose we deem appropriate. We are not obligated to remit any benefits to you and reserve the right to retain all such benefits.

We or our Affiliates may charge a mark-up on products and/or services sold to you by us and/or our affiliates.

We and our affiliates may derive rebates and other benefits from certain purchases you make from approved suppliers. These amounts are subject to change without restriction. Certain designated suppliers rebate a percentage of sales or a flat amount to us.

As of the issuance date of this Disclosure Document, unaffiliated suppliers pay us rebates ranging anywhere from 5% to 25% of their revenue from franchisee purchases of certain items and services (including equipment, signage, flooring, apparel, telephone and payroll services)**.** These amounts are subject to change. The designated suppliers are listed in the Manual.

During our most recently concluded fiscal year ended December 31, 2025, we derived $57,935.20, or 1.7% of our total revenue of $3,395,284 on account of required franchisee purchases for both the "MAX Fitness and Wellness Center®" and "FARRELL'S EXTREME BODYSHAPING®" franchise systems. Except as

disclosed in this Item, none of our affiliated entities derived revenue on account of required franchisee purchases during our fiscal year ended December 31, 2025.

Except as disclosed in this Item, as of the issuance date of this Disclosure Document, we have not established any purchasing arrangements with designated suppliers and do not currently receive any payments on the basis of required franchisee purchases.

Purchases from Other Suppliers

If you want to purchase any products, services, goods, equipment or supplies from a supplier or distributor who is not on our approved list, you may request our approval of the supplier or distributor (except in instances where we have designated a sole supplier of any product, item, good, equipment, service or supplies), which we may grant or deny in our sole and absolute discretion. The proposed supplier's or distributor's product or service, as applicable, must conform in every respect to our designated standards and specifications, which may include the ability of the supplier to provide sufficient quantities of the product to the System. The supplier or distributor must also provide us with any information we request in order to analyze the supplier's or distributor's suitability, and the composition and conformity of the product to our standards. This evaluation may include a sampling of the product at either the supplier's/distributor's or our place of business, as we may designate. Where appropriate, we require the supplier or distributor to provide us with product liability insurance. All suppliers and distributors must agree to provide us with reports concerning all purchases by you or other franchisees. You or the supplier will be responsible for all costs and expenses we incur in the testing and approval process. There are no fees currently associated with seeking approval for alternative suppliers; however, we reserve the right to charge a fee. We cannot predict with any certainty how long its evaluation will take, however, we attempt to complete our evaluation within 90 days. Upon the completion of our evaluation, we inform you of our approval or disapproval of your request. If we approve the supplier or distributor, the supplier or distributor is added to our approved list, however, our approval of a supplier or distributor relates only to the item or product line evaluated and specifically approved by us.

Our standards, specifications and other criteria for supplier or distributor approval have been developed by us, our affiliates, and/or or principals through the expenditure of extensive work and time and are considered confidential information. Therefore, we do not make our standards and specifications or our other criteria for supplier or distributor approval available to our franchisees or suppliers.

We may modify our specifications and standards for any item or revoke our approval of any supplier or distributor who fails to adhere to our quality standards or other requirements. We may limit the number of potential suppliers that we consider for approval and for some categories of products, we may designate a third party or ourselves as an exclusive supplier.

Purchasing Programs

We may establish national or regional purchasing programs for the purpose of negotiating purchases of certain products and/or services from approved or designated suppliers. The purchasing programs may (but are not required to) benefit you by reducing prices, increasing reliability in supply, improving distribution, establishing consistent pricing for reasonable periods to avoid market fluctuations. If a national and/or regional purchasing program is established for the region where your Center is located, you must participate in the program. In the future, we intend to negotiate purchase arrangements with suppliers of products for the benefit of franchisees.

We do not guarantee the availability of independent sources of supply for any particular product or service required to establish or operate your Center. We do not provide any material special benefits to franchisees for particular products or services or using designated suppliers.

Currently, there are no purchasing or distribution cooperatives.

Computer/POS System/Telephone Services

You must use our designated supplier for telephone services. You must purchase the computer and POS System we require. You must make reasonable upgrades or updates to your computer system at our request and at your own expense. See Item 11 for more details regarding computer hardware and software requirements.

Insurance

You must, at all times, maintain insurance as prescribed by law, and you must maintain the minimum insurance requirements set forth in the Manual. As of the issuance date of this disclosure document, the minimum requirements are as follows:

A. If you have employees, you must maintain worker's compensation policies which, at a minimum, include Voluntary Compensation, and provide:

| | |
|---|---|
| $500,000 | Each Accident |
| $500,000 | Disease Per Employee |
| $500,000 | Disease Policy Limit |

B. Special Form Property Insurance for all equipment, supplies, extended coverage for theft, vandalism and malicious mischief for all equipment, supplies and other property used in the operation of the fitness center (of not less than 100% of the replacement value of the same, except that an appropriate deductible clause will be permitted);

C. Business interruption insurance;

D. Employment Related Practices Insurance (inclusive of 3rd Party Coverage) including, but not limited to, $500,000 per occurrence for each of the following: Sexual Harassment, Wrongful Termination, Discrimination, or Wrongful Failure to Employ or Promote; and

E. Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a fitness business located in your Approved Territory, but not less than:

| | |
|---|---|
| Commercial General Liability* | $1,000,000 per occurrence/ $2,000,000 aggregate |
| Products/Completed Operation | $1,000,000 per occurrence/ $2,000,000 aggregate |
| Personal/Advertising Injury | $1,000,000 per occurrence/ $2,000,000 aggregate |
| Professional Liability | $1,000,000 per occurrence/ $2,000,000 aggregate |

| | |
|---|---|
| Sexual abuse/molestation | $100,000 per occurrence/ $200,000 aggregate |
| Hired/non-owned auto | $1,000,000 per occurrence/ $2,000,000 aggregate |

*Your General Liability Insurance must expressly cover athletic participation, nutritional products, nutritional counseling, and/or martial arts.

All insurance policies must insure both you and us (including our parents, subsidiaries, affiliates, and their successors and assigns) against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of your Transformation Center. All insurance policies must be maintained with companies financially rated A- or better. If you are using the space for your Transformation Center to conduct another fitness business of any kind, you must provide proof of insurance for all of your other businesses doing business at the Approved Location to us.

We recommend, but do not require, that You obtain Umbrella Policy Coverage as follows:

| | |
|---|---|
| 1 to 3 Transformation Center Locations | $1,000,000 per occurrence |
| 3 to 4 Transformation Center Locations | $2,000,000 per occurrence |
| 5 or more Transformation Centers | $5,000,000 per occurrence |

You must also provide certificates of insurance evidencing your insurance coverage in compliance with these minimums before your facility opens for business, and each year when your policy renews.

Pricing and Promotion Requirements

We reserve the right to require Centers in the System to offer certain services and/or products at prices not to exceed the prices we publish from time to time, subject to applicable laws. We also reserve the right to require Centers to offer all promotions we specify from time to time. We may regulate your minimum, maximum, or other prices for the services and products you will offer at your Center, subject to applicable law. . You may be required to promote and offer one or more awards, which may include free membership for a designated period of time and/or monetary awards, to winners of each ten-week challenge in accordance with the System specifications as communicated to you through the Manual or through other written communications we may issue from time to time. It is your obligation to ensure compliance with all applicable laws, rules and regulations in connection with the promotion, offer and issuance of each such award in connection with the operation of your Center.

We do not provide any material benefits, such as renewal or granting of additional franchises, to you based on your purchase of a particular product or service or use of particular suppliers.

Area Development Agreement

Under the Area Development Agreement, you are required to find sites that meet our then-current standards and specification for each of the Centers you are obligated to open under the Area Development Agreement. You are not permitted to sign any lease agreement before you submit the agreement to us for our review and approval. We have the right to require you to incorporate certain terms and agreements with the lease for the Center premises. We have the right to require you to use our designated site selection and real estate service providers at any time.

Except as stated in this Item 8, there are no goods, services, supplies, equipment, computer hardware and software or real estate which you must purchase or lease from us or our designee or from suppliers approved by us at this time.

***[The remainder of this page is intentionally left blank.]***

## ITEM 9

## FRANCHISEE'S OBLIGATIONS

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

| OBLIGATION | SECTION IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|
| A. Site Selection and Acquisition/Lease | Sections 4.2, 4.3, 7.2 | Items 11 & 12 |
| B. Pre-Opening Purchase/Leases | Sections 4.2, 5, 7.2, 7.3 | Items 5, 7 & 8 |
| C. Site Development and other Pre-Opening Requirements | Sections 5.1, 5.2, 7.3 | Item 11 |
| D. Initial and Ongoing Training | Section 5.2, 5.3 | Item 11 |
| E. Opening | Section 7.3 | Item 11 |
| F. Fees | Section 6 | Items 5, 6 & 7 |
| G. Compliance with Standards and Policies/ Operations Manual | Section 5.4, 7.2, 7.3 | Item 11 |
| H. Trademarks and Proprietary Information | Section 7.1, 8.1, 8.4 | Items 13 & 14 |
| I. Restrictions on Products/Services Offered | Section 7.3.3 | Items 8 & 16 |
| J. Warranty and Customer Service Requirements | Section, 7.3.5 | Not Applicable |
| K. Territorial Development and Sales Quotas | Section 3.2, 4.3 | Item 12 |
| L. Ongoing Product/Service Purchases | Section 5.6, 6.11 | Item 16 |
| M. Maintenance, Appearance and Remodeling Requirements | Section 4.6.2(e),7.3.1,7.3.6 | Not Applicable |
| N. Insurance | Section 7.8 | Item 8 |
| O. Advertising | Section 5.5,6.10,7.1.3, 7.6 | Item 11 |

| OBLIGATION | SECTION IN AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|
| P. Indemnification | Section 7.1.4, 8.5 | Not Applicable |
| Q. Owner's Participation/Management/ Staffing | Section 7.5 | Item 15 |
| R. Records and Reports | Section 7.3.1(h), 7.3.4, 7.7.1,7.7.2 | Not Applicable |
| S. Inspections and Audits | Section 6.5,7.3.1(i),7.3.4, 7.6.3 | Not Applicable |
| T. Transfer | Section 9, 10.2.1 | Item 17 |
| U. Renewal | Section 4.6.2 | Item 17 |
| V. Post-Termination Obligations | Section 8.6.2, 10.3 | Item 17 |
| W. Non-Competition Covenants | Section 7.5,8.6,10.2.1(d and e | Item 17 |
| X. Dispute Resolution | Sections 11.7, 11.8, 11.9, 11.10 | Item 17 |
| Y. Guarantee of Franchisee Obligations | Section 12.2, See Guaranty attached as Exhibit 5 | Item 15 |

**DEVELOPMENT AGREEMENT**

| OBLIGATION | SECTION IN DEVELOPMENT AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|
| A. Site Selection and Acquisition/Lease | Section 3 | Items 11 & 12 |
| B. Pre-Opening Purchase/Leases | Section 3.2 | Items 5, 7 & 8 |
| C. Site Development and other Pre-Opening Requirements | Sections 1.2 3 | Item 11 |
| D. Initial and Ongoing Training | Not Applicable | Item 11 |
| E. Opening | Section 1.2 and Exhibit A | Item 11 |
| F. Fees | Section 2.1 | Items 5, 6 & 7 |

| OBLIGATION | SECTION IN DEVELOPMENT AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|
| G. Compliance with Standards and Policies/ Operations Manual | Background B | Item 11 |
| H. Trademarks and Proprietary Information | 1.4 | Items 13 & 14 |
| I. Restrictions on Products/Services Offered | Background B | Items 8 & 16 |
| J. Warranty and Customer Service Requirements | Not Applicable | Not Applicable |
| K. Territorial Development and Sales Quotas | Section 1.1 and Exhibit A | Item 12 |
| L. Ongoing Product/Service Purchases | Not Applicable | Item 16 |
| M. Maintenance, Appearance and Remodeling Requirements | Not Applicable | Not Applicable |
| N. Insurance | Not Applicable | Item 8 |
| O. Advertising | Not Applicable | Item 11 |
| P. Indemnification | Section 9.4 | Not Applicable |
| Q. Owner's Participation/Management/ Staffing | Section 1.2.2 | Item 15 |
| R. Records and Reports | Not Applicable | Not Applicable |
| S. Inspections and Audits | Not Applicable | Not Applicable |
| T. Transfer | Section 6.2 | Item 17 |
| U. Renewal | Not Applicable | Item 17 |
| V. Post-Termination Obligations | Section 7.1.2, Section 7.2, Section 7.3 | Item 17 |
| W. Non-Competition Covenants | Section 7.1 | Item 17 |
| X. Dispute Resolution | Section 8 | Item 17 |
| Y. Guarantee of Franchisee Obligations | See Guaranty | Item 15 |

## ITEM 10

## FINANCING

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

***[The remainder of this page is intentionally left blank.]***

## ITEM 11

## FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Area Development Agreement

We have no obligation under the Area Development Agreement other than to (a) designate your Development Area, which is the area within which you must open and operate the designated number of Centers you are required to open under the Area Development Agreement; and (b) approve or disapprove of your proposed sites for each Center you are required to open and operate under the Area Development Agreement within the thirty (30) day period after you provide to us the site report, application and all materials and information we require relating to the proposed site.

**Pre-Opening Obligations**

Before you open your Transformation Center, we will:

1. Designate your Approved Territory. (Franchise Agreement Section 4.3)

2. Approve or disapprove the site you have selected for your Transformation Center. You are responsible for compiling the information necessary for us to evaluate your site. Approval of any proposed site is based on the information you submit in a form sufficient to assess the location. We must approve or disapprove your site within 30 days after we receive notice of the location from you and a copy of the lease (if you are leasing new space). We may not withhold our approval unreasonably. The franchise may be operated from a retail strip mall type location of approximately 2,500 square feet. The size of your Transformation Center may vary, but a typical Transformation Center may not be less than 1,700 square feet or larger than 3,500 square feet without our prior written consent. (Franchise Agreement Section 4.2) We do not currently own sites for lease to you, nor do we select sites for you. We may offer guidance and assistance with the site selection and construction process, but we are under no contractual obligation to do so.

3. We will provide you with password-restricted access to our confidential Operations Manual online. (Section 5.4 of the Franchise Agreement) Our Operations Manual also includes a list of our approved suppliers. In addition, you may be provided with a password that will enable you to update your copy of the Operations Manual by downloading updates from our website. We expect to modify and update the Operations Manual from time to time, and, if updated or modified, you will be notified via email (provided by you on your potential franchise candidate profile) or another form of communication of such modifications and updates. (Franchise Agreement Section 5.4) The Operations Manual, and the information contained therein, is confidential and remains our property. (Franchise Agreement Section 7.3.2)

4. Provide you access to a sample layout and specifications for an existing Transformation Center to guide you in furnishing and equipping your Transformation Center. You will, at your own expense, tailor the plans and specifications provided by us for your individual use and will then submit the customized plans and specifications to us for written approval, which may not be unreasonably

withheld. You pay for the re-fitting and all other costs of compliance and permits. (Franchise Agreement Sections 5.1, 7.3.1)

5. Train you and one other person as follows in the **Item 11** Training Program Table. (Franchise Agreement Section 5.2)

We may, but are not contractually required to provide any assistance to you in establishing pricing. We do not provide any signs, equipment, fixtures, opening inventory, or supplies to be used in connection with the operation of your Transformation Center at this time, but we reserve the right to do so at any time in the future.

Area Development Agreement

If you sign an Area Development Agreement, you must: (a) find an approved location for each Center you are obligated to open and enter into a valid and binding lease agreement on or before the "Lease Execution Deadline" identified in Exhibit A attached to the Area Development Agreement; and (b) open each Center on or before the Opening Deadline identified in Exhibit A to the Development Agreement. If you sign an Area Development Agreement for the development of three (3) Centers, under your Development Schedule, you will be required to open the first Center within twelve (12) months of the Effective Date, the second Center within twenty-one (21) months of the Effective Date, and the third Center within thirty (30) months of the Effective Date. As stated under the disclosures applicable to the Franchise Agreement, each proposed site must meet or then-current criteria, standards and specifications. We will approve or disapprove of a proposed site within the thirty (30) day period following our receipt of the site application package and all material we require to evaluate the proposed site. If we do not approve or disapprove the proposed site before the expiration of this thirty (30) day period, it will be deemed disapproved. We also reserve the right to require you to include the lease provisions disclosed under the Franchise Agreement disclosures. The site development, build-out and pre-opening obligations, as well as ongoing obligations for each of the Centers you are obligated to open under the Development Agreement are governed by the terms and conditions of the individual Franchise Agreement you sign for each Center.

**Obligations After Opening**

During the operation of the franchised business, we will:

1. At our discretion, develop new services and methods and provide you with information about the development of services and methods. (Franchise Agreement Section 5.3)

2. We may hold periodic conferences to discuss sales techniques, the ten week challenge, classroom management skills, self-improvement, nutrition, motivational speaking, bookkeeping, accounting, inventory control, performance standards, advertising programs and merchandising procedures to improve and develop the franchised business. In the event that such conferences are held, there is no conference fee, but you must pay all your travel and living expenses related to your attendance at the conference. We do, however, reserve the right to charge a fee for the conference at our discretion. These conferences will be held at a location chosen by us. Attendance is mandatory. (Franchise Agreement Section 5.2.3)

We are not obligated to provide any assistance to you during operation of the franchise in establishing prices.

**Site Selection**

You must locate, obtain and occupy the site for the Transformation Center, on your own initiative and at your own expense. You must advise us in writing of the proposed Transformation Center location. Our prior approval is required in writing. We will not unreasonably withhold approval of your site. The site must meet minimum demographic/geographic requirements as described in the Operations Manual, which vary by region and typically include the general location and neighborhood, demographic information, traffic patterns, access, visibility, location of competing facilities, size, configuration, appearance and other physical characteristics of the site. After we approve your proposed Transformation Center location, you must submit a copy of your lease to us for review; if you have purchased an express franchise and plan to operate your Transformation Center out of an existing fitness facility, you must provide us with a copy of the existing lease or proposed sublease for our review as well as written approval, where required, from landlord to sublease or modify your use of the leased premises. If you are leasing additional space for the Transformation Center, we must approve your lease before you may enter into it. If you and we cannot agree on a site, or you do not select a site and submit a lease which meets our minimum geographic and demographic requirements as described in the Operations Manual for our review within six (6) months of signing a franchise agreement, we may terminate the franchise agreement.

**Opening**

If you are opening a new, stand-alone Transformation Center, you must begin Membership Enrollment within six (6) months of signing your Franchise Agreement, and you must open your Transformation Center no more than nine (9) months after the effective date of your Franchise Agreement (Enrollment is the membership sales drive that occurs before you open your business; we anticipate that it will begin when you begin building out your Transformation Center and will continue for a period of approximately two (2) months, depending upon how long the construction phase takes). We estimate that you will open your business within nine (9) months after you sign a Franchise Agreement. The factors that may affect this time are the ability to obtain a location, financing or permits, local ordinances, weather conditions, shortages and delayed installation of equipment and fixtures, and pre-enrollment progress. We recommend allowing fourteen (14) weeks lead time for equipment purchases in order to have it delivered and installed in time for the planned opening date of your Transformation Center.

If you are opening an express Transformation Center in an existing fitness facility, you must begin Membership Enrollment within three (3) months of signing your Franchise Agreement, and you must open your Transformation Center no more than six (6) months after the effective date of your Franchise Agreement (Enrollment is the membership sales drive that occurs before you open your business; we anticipate that it will begin when you begin remodeling your fitness center to accommodate your Transformation Center and will continue for a period of approximately three (3) months, depending upon how long the remodeling phase takes). We estimate that you will open your business within six (6) months after you sign a Franchise Agreement. The factors that may affect this time are the extent of required renovations, the ability to obtain financing or permits, local ordinances, weather conditions, shortages and delayed installation of equipment and fixtures, and pre-enrollment progress. We recommend allowing fourteen (14) weeks lead time for equipment purchases in order to have it delivered and installed in time for the planned opening date of your Transformation Center.

You may not open a Transformation Center to the public until we certify in writing that, in view of our management, you and your employees are prepared to do so. We will not approve you to open your Transformation Center until you have reached a minimum of one hundred (100) enrolled members. You must offer at least the minimum daily classes we require, which may change from time to time in our sole discretion as set forth in the Manual. As of the issuance date of this Disclosure Document, beginning on the day you open your Transformation Center and continuing for the duration of your franchise agreement,

You must offer a minimum of five classes a day from Monday through Thursday, a minimum of four classes on Friday and at least one class on Saturday.

Assistance with pre-opening and opening activities will be conducted as reasonably determined by us (including immediately prior to Enrollment and during the first week of the operation of your Transformation Center).

Payment of bookkeeping fees will begin on the date you begin the Enrollment sales drive. Payment of royalties will commence as soon as you begin collecting revenues from Enrollment or the date you are required to begin Enrollment, whichever is earlier.

Payment of mandatory Ad Fund contributions will commence as soon as you begin collecting revenues from Enrollment.

**Advertising**

We have no obligation to conduct advertising for the franchise system, but we may use television, radio, and/or print media. Media placement may be regional, local or national at our sole discretion. Advertising media, creative concepts, and materials may come from us or from a public relations firm.

We may, in our sole discretion, provide certain advertising materials and services to you at no cost; however, you will be responsible for paying us for some services such as ENE services. Materials provided to you may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous point-of-sale items, and may be regional or national at our discretion. You will receive one sample of each at no charge. If you want additional copies, you must pay all duplication costs assessed. We may use outside advertising and marketing agencies to create advertising. (Franchise Agreement Section 5.5,7.6)

You may develop advertising materials for your own use, at your own cost. There is no advertising council that will advise us or you on advertising policies. However, you must obtain our prior written approval of the advertising before use. (Franchise Agreement Section 7.6)

You must utilize our in-house digital marketing agency, ENE. Through ENE, you will have access to our proprietary lead management system. ENE will also manage your digital marketing needs including paid social media advertising and PPC campaigns in accordance with an agreed upon budget. Your service with ENE also includes texting/email messaging configured on your behalf and sent out to leads at a regular cadence. You must pay us the then-current monthly ENE Fee (currently, $750/month) in exchange for those services. Please note that the ENE Fee does not cover any costs that you may incur for texting/emailing through the platform; those costs shall be paid separately by you. In addition, you may not count the amounts you pay for ENE Fees towards your Pre-Opening Advertising Expenditures, First Year Marketing Expenditures, or your ongoing Local Advertising Requirements.

**Pre-Opening Advertising / Local Advertising During First Year of Operations**

You are required to expend at least $20,000 (or $10,000 for an express franchise) (the "Pre-Opening Advertising Expenditure") during the period leading up to the opening of your Center (the "Pre-Opening Period") to conduct pre-opening advertising and marketing, including expenditures for local search engine

optimization. If you acquire an existing Center from a System franchisee, we require you to spend $20,000 (the "Transition Marketing Expenditure") in marketing during the 90-day period (the "Transition Marketing Period") commencing on the effective date of the transfer of the franchise to you. Platform costs (such as, but not limited to, ENE, SOCi and Twilio) do not count towards your Pre-Opening Advertising Expenditure. During the Transition Marketing Period only, your local advertising expenditure requirement will be waived. You must submit to us a written marketing plan detailing how you plan to expend your Pre-Opening Advertising Expenditure or Transition Marketing Expenditure (as applicable), which plan must include the marketing channels you plan to use and all other information we require. During the Pre-Opening Period, you will be required to begin enrolling members for your Center. You may conduct pre-opening membership enrollment from a temporary office space located at or near your Center location. You may incur rent and other costs associated with pre-opening registration and enrollment activities.

In addition to the Pre-Opening Advertising Expenditure, you are required to expend $36,000 on local advertising marketing and search engine optimization during your first year of operations (the "First Year Marketing Expenditure") as follows: (a) you must spend no less than $24,000 during the first six (6) months of operations; and (b) you must spend no less than the greater of $3,000 or 10% of gross revenue per month for the seventh through the twelve month of operations.

Platform costs (such as, but not limited to, ENE, SOCi and Twilio) do not count towards your First Year Marketing Expenditure. As stated above, during the Transition Marketing Period, your local advertising expenditure obligations shall be suspended.

You must submit to us a written marketing plan detailing how you plan to expend your First Year Marketing Expenditure, which plan must include the marketing channels you plan to use and all other information we require. If you do not spend the required amounts, we (or our designee) may collect by electronic funds transfer a Local Advertising Deficiency Fee (as defined below) for any required amounts you fail to expend. We may utilize any such deficiency for any purpose we deem appropriate, in our sole discretion, which may include purposes that do not directly or indirectly benefit your Transformation Center.

After the first year of operations, you must comply with the ongoing local advertising expenditure requirements disclosed below.

**Ongoing Local Advertising**

Local advertising is your responsibility and done typically by local advertising agencies hired by you or advertising cooperatives.

During regular operations, You are obligated to spend at least $3,000 per month or 10% of gross revenues from the Transformation Center per month, whichever is greater, on local advertising every month and supply copies of receipts for advertising to us ("Local Advertising Requirement"). (Franchise Agreement Section 7.6.2).

During times of increased competition, as we will determine in our sole discretion, you may be required, at our request, to increase your Local Advertising Requirement to no more than twelve percent (12%) of gross revenue from the Transformation Center per month. For any such period of time that we designate an

increased local advertising requirement, that amount will be your Local Advertising Requirement and be subject to the local advertising deficiency fee below if you do not comply.

Platform costs (such as, but not limited to, ENE, SOCi and Twilio) do not count towards your Local Advertising Requirement. In the alternative, we may require you, in our sole discretion, to expend not less than $3,000 (or 10% of your gross revenue if more) promoting the next upcoming ten-week challenge during the forty-five day period leading up to the next upcoming ten-week challenge. We reserve the right to require you to spend an amount we designate on search engine optimization (SEO).

If you do not provide proof that you have complied with your Pre-Opening Advertising Expenditure and/or Local Advertising Requirement, we (or our designee) may collect by electronic funds transfer from you, or require you to pay to us (or our designee), a local advertising deficiency fee which will be equal to, respectively, the amount of your required Pre-Opening Advertising Expenditure and/or Local Advertising Requirement *less* the amounts you actually expended towards, respectively, satisfaction of your Pre-Opening Advertising Expenditure and/or Local Advertising Requirement (the "Local Advertising Deficiency Fee"). We may utilize any such deficiency we collect for any purpose we deem appropriate, in our sole discretion, which may include purposes that do not directly or indirectly benefit your Transformation Center., (see **Item 6**)

We reserve the right to reduce the Local Advertising Requirement in our sole discretion for any reason we deem appropriate, including in certain situations where we have determined that a Transformation Center's performance will not be affected by decreased advertising and marketing spend.

We require you to utilize our in-house marketing agency, ENE, to manage your digital marketing activities (such as digital ad/social media placements, email and text messaging). ENE will manage each franchisee's digital marketing needs in accordance with a budget set by the franchisee. The ENE Fee for these management services is currently $750/month; however, this fee may increase over time in our sole discretion. As explained above, the ENE Fee does not count towards satisfaction of your Local Advertising Requirement.

**Advertising: The Brand Fund**

We have established an advertising and marketing brand Fund (the "**Brand Fund**" or the "Ad Fund"). You are required to contribute 2% of monthly gross revenues each month, or $200 per month, whichever is greater, to the Brand Fund for purposes of national advertising or regional advertising (at our sole discretion). (see **Item 6**) (Franchise Agreement Section 7.6.3) We do not provide a periodic accounting to you of how Brand Fund monies are spent; however, an annual unaudited financial statement of the fund is available to you, 180 days after the fiscal year end, upon reasonable request.

We may administer the Brand Fund ourselves, or designate or license a third party to do so. We may change, dissolve or merge the Brand Fund at any time, in our sole discretion. We have the sole discretion over the creative concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout and content of all national, regional and local advertising paid out of the Brand Fund; and the Brand Fund will be maintained and administered by us or our designee, as follows:

1. The use of the Brand Fund is at our discretion, and the purpose of the Brand Fund is to increase brand awareness. Without limiting our broad discretion, the Brand Fund is intended to maximize general public recognition and acceptance of the System and/or the Marks for the benefit of the System, and neither we, nor the Brand Fund, are obligated to make expenditures for you that are equivalent or

proportionate to your contributions or that you will otherwise benefit directly or pro rata from the placement of advertising or other Brand Fund expenditures. We have no obligation to make expenditures for you which are equivalent or proportionate to your contributions, or to ensure that advertising impacts or penetrates your Approved Territory.

2. We will direct all advertising programs and control the creative concepts, materials and media used, media placement and allocation. The Brand Fund, all contributions to the Brand Fund, and any earnings by the Brand Fund, may pay for creating, producing, maintaining, administering, directing, conducting, printing and preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting television, radio, Internet, mobile applications, magazine, newspaper and other media advertising campaigns; search engine optimization; developing and/or hosting an Internet web page or similar activities; conducting market research; providing other marketing materials to franchisees; direct mail advertising; on-line Internet advertising and marketing including click-through charges paid to search engines, sources of banner advertising and host sites; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; printing and production costs; purchasing promotional items, conducting and administering visual merchandising, promotions and merchandising programs; and providing promotional and other marketing materials and services. Advertising may be local, regional or national, in any type of media, including Internet, print, radio and/or television.

3. Contributions to the Brand Fund may, in our sole and absolute discretion, also be used to provide rebates or reimbursements to you for local expenditures on products, services or improvements, approved in advance by us, which we believe will promote general public awareness and favorable support for the System.

4. We have no obligation to segregate Brand Fund contributions or maintain accounts separate from our other funds. Brand Fund contributions may be commingled with funds in our general accounts. We expect to use an amount equal to all contributions made in any fiscal year, but any monies remaining in the Brand Fund at the end of any year will carry over to the next year.

5. We expect to use any interest or other earnings of the Brand Fund before using current contributions, but are not required to do so.

6. We are not required to prepare or provide you with any statements relating to the Brand Fund, or expenditures of the Brand Fund, although we may do so at our option. The Brand Fund will not be audited, unless we decide, in our sole discretion, to require an audit. If we choose to require an audit, all expenses for the audit will be paid out of Brand Fund contributions.

7. If the Brand Fund is terminated, we are not required to return any of your Brand Fund contributions and will expend any retained contributions for the terminated Brand Fund for System advertising purposes. None of the Brand Fund contributions paid us are refundable at any time, including upon termination or expiration of the Franchise Agreement.

8. We may use the Brand Fund contributions to pay administrative expenses to us or our designees. Administrative expenses may include amounts equivalent to the salaries and benefits of personnel who manage, administer and/or work the Brand Fund and its activities; travel expenses, meeting costs, overhead costs and expenses; a management fee payable to us, an affiliate and/or any of our designees or employees whose services are provided to further the purposes and efforts of the Brand Fund and/or

Local Marketing Purposes; taxes on Brand Fund contributions; market research; public relations; and the creation, preparation and production of advertising, promotions and marketing materials.

9. The Brand Fund is not a trust. We have no fiduciary obligation to you for administering the Brand Fund or for any other reason. We will not use contributions to the Brand Fund principally to develop materials and programs to solicit franchisees. However, media, materials and programs prepared using Brand Fund contributions may describe our franchise program, reference the availability of franchises and related information and process franchise leads.

10. We may structure the Brand Fund's organization and administration in any way that we determine. We may organize or reorganize the Brand Fund into a separate entity as we deem appropriate and we may transfer all Brand Fund contributions and assets to the entity. We may require you to pay the Brand Fund contributions directly to the entity.

11. Company owned or affiliated Centers are not contractually required to contribute to the Brand Fund, however we anticipate that they will contribute to the Brand Fund on an equal basis. We anticipate that all franchises offered pursuant to this disclosure document will be required to contribute to the Brand Fund at the same rate; however, we reserve the right to negotiate different rates as we deem necessary or appropriate in our sole and absolute discretion.

During the 2025 calendar year, the Brand Fund did not spend any advertising funds principally to solicit new franchisees. During the 2025 calendar year, the Brand Fund spent on web development, digital marketing including AdWords and Facebook ads, search engine maximization and collateral materials. Specifically, approximately 21% was expended on production, 52% was expended on media placement, and 28% was expended for administrative expenses.

**Other Advertising Information**

We do not require you to participate in any other advertising funds at this time, but reserve the right to require you to participate in other advertising funds as they are developed in the future. We may require you to participate in the regional or local cooperative advertising programs we designate from time to time. We may require you to contribute up to three percent (3%) of your Gross Sales to additional advertising programs we develop from time to time.

There is no obligation for us to maintain any advertising program or to spend any amount on advertising in your area or Approved Territory.

You may develop advertising materials for your own use, at your own cost. As stated above, you must obtain our prior written consent for use of advertising materials. You must submit copies of all advertising materials to us at least two weeks before the first time they are broadcast or published. We will review the materials within a reasonable time and will promptly notify you in writing as to whether we approve or reject them.

**Use of Your Own Advertising Material including Electronic Media**

You are prohibited from using the Marks and listing, marketing, advertising, or otherwise promoting your Center on or through the Internet, any social media site, mobile application, networking website, electronic media, or any emerging or future developed media outlet or platform, including Facebook®, Twitter®,

LinkedIn®, Living Social®, Instagram®, Groupon®, MySpace®, YouTube, Pinterest, Foursquare, Yelp, Google, Yahoo, or any similar sites, without our prior written consent in each instance. We may withhold our consent for any reason and we may condition our consent on your compliance with our designated methods, procedures, rules and regulations. You may not post any content on the Internet, electronic media, mobile applications, social media or any future developed media outlet relating to your Center or the System without: (i) obtaining our prior written consent (which we may grant or refuse in our sole and absolute discretion), and (ii) complying with any and all restrictions, terms and conditions we impose. You must comply with any and all policies, terms and conditions we designate, including those related to privacy and security. We have the right to establish any requirement we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our website.

We have the right to establish a website or other electronic system providing private and secure communications between us, our franchisees and other persons and entities that we deem appropriate. If we require, you must establish and maintain access to the extranet in the manner we designate. We may periodically prepare agreements and policies concerning use of any extranet that you must acknowledge and sign.

**Electronic Cash Register/Computer/Point of Sale System**

You must purchase a computer. At a minimum, the computer must have an Intel Core 2 Duo processor and at least 4 gigabytes of RAM, and 8 USB ports. You must purchase Microsoft Office 2010 or newer and Microsoft Windows 7 or newer. You must subscribe to QuickBooks Online. The annual cost of QuickBooks Online is $990. We will have independent access to the information you enter into QuickBooks Online. The cost for Microsoft Office is $99 and the cost for Microsoft Windows is $199. You must purchase a Barcode Scanning device compatible with ClubReady, or a dedicated mobile device (i.e., Ipad), also compatible with Club Ready, for member check ins. The cost for the scanner is currently $300. You must use the web based management software and electronic cash register system provided by ClubReady ("**ClubReady**"), and ClubReady's proprietary software. ClubReady's ongoing record keeping and support services is currently $2,808 ($234 per month). This fee includes free upgrades and system maintenance, and technical support. This cost is subject to change. You must purchase a credit card processor compliant with ClubReady and associated merchant. The current cost for the credit card processor is $235. You will purchase a digital signature pad. The current cost for the digital signature pad is $275. You will use ClubReady's credit card processing services, you will pay a fee of approximately 3.70% of all transactions. The current cost of the Computer System, as disclosed in Item 7, also includes 1 iPad mini, which you are required to use in the operation of your Center.

The equipment you are required to purchase includes limited manufacturers' warranties on hardware repairs. In addition, ClubReady provides software support through its help desk and software upgrades and patches, database management, including backups, and other record keeping services that are required by us. You are obligated to install the software upgrades and patches as provided by ClubReady. We provide support with using or maintaining the system on an as-needed basis. 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.

The software used by ClubReady is their proprietary property. No compatible equivalent component or program has been approved by us to perform the same functions. We reserve the right to change our supplier of software services and electronic cash register systems.

ClubReady maintains customer data on your behalf for purposes of billing the customers' enrollment and monthly membership fees. We have independent access to this data, via the ClubReady web interface. We

use this information to assess monthly royalty, advertising, and other fees. There are no contractual limitations on our right to access this data.

The estimated cost of the computer system is $1,000, including hardware.

**Operations Manual**

Included in this Disclosure Document, at **Exhibit G**, is a list of the topics contained in our online portal. Because the Operations Manual and supporting materials are provided in an online electronic format, we cannot provide a total page count.

**Training**

After you obtain your approved site within your Approved Territory, and before you open your Transformation Center, all training, except onsite training, is conducted at our designated location, currently in New Jersey. You will travel to Monmouth County New Jersey (or such other location that we designate) for approximately one week of training. Onsite training will be conducted at your Transformation Center, or another location we designate.

To the extent we determine, in our sole discretion, that the health and safety of You, your trainees or our trainers is at risk due to the pendency of the current COVID-19 pandemic or otherwise, we reserve the right to modify the training program set forth below by utilizing, as we deem appropriate, all available technologies to conduct any or all of the training program including, but not limited to, videoconferences, teleconferences, virtual meeting technologies, prerecorded training videos, or webinars.

Instructional materials include our Operations Manual and related forms. There will be no additional charge for these items.

Currently, our training staff has more than thirty years of combined experience in various operational capacities relating to the operation of a Transformation Center. However, this staff may change from time to time. Our trainers are: Bryan Klein, and Hayley Guerra

Bryan Klein

Mr. Klein has owned and operated fitness services businesses for approximately thirty years. He has trained others to operate fitness businesses since 1998 and the Transformation Program since September 2011.

Hayley Guerra

Ms. Guerra currently serves as the Director of Franchisee Success, primarily supporting THE MAX Franchising in the areas of franchise sales, operations, marketing, technology rollouts, & platform development.. Between January 2019 and September 2020, Hayley served as the Director of Marketing, where she was responsible for developing THE MAX Challenge's national marketing strategy and deploying content and resources to support all units system-wide. Ms. Guerra previously was the Marketing & Sales Coordinator for Electro-America, Inc. from 2012 through 2017 in Union, New Jersey.

We do not charge for this forty-hour training program for two (2) individuals, but you must pay the travel and living expenses for those persons attending training. Additionally, when one of our trainers must travel

to your location or a location other than our training facility in New Jersey, you are responsible for the travel and living expenses for the trainer(s). The costs vary depending upon the distance from our training facility in New Jersey to your location.

At least one person must complete the training program to our satisfaction. Before opening, you must: (a) complete our training program, (b) pass our nutrition knowledge exam, (c) attend our designated boot camp, (d) compete a 10-week challenge (which may currently be completed through Skype), and (e) attend our designated kick off meeting. The training program must be completed before you begin member pre-sales. If any required trainees do not complete the initial training program to our satisfaction, we may require them to undergo additional training and you shall pay us $500 per person for each person we must retrain. Currently, the initial training program is held quarterly at a designated conference center location and Center facility within the state of New Jersey. However, to the extent that a regularly scheduled training session is not timely for your intended opening, we will consider scheduling an initial training program session to accommodate you.

**INITIAL TRAINING PROGRAM**

| SUBJECT | HOURS OF CLASSROOM TRAINING | HOURS OF ON-THE-JOB TRAINING | LOCATION |
|---|---|---|---|
| Orientation/Business Leadership | 8 | n/a | Monmouth, Middlesex or Ocean, NJ, or as determined by us |
| Marketing and Member Recruitment | 8 | n/a | Monmouth, Middlesex or Ocean, NJ, or as determined by us |
| Enrollment Procedures / Sales | 8 | n/a | Monmouth, Middlesex or Ocean, NJ, or as determined by us |
| Instructor & Classroom Skills | 4 | 5 | Monmouth, Middlesex or Ocean, NJ, or as determined by us |
| Instructor Development Program | 2 | n/a | Monmouth, Middlesex or Ocean, NJ, or as determined by us |
| Nutrition | 4 | n/a | Monmouth, Middlesex or Ocean, NJ, or as determined by us |
| Transformation Center Operations: Systems, Daily Routines, Reporting & Support | 6 | n/a | Monmouth, Middlesex or Ocean, NJ, or as determined by us |
| Total | 40 hours | | |

We may, from time to time, require you to undergo continuing education that is charged at cost plus an administrative fee of up to fifteen percent (15%) of our costs (see Sections 6.6 and 6.7 of the Franchise Agreement for more information on this requirement). Additionally, we may hold periodic conferences to discuss sales techniques, personal and group training, motivational speaking, nutrition, bookkeeping, accounting, inventory control, performance standards, advertising programs and merchandising procedures to improve and develop the franchised business. In the event that such conferences are held, there is no conference fee at this time, but you must pay all your travel and living expenses related to your attendance at the conference. We do, however, reserve the right in our discretion to charge a fee for the conference of up to 15% of the cost of the conference. These conferences will be held at a location chosen by us. Attendance is mandatory.

We may, from time to time and in our sole discretion, offer additional optional training and support services to you. We will publish the services that are available to you and their prices in our Manual. You will be required to pay us for such services at our then-current rates. You may, but are not required to, take advantage of these optional training and support services.

## ITEM 12

## TERRITORY

You will operate the Franchised Business at a single approved site.

Once you secure an approved location, we will grant you an "Approved Territory." We will not establish or license another to establish a Center within the Approved Territory during the term of your Franchise Agreement, with the exception of Centers located in Special Venues (as defined below). We have the unlimited right to establish Centers anywhere outside of your Approved Territory, regardless of proximity. We will describe your Approved Territory in your Franchise Agreement when we approve your proposed site for the Center. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control.

We will determine the size and boundaries of your Approved Territory, within our discretion, based upon factors including geographic area, population density, character of neighborhood, location and number of competing business in the surrounding area, and other factors. While there is no minimum territory size and the exact size of each territory varies based on the applicable factors, a typical approved territory will cover an area that consists of a two (2) mile "driveable distance" from your approved site, which may be determined using the mapping service and/or software designated by us, including GOOGLE® maps, MAPQUEST®, or YAHOO® maps (as we select) as such maps exist on the date that your site is approved. We may grant you an approved territory of less than a two-mile "driveable distance" based on the demographics of the area in which you wish to open your Transformation Center and other factors. You will operate from one location approved by us.

In order to retain the limited rights insofar as it relates to your Approved Territory, you must comply with all obligations set forth in the Franchise Agreement, including, without limitation, payment of all the minimum royalty fees. If you do not comply with your payment obligations, subject to the notice and cure periods stated in your Franchise Agreement, we have the right to terminate your Franchise Agreement, which will eliminate all rights, including any territorial protection. You are not required to achieve or maintain any given level of sales or to satisfy any other contingency in order to retain your limited exclusivity with respect to your Approved Territory and, provided that you are not otherwise in default

under your Franchise Agreement, your limited rights will continue to apply even if the population in your Approved Territory increases, or you choose to sell or transfer your Franchise in accordance with the terms and provisions of the Franchise Agreement. Except for this limited protection, your Franchise is non-exclusive. You are not granted any options, rights of first refusal or similar rights to acquire additional Centers.

You are not permitted to solicit customers or advertise outside of your Approved Territory without our prior written approval. We may condition our approval on your agreement to offer other franchisees who are operating Centers in territories encompassed by the circulation base of the proposed advertising, the opportunity to participate in, and share the expense of your solicitation and/or advertising. You are not permitted to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales outside of your Approved Territory without our prior written approval. We have the right to condition our approval on the terms that we determine necessary, such as requiring that your domain name and home page belong to us and be licensed to you for your use during the term of your agreement.

We retain all rights that are not expressly granted to you under the Franchise Agreement. Without limiting this broad retention, and without granting you any rights therein, we have the right to:

(a) establish, own, or operate, and license others to establish, own or operate Centers and any other business under the Marks or any other trademark outside of your Approved Territory;

(b) establish, own or operate, and license others to establish, own or operate, other businesses under other systems using the Marks or any other trademark outside of your Approved Territory;

(c) offer, sell, operate, distribute and/or license others to sell, operate and distribute, through franchised or non-franchised businesses, at wholesale or retail, within and outside the Approved Territory: (i) branded goods, (ii) services we have not licensed you to offer or sell through your Center, and/or (iii) goods and services under trademarks other than the Marks;

(d) offer, sell, rent and/or distribute any products or services under the Marks or any other trademark through alternative channels of distribution, including through the Internet, to any purchaser (including, but not limited to, sales made to purchasers in the Approved Territory through retail establishments, mail order, independent distributors, wholesale distribution, phone order, and on the Internet, and/or sales to delivery customers), except that we will not do so from a Transformation Center located inside the Approved Territory; and/or

(e) merge with, acquire or be acquired by any business of any kind under other systems and/or other marks, which business may offer, sell, operate or distribute and/or license others to offer, sell, operate and distribute goods and services through franchised or non-franchised businesses, at wholesale or retail, within and outside the Approved Territory. If we acquire or merge with another system with businesses operating within the Approved Territory, we will not license these businesses to operate under the Marks without your consent.

We are not required to pay you any compensation for soliciting or accepting orders inside your territory.

Special Venues

We reserve the right to establish and operate, or license others to establish and operate, MAX Centers in "Special Venues", including Special Venues located in your Approved Territory. The term "Special Venues" shall mean non-traditional venues, including, without limitation, schools, corporate offices, police departments, fire departments, government institutions and facilities, and military installations.

We may also operate a temporary location, trade show booth or similar type location for a limited period of time (not to exceed 15 consecutive days without your written consent) within your Approved Territory. Additionally, we reserve the right to sell branded products in your Approved Territory through other channels of distribution, including retail outlets or via the Internet, which may affect your ability to sell those products. There are no restrictions on our soliciting or accepting orders from consumers inside your Approved Territory. We are not required to pay you any compensation for soliciting or accepting orders from inside your Approved Territory.

Except as disclosed below in this Item 12, neither we nor our affiliates currently plan to operate or franchise any business under any different trademarks or that sells or distributes similar goods or services to those that you will offer. However, neither we nor our affiliates are restricted from establishing other franchises or company-owned Transformation Centers, or other channels of distribution, selling or leasing similar products or services under a different trademark.

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.

As a result of the FXB Acquisition. referenced in Item 1, we now own and control the **FARRELL'S EXTREME BODYSHAPING®** franchise system (the "FXB System"), which offers fitness programs similar to those offered under **MAX FITNESS AND WELLNESS CENTER®** marks. Studios offered under the FXB System provide their members with a comprehensive approach to wellness, combining kickboxing, strength training, nutrition, and personal coaching all under one roof (each, an "FXB Studio"). Currently, there are 41 franchised FXB Studios located in various states including Arizona (1), Colorado (2), Illinois (4), Indiana (1), Iowa (12), Minnesota (14), Nebraska (6), and Wisconsin (1).

We intend to continue operating the FXB System and, as of October 30, 2024, began offering (subject to applicable franchise disclosure and registration laws) franchise opportunities under the **FARRELL'S EXTREME BODYSHAPING®** marks. While we have no present intention to do so, we reserve the right to grant said franchise opportunities in markets that overlap with one or more Approved Territories that we grant under this Disclosure Document. In the event that conflicts arise in the future between us (and/or our affiliated parties) and franchisees of either system, or between the franchisees of either system regarding territory, customers, and franchisor support, we will work in good faith to resolve those conflicts in a timely manner. At this time, both franchise brands are operated from our principal business address at Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726. We do not currently maintain physically separate offices or training facilities for either franchise system; however, we reserve the right to do so in the future.

Relocation of Your Center

You may not relocate your Transformation Center without our prior written approval (this includes relocating an Express Transformation Center to another Express Transformation Center). We may approve the relocation of your Transformation Center in our sole discretion. Factors we may consider when evaluating a relocation may include, without limitation, proximity to other locations or demographics of

the proposed locations, among other things. In addition to obtaining our consent, you must also meet certain conditions in order to relocate your Transformation Center. Those conditions include the following: (a) you must be in good standing under the Franchise Agreement and any other agreement between us (or our affiliate) and you (or your affiliate); (b) you are in compliance with all provisions of the Manual; (c) you must sign an agreement terminating your existing Franchise Agreement and you must sign our then-current franchise agreement (with a term equal to the then-remaining term of the franchise agreement); (d) you must construct the Center at the new location so that it meets our then current standards of appearance and function applicable to new centers at the time of your relocation; (e) you must sign a general release; (f) you may only cease operation of your existing Center for one day to move equipment from the old location to the newly approved location for the Center. You are not granted a right of first refusal related to the sale of other franchises in proximity to your Approved Territory or the right to acquire additional franchises under the Franchise Agreement.

Conversion of Your Express Transformation Center

You may not convert your Express Transformation Center into a Stand-Alone Transformation Center without our prior written approval. We may approve the conversion of your Express Transformation Center into a Stand-Alone Transformation Center in our sole discretion. In addition to obtaining our consent and paying us the Express Conversion Fee, you must also meet certain conditions in order to convert your Express Transformation Center into a Stand-Alone Transformation Center. Those conditions include the following: (a) you must be in good standing under the Franchise Agreement and any other agreement between us (or our affiliate) and you (or your affiliate); (b) you are in compliance with all provisions of the Manual; (c) you must sign an agreement terminating your existing Franchise Agreement and you must sign our then-current franchise agreement (with a term equal to the then-remaining term of the franchise agreement or, at Max Franchising's option, with a term equal to the new lease term for the new Approved Location); (d) you must construct the Stand-Alone Transformation Center at the new location so that it meets our then current standards of appearance and function applicable to new centers at the time of your relocation; (e) you must sign a general release; (f) you may only cease operation of your existing Express Transformation Center for one day to move equipment from the old location to the newly approved location for the Center. You are not granted a right of first refusal related to the sale of other franchises in proximity to your Approved Territory or the right to acquire additional franchises under the Franchise Agreement.

Development Agreement

If you are interested and qualify, and we elect to offer you the opportunity, you will enter into our then-current form of Area Development Agreement for the development of multiple Centers. Currently, we do not anticipate granting development rights for the development of less than three Centers. You and we will mutually agree on an area to be defined in the Development Agreement as the "Development Area" before you sign the Development Agreement.

We expect that a typical Development Area will consist of a list of counties within a designated State, or within an area covered by identified zip codes. Your Development Agreement will specify the total number of Centers you are required to develop in the Development Area. You must sign lease agreements and open each Center that you are required to open under the Development Area by the deadlines stated in the Agreement. If you fail to do so, we have the right to terminate the Area Development Agreement, in which case you will lose all rights granted under the Area Development Agreement.

We will not establish or license another to establish a Center within the Development Area during the term of the Area Development Agreement, with the exception of Centers located in Special Venues. We, or our affiliate(s), may: (i) establish and license others to establish Centers under the System at any location

outside of your Development Area; (ii) establish and license others to establish gyms, fitness facilities, kiosks or the like under other systems, using other proprietary marks, which offer or sell other products or services and are located either within or outside of your Development Area; (iii) market, distribute and sell, directly or indirectly, or license others to market, distribute or sell, directly or indirectly, any products from any location or to any purchaser (whether the purchaser is located within or outside your Development Area) under any proprietary mark, including "*MAX Fitness and Wellness Center®*", "*The Max Challenge®,* and/or "*Take it to the Max, Fitness For the Mind, Body & Spirit®"* through alternative channels of distribution, within or outside your Protected Territory, including through the Internet and wholesale distribution centers; (iv) establish or operate and license others to establish or operate a Center at any location outside the Development Area, regardless of the Center's proximity to your Development Area; and (v) acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not those businesses are competitive), including competing franchise systems with units operating in your Development Area. If we acquire a competitive business or a competitive franchise system with units operating in your Development Area, we have the right to operate the business under the Proprietary Marks in your Development Area without affording any rights to you or providing any compensation to you. We also reserve the right to establish and operate, and to license others to establish and operate, Centers(s) in "Special Venues", including Special Venues located in your Development Area.

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

Except as disclosed in this Item, continuation of your territorial rights under the Area Development Agreement does not depend on your achieving a certain sales volume, market penetration (other than satisfaction of your Development Schedule) or other contingency. If the population of the Development Area increases during the term of the Area Development Agreement, we have no right to increase or decrease your development obligations.

Except as provided in this Item, you have no options, rights of first refusal or similar rights to acquire additional franchises.

## ITEM 13

## TRADEMARKS

We grant you the right to operate a business using our System, which is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the "**Marks**") as are designated by us in writing for use in connection with the System. Our right to use and license others to use the Marks is exercised pursuant to an intellectual property license agreement with our affiliate, MAX IP, LLC (the "**IP Agreement**") which, if not renewed, ends on January 2, 2063 and which can be terminated upon thirty days' notice for a material breach. Under the IP Agreement, we are granted the right to use and to permit others to use the Marks. We have the right to license the use of the trademarks MAX Fitness and Wellness Center®, THE MAX CHALLENGE® and TAKE IT TO THE MAX Fitness For The Mind, Body & Spirit® to you for the term of the Franchise Agreement, including any extensions or renewals.

We or our affiliate(s) have filed applications to register the following trade names, trademarks, service marks, logotypes and other commercial symbols with the United States Patent and Trademark

Office principal register. Each trademark is registered with the United States Patent and Trademark Office (USPTO) as follows:

| Registration Number | Description | Principal Or Supplemental Register of the U.S. Patent and Trademark Office | Registration/ Filing Date |
|---|---|---|---|
| 4652967 | **THE MAX CHALLENGE®** | Principal | Dec. 9, 2014 |
| 5188188 |  | Principal | April 18, 2017 |
| 98900103 |  | Principal | Dec. 12, 2024 |
| 98900064 | MAX<br>FITNESS WELLNESS<br>CENTER | Principal | Dec. 12, 2024 |

Our affiliate has filed all required affidavits for the above referenced principal marks.

You must follow our rules when you use the Marks. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You cannot modify a Mark in any way without our express written consent. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

In connection with the establishment of our trademarks, we operate a website for the promotion of the Marks and Transformation Centers. This website lists the location, operating hours, and other facts regarding your facilities. You may not register any domain name nor operate any website that includes any of our Marks, or any of the following terms "MAXFITNESS," "10 week fitness", "MAX Challenge" or "MaxFitness." You may request the establishment of a web page within our website to include additional information specific to your franchised Transformation Center. You may not use any electronic media,

including the Internet, or any social media, for viewing by the public that contains our registered trademarks without our prior written approval. You may not establish a facebook®, MySpace®, or similar page without our prior written approval. You may not establish a Twitter® feed, post on Instagram®, or other similar social media without our prior written approval.

The confidentiality provisions of the Franchise Agreement apply to all uses of electronic media.

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the above-described Marks which are relevant to your use of these Marks.

No currently effective material determinations or agreements limit our right to use or license the use of the trademarks listed in this section in a manner material to the franchise.

We do not know of any pending material state or federal court litigation regarding our use or ownership rights in the trademarks.

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademarks. We will indemnify and hold you harmless from any expense or liability arising from your use of the Marks in accordance with the Franchise Agreement and the Operations Manual.

You must promptly notify us in writing of any claim, demand, or suit against you or your principals in connection with your use of the Marks. We have the right to select legal counsel and to control the proceedings. In certain cases, as described in Section 8.5 of the Franchise Agreement, we will indemnify and hold you harmless from all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark; provided that (a) your use is and has been in accordance with the terms of the franchise agreement and such other terms as may be specified by us, and (b) you notify us of the proceeding or alleged infringement in a timely manner and you have complied with our directions regarding the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel or for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we and/or any of our parents, affiliates, successors or assigns challenges your use of a Mark.

You must modify or discontinue the use of a trademark if we modify or discontinue it at your own cost. You may not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

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

## ITEM 14

## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

### Patents and Copyrights

There are no current or pending patents that are material to your franchise. There are no pending patent applications that are material to your franchise. Although we have not filed an application for a copyright registration for the Operations Manual, we own and claim a copyright in it.

There are no current material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or any court regarding any patents or copyrights material to the franchised business.

As of the date of this Disclosure Document, we do not know of any patent or copyright infringement that could materially affect the franchised business.

### Confidential Information

We have may developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Center. We may provide our trade secrets and other confidential information to you during training, in the Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Center. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Center. You are responsible for enforcing the confidentiality provisions as to your employees. Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the form of confidentiality and restrictive covenant agreement attached to the Franchise Agreement. We and our affiliates will be a third-party beneficiary with the independent right to enforce all such agreements. All ideas, concepts, techniques or materials concerning your Center and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development, if requested.

Your use of the Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

## ITEM 15

## OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We strongly recommend, but do not require, that you personally supervise the franchised business. Whenever open for business, the fitness center must be directly supervised on site by a designated manager who has successfully completed our Initial Training program to our satisfaction and is Max Certified (the "**Designated Manager**"). The Designated Manager must be a full-time employee with a minimum of 30 hours per week at the Center location. The Designated Manager cannot have an interest in or business relationship with any of our business competitors. The Designated Manager need not have an ownership interest in your corporation, limited liability company or partnership. You must require the Designated Manager and all employees to sign a confidentiality agreement and a non-compete agreement.

Each of the principals of your entity must sign the Franchise Agreement assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement and must sign a written agreement to maintain confidentiality of the trade secrets described in **Item 14** and to comply with the covenants not to compete described in **Item 17**.

Each of the principals of your entity, if any, must sign the Personal Guaranty and Subordination Agreement assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement. We may, if needed to satisfy our standards of creditworthiness or to secure the obligations made under the Franchise Agreement, require your spouse, or the spouse of the principals of your entity to sign the Personal Guaranty and Subordination Agreement.

"Principal" means, for purposes of this **Item 15**, anyone having an ownership or beneficial interest in your entity(s).

## ITEM 16

## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those goods and services that we have approved (see **Item 8**). You must offer all goods and services that we designate and you must ensure that you maintain a full inventory of retail items at all times in accordance with the levels set forth in the Manual.

We reserve the right, in our sole discretion, to change the types of authorized goods and services. There are no contractual limits on our right to make changes. We may act as sole supplier of goods and services to you. We may profit on the sale of goods and services to you.

Currently, you are obligated to offer the ten-week challenge in accordance with our System standards and specifications, including the Manual, and to award a prize or award to the winner of each such challenge (except to the extent prohibited under applicable law). It is your responsibility to ensure that you operate your Center in accordance with all applicable laws, rules and regulations, including those pertaining to any and all products, services, promotions, awards, prizes offered, promoted or provided to your Center's members.

You may sell goods and services to any person at your Transformation Center, so long as that person may lawfully purchase such goods and 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 or other agreement | Summary |
|---|---|---|
| a. Length of the franchise term | Section 4.6.1 of the Franchise Agreement ("FA")<br><br>Section 5.1 of the Area Development Agreement ("DA") | 10 years from the Effective Date<br><br>The Term under the DA is defined as the period beginning on the Effective Date and ending on the earlier to occur of (i) the date the final Center you are required to develop has opened, or (ii) the Opening Deadline for the final Center you are required to open under the DA. |
| b. Renewal or extension of the term | Section 4.6.2 of the FA<br><br>Not Applicable to DA | If you are in good standing, you can add one additional term of 10 years (or the length of your then-current lease term, whichever is shorter) with payment of any franchise extension or renewal fee that is in effect at the time of renewal. The current renewal fee is $20,000. |
| c. Requirements for franchisee to renew or extend | Section 4.6.2 of the FA<br><br>Not Applicable to DA | Good standing, timely notice, pay any then-current renewal fee. Upon renewal, you may be asked to sign a new Franchise Agreement that may contain materially different terms (including different royalty, minimum monthly royalty fee and other fees) and conditions than your original contract/Franchise Agreement in this Disclosure Document, be current in payments, and sign release; modernize Transformation Center to meet then-current standards. If you continue to operate the franchised business after the initial term expires, but have not executed a successor franchise agreement, you will be considered a "Holdover Franchisee" and we will continue the existing franchise agreement on a month-to-month basis until such time that you cease operating the franchised business or execute a successor franchise agreement. During any such |

| Provision | Section in Franchise or other agreement | Summary |
|---|---|---|
| | | "hold over" period, however, we will assess you Holdover Royalty Fee equal to 1x the Royalty Fee that is owed to us pursuant to the initial franchise agreement (meaning you will be paying double the amount of royalties in order to compensate us for the inconvenience of you not executing a successor agreement prior to the initial term expiring). |
| d. Termination by franchisee | None | |
| e. Termination by us without cause | None | |
| f. Termination by us with cause | Section 10.2 of the FA<br><br>Section 5.2 of the DA | We can terminate only if you default.<br><br>We can terminate if you commit a Material Default<br><br>Termination of the DA, in and of itself, does not also permit Franchisor to terminate any Franchise Agreement under the DA. |
| g. "Cause" defined – curable defaults | Section 10.2.2, 10.2.3 of the FA<br><br>Section 5.2 of the DA | You have 30 days to cure noticed curable defaults other than non-payment of fees. You have 5 days to cure non-payment of fees.<br><br>If you commit a default under the DA, other than failure to meet the Minimum Development Obligations, if a Franchise Agreement entered into between us and you or any of your affiliates is terminated, or if you violate any of your confidentiality or non-competition obligations under the DA (which defaults are not subject to a cure period), we will give you notice and a 15 day cure period.<br><br>Termination of the DA, in and of itself, does not also permit Franchisor to terminate any Franchise Agreement under the DA. |

| Provision | Section in Franchise or other agreement | Summary |
|---|---|---|
| h. "Cause" defined – non-curable defaults | Section 10.2.1 of the FA | Non-curable defaults: misuse of trademarks, breach of non-competition, unauthorized transfer, material misrepresentation, lack of prior written consent when required, abandonment, repeated defaults even if cured, threat to public health or safety, bankruptcy, plead guilty, repeated defaults, no contest to or conviction of a felony, or engage in conduct which reflects materially and unfavorably on the goodwill associated with the Marks, System or Trade Name, use of unauthorized marks. *The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 USC §101 et seq).* |
| | Section 5.2 of the DA | Uncurable defaults under the DA include failure to meet the Minimum Development Obligations, if a Franchise Agreement entered into between us and you or any of your affiliates is terminated, or if you violate any of your confidentiality or non-competition obligations under the DA<br><br>Termination of the DA, in and of itself, does not also permit Franchisor to terminate any Franchise Agreement under the DA. |
| i. Franchisees obligations on termination/non-renewal | Section 10.3 of the FA | Obligations include final accounting, complete de-identification, our option to purchase assets, our option to assume your real estate lease, and payment of amounts due (also see r. below). |
| | Sections 5.3, 7.1.2, 7.2, 7.3, 8 and 9.4 of the DA | Non-competition, confidentiality, indemnification covenants. Dispute resolution provisions. |
| j. Assignment of contract by us | Section 9.6 of the FA | No restriction on our right to assign. |
| | Section 6.1 of the DA | There is no restriction on our right to assign.<br><br>You have no right to assign the DA, or any of your rights thereunder. |
| k. "Transfer" by franchisee – definition | Section 3.22, 9 of the FA | Includes transfer of contract or assets; any ownership change. |
| | Section 6.2 of the DA. | You have no right to assign the DA, or any of your rights thereunder. |

| Provision | Section in Franchise or other agreement | Summary |
|---|---|---|
| l. Our approval of transfer by franchisee | Article 9 of the FA<br><br>Not Applicable to the DA | We have the right to approve all transfers. |
| m. Conditions for our approval of transfer | Section 9.4 and 9.5 of the FA<br><br>Not Applicable to the DA | New franchisee qualifies (and, at franchisor's option, new franchisee pays franchisor 50% of the then-current Initial Franchise Fee plus 100% of the then-current initial training costs), payment of all of your outstanding debts to us, cure of any defaults, current agreement signed by new franchisee or assumption of current agreement, transfer fee paid by you, training completed, and release signed by you and your Related Parties. |
| n. Our right of first refusal to acquire franchisee's business | Section 9.3 of the FA<br><br>Not Applicable to the DA | We or our designee can match any offer for your business. |
| o. Our option to purchase franchisee's business | Section 9.3, of the FA<br><br>Not Applicable to the DA | We or our designee may, but are not required to, purchase your inventory and equipment at the lesser of fair market value or depreciated value if franchise is terminated for any reason. |
| p. Death or disability of franchisee | Section 9.6 of the FA<br><br>Not Applicable to the DA | Heirs or beneficiaries must demonstrate, within 60 days, ability to operate franchise. Otherwise, franchise must be assigned by estate to approved buyer within 6 months. |
| q. Non-competition covenants during the term of the franchise | Section 8.6.1 of the FA<br><br>Section 7.1.1 of the DA | No competing business during the Term.<br><br>No involvement in a competing business |
| r. Non-competition covenants after the franchise is terminated or expires | Section 8.6.2 of the FA<br><br>Section 7.1.2 of the DA | No competing business for 2 years (a) at the Center location; (b) within 10 miles of current location; (c) within 10 miles of another Transformation Center; or (d) within the state of New Jersey (including after assignment). No involvement with a franchise system that offers or sells franchises for the right to open or operate competing businesses within the United States for a 2-year period.<br><br>No involvement in a competing business for 2 years within the Development Area, within a 10 mile radius of the Development Area, or within a 10 mile radius of any other Center. No involvement with a franchise system that offers or sells franchises for the |

| Provision | Section in Franchise or other agreement | Summary |
|---|---|---|
| | | right to open or operate competing businesses within the United States for a 2-year period. |
| s. Modification of agreement | Section 11.4 of the FA<br><br>Section 9.10 of the DA | No modification generally unless on consent of both parties, but Operations Manual subject to change.<br><br>No modifications of the DA unless the modifications are in writing and signed by both parties. |
| t. Integration/merger clause | Section 11.6 of the FA<br><br>Section 9.10 of the DA | Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. See Note 1.<br><br>Only the terms of the DA are binding. Nothing in the DA is intended to disclaim the representations made in this disclosure document.<br><br>Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution by arbitration or mediation | Section 11.7, 11.8 of the FA<br><br>Section 8 of the DA | With the exception of certain actions by us, all claims must first be mediated prior to arbitration or litigation. Except for certain claims, all disputes must be arbitrated in New Jersey. The arbitration will occur with each respective party paying their own costs.<br><br>All claims under the DA (except as set forth in 8.3) must be mediated prior to arbitration or litigation. Except for certain claims, all claims must be arbitrated in New Jersey. |
| v. Choice of forum | Section 11.2 of the FA<br><br>Section 9.1 of the DA | Subject to applicable state law, Superior Court of New Jersey, Monmouth County; United States District Court for the District of New Jersey. See Note 1. |

| Provision | Section in Franchise or other agreement | Summary |
|---|---|---|
| | | Arbitration must be in New Jersey. Litigation must be in New Jersey. |
| w. Choice of law | Section 11.2 of the FA<br>Section 9.1 of the DA | Subject to applicable state law, New Jersey law applies. See Note 1. |

## ITEM 18

## PUBLIC FIGURES

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

***[The remainder of this page is intentionally left blank.]***

## ITEM 19

## FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rules permit 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 Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Bryan Klein, CEO, Fit Franchise Brands, LLC at Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726or (732) 520-4475, the Federal Trade Commission, and the appropriate state regulatory agencies.

***[The remainder of this page is intentionally left blank.]***

## ITEM 20

## OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**
**Systemwide Outlet Summary**
**For Years 2023 to 2025**

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of the Year | Column 4<br>Outlets at the End of the Year | Column 5<br>Net Change |
|---|---|---|---|---|
| Franchised Outlets | 2023 | 41 | 35 | -6 |
| | 2024 | 35 | 34 | -1 |
| | 2025 | 34 | 29 | -5 |
| Company-Owned | 2023 | 1 | 4 | 3 |
| | 2024 | 4 | 2 | -2 |
| | 2025 | 2 | 2 | 0 |
| Total Outlets | 2023 | 42 | 39 | -3 |
| | 2024 | 39 | 36 | -3 |
| | 2025 | 36 | 31 | -5 |

**Table No. 2**
**Transfers of Outlets From Franchisees**
**To New Owners**
**(Other Than The Franchisor)**
**For years 2023 to 2025**

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|---|---|---|
| New Jersey | 2023 | 1 |
| | 2024 | 4 |
| | 2025 | 2 |
| New York | 2023 | 0 |
| | 2024 | 1 |
| | 2025 | 0 |
| Total | 2023 | 1 |
| | 2024 | 5 |
| | 2025 | 2 |

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

| Column 1 State | Column 2 Year | Column 3 Outlets at Start of Year | Column 4 Outlets Opened | Column 5 Terminations | Column 6 Non-Renewals | Column 7 Reacquired by Franchisor | Column 8 Ceased Operations - Other Reasons | Column 9 Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| **New Jersey** | 2023 | 29 | 0 | 0 | 0 | 2 | 0 | 27 |
| | 2024 | 27 | 1 | 1 | 0 | 0 | 0 | 27 |
| | 2025 | 27 | 0 | 3 | 1 | 0 | 0 | 23 |
| **New York** | 2023 | 8 | 0 | 0 | 0 | 0 | 3 | 5 |
| | 2024 | 5 | 0 | 1 | 0 | 0 | 0 | 4 |
| | 2025 | 4 | 0 | 0 | 1 | 0 | 0 | 3 |
| **Pennsylvania** | 2023 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Delaware** | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **Connecticut** | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **Indiana** | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Ohio** | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **Total** | 2023 | 41 | 0 | 0 | 0 | 3 | 3 | 35 |
| | 2024 | 35 | 1 | 2 | 0 | 0 | 0 | 34 |
| | 2025 | 34 | 0 | 3 | 2 | 0 | 0 | 29 |

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

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at Start of Year | Column 4<br>Outlets Opened | Column 5<br>Outlets Reacquired from Franchisees | Column 6<br>Outlets Closed | Column 7<br>Outlets sold to franchisees | Column 8<br>Outlets at End of the year |
|---|---|---|---|---|---|---|---|
| New Jersey | 2023 | 1 | 0 | 2 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 1 | 1 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 1 |
| Pennsylvania | 2023 | 0 | 0 | 1 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 2023 | 1 | 0 | 3 | 0 | 0 | 4 |
| | 2024 | 4 | 0 | 0 | 1 | 1 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 2 |

**Table No. 5**
**Projected Openings as of December 31, 2025**

| Column 1<br>State | Column 2<br>Franchise Agreements Signed But Outlets Not Opened | Column 3<br>Projected New Franchised Outlets in the Next Fiscal Year | Column 4<br>Projected New Company – Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| Total | 0 | 0 | 0 |

**Notes to Tables 1 - 5**:

Note 1: All numbers are as of the fiscal year ending on December 31st for each year. These numbers include those Transformation Centers in Enrollment. As of December 31, 2025, there was one area development agreement in place. As of December 31, 2025, there were two express Transformation Centers.

**Exhibit D** lists the names of all current franchisees and the addresses and telephone numbers of their Transformation Centers as of the end of our most recently completed fiscal year.

**Exhibit E** lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had a Transformation Center terminated,

canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three years, some franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Fit Franchise Brands, LLC. 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. If you buy this franchise, your contact information may be disclosed to other buyers.

We do not know of any trademark-specific franchisee organization associated with the franchise system being offered. Currently, there are no franchisee organizations we have created, sponsored or endorsed. However, we reserve the right to do so in the future.

## ITEM 21

## FINANCIAL STATEMENTS

The following documents are attached to this disclosure document as **Exhibit C**:

A. Our Audited Financial Statements for our fiscal year ended December 31, 2025;
B. Our Audited Financial Statements for our fiscal year ended December 31, 2024;
C. Our Audited Financial Statements for our fiscal year ended December 31, 2023.

***[The remainder of this page is intentionally left blank.]***

## ITEM 22

## CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in **Exhibit A and Exhibit B**. These include:

Franchise Agreement and the following exhibits:

Exhibit 1 - Approved Territory
Exhibit 2 - Authorization Agreement for Prearranged Payment
Exhibit 3 - Conditional Assignment of Telephone Numbers
Exhibit 4 - Nondisclosure and Noncompetition Agreement
Exhibit 5 - Personal Guaranty and Subordination Agreement
Exhibit 6 - Waiver of Two Mile Approved Territory
Exhibit 7 - Statement of Ownership Interest in Franchisee
Exhibit 8 - Amendment to Franchise Agreement
Exhibit 9 – Assignment & Assumption Agreement
Exhibit 10 – Collateral Assignment of Lease
Exhibit 11 − Bookkeeping Services Agreement

Development Agreement − EXHIBIT B

Pre-Closing Questionnaire − EXHIBIT J (*not applicable in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin*)

## ITEM 23

## RECEIPTS

Attached as **Exhibit K** of this disclosure document is a list of the State Effective Dates for each registration state. Attached as **Exhibit L** of this disclosure document are duplicate Receipts to be signed by you. You should sign both copies of the Receipt. Keep one for your records and return the other one to us at the following address:

Attention:
FIT FRANCHISE BRANDS, LLC
Justin Corporate Center (Bldg. 2, #400)
200 Route 9 North
Manalapan, New Jersey 07726
Telephone: (732) 520-4475

# Exhibit A

# Franchise Agreement and Exhibits




# FRANCHISE AGREEMENT

# FIT FRANCHISE BRANDS, LLC CENTER FRANCHISE AGREEMENT

## 1. PARTIES

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into on this _____ day of _____, 20___ (the "Effective Date"), by and between Fit Franchise Brands, LLC, a New Jersey limited liability company with its principal place of business at Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726 ( "Franchisor", or "we", "us" or "our"), and _____, [an individual] [individuals] [a corporation] [a partnership] [a limited liability company], with an address at _____ _____ (collectively, "You" or "Franchisee").

## 2. RECITALS

### 2.1. Ownership of System

Franchisor and/or its affiliates is the owner of certain intellectual property rights, trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the following service marks: "The MAX Challenge®" and "TAKE IT TO THE MAX FITNESS FOR THE MIND, BODY & SPIRIT®". Franchisor has spent a considerable amount of time, effort, and money to construct and continues to develop, use and control business methods, technical knowledge, marketing concepts, trade secrets, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, trade dress, and uniforms, and employee training techniques that, taken together, make up a proprietary system (the "System") for the operation of group training transformation centers (each a "Center" or a "Transformation Center").

### 2.2. Objectives of Parties

You desire to enter into the business of operating a **(select one)**

☐ **Stand-Alone Transformation Center**

☐ **Express Transformation Center**

under the System using the Trade Name and Marks (as those terms are defined in Section 3, below), and You wish to obtain from Franchisor, and Franchisor wishes to grant to You, a franchise for that purpose.

## 3. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

### 3.1. Approved Location

"Approved Location" means the street address of the physical location approved in writing by Franchisor for the operation of your single Transformation Center under this Agreement, which shall be set forth in Exhibit 1 to this Agreement.

### 3.2. Approved Territory

"Approved Territory" means the area set forth in Exhibit 1 to this Agreement.

### 3.3. Designated Manager

"Designated Manager" means the person whom You have appointed as general manager of the Transformation Center who has successfully completed Initial Training to our satisfaction and is MAX Certified.

### 3.4. Enrollment

"Enrollment" means the TEN WEEK CHALLENGE sales drive that occurs before You open Your business; it typically begins at the start of the construction of Your Transformation Center and continues for a period of approximately 3 months, depending upon how long construction of Your Transformation Center takes. "Enrollment" also means any legacy enrollment or subsequent maintenance enrollment in the program by your Members.

### 3.5. Express Transformation Center

"Express Transformation Center" is a single franchise business that Franchisor has authorized You to conduct under the Trade Name, Marks, and System solely at the Approved Location, which will be shared with and located within an existing fitness location that you already control or that you will sublease for purposes of operating your Express Transformation Center**.**

### 3.6. Franchise Network

"Franchise Network" means the interdependent network composed of Franchisor, all Transformation Centers, all of our franchisees, Franchisor's Related Parties, and any other persons or business entities that Franchisor or its Related Parties has licensed to use the Trade Name, Marks, System or any of them.

### 3.7. Good Standing

"Good Standing" means timely compliance by You and Your Related Parties with all provisions of this Agreement and the Manual, specifically including provisions for timely payment of amounts You owe to Franchisor or its Related Parties and full compliance with all requirements for the operation of the Transformation Center set forth in the Manual.

### 3.8. Gross Sales

"Gross Sales" means the total amount of all revenue derived from operating the franchised business, including, but not limited to, all revenues received by You and Your Related Parties for all services and sales, including new and legacy member enrollment, member dues, and any other goods or services sold during the course of operating the franchise, including but not limited to cash, check, credit card, rewards bucks, barter or trade, in whole or in part, excluding any amounts collected for state and local sales taxes from the Center or in connection with the Trade Name or Marks. If you are operating an Express Transformation Center, "Gross Sales" shall exclude any revenue derived by You and Your Related Parties from operating an existing fitness business that has been approved by Franchisor at the Approved Location.

### 3.9. Manual

"Manual" or "Operations Manual" means the Confidential Policies and Operations Manual and various other confidential manuals and/or written materials relating to the operation of the Franchised Business that Franchisor lends to you, or authorizes you to use, during the Term, including but not limited

to any supplemental bulletins, e-mails, text messages, notices, revisions, modifications or amendments thereto (collectively, the "Manual"), all of which may be changed by Franchisor at any time in the future. Without limiting the foregoing, the Manual may include specifications relating to use of the Marks, the System, required services, customer service techniques, staffing requirements, forms and requirements for the establishment and operation of the Franchised Business, and administration issues and procedures.

**3.10. Marks**

"Marks" means the marks "The MAX Challenge®", "TAKE IT TO THE MAX, Fitness for the Mind, Body and Spirit®", and such other trademarks, service marks, trade names, logos, trade dress, slogans and commercial symbols, including any modifications, additions and/or replacements thereto, as designated by Franchisor in writing.

**3.11. Franchisor**

"MAX", or "Franchisor" or "Franchisor" means Fit Franchise Brands, LLC, or any person or entity to which Franchisor allocates all or part of its rights and obligations under this Agreement.

**3.12. Brand Fund**

"Brand Fund" or the "Fund" means the advertising fund established by Franchisor for purposes of increasing brand awareness.

**3.13. MAXFITNESS Certified**

"MAX Certified" means that you have successfully completed all training we designate in the Manual, including but not limited to passing the MAX Level 1, Level 2 and Level 3 training exams (as defined in the Manual), and the Max Transformation Success Conditioning program and exam, and you are CPR and AED Certified.

**3.14. The Transformation Center**

The "Center" or the "Transformation Center" means the single franchise business that Franchisor has authorized You to conduct under the Trade Name, Marks, and System solely at the Approved Location, under and in compliance with this Agreement. Unless otherwise expressly stated herein, the terms "Center" and "Transformation Center" shall apply to both Stand-Alone and Express franchises.

**3.15. Proprietary Product**

"Proprietary Product" means any product that is composed of or in accordance with Franchisor's specifications or that bears or has been labeled with any of the Marks.

**3.16. Proprietary Service**

"Proprietary Service" means any service that is composed of or in accordance with Franchisor's specifications or that bears or has been labeled with any of the Marks.

**3.17. Related Party**

"Related Party" or "Related Parties" means persons and companies affiliated with Franchisor or You, as the context indicates, including, but not limited to, owners, general partners, limited partners, shareholders, or members, owning an interest in: (i) Franchisor or in You; (ii) corporations, limited liability

companies or other business entities in which Franchisor or You have an interest; (iii) corporations, limited liability companies, or other business entities in which any person or entity owning an interest in You also has an interest; or (iv) officers, directors, members or agents of Franchisor or of You.

### 3.18. Stand-Alone Transformation Center

"Stand-Alone Transformation Center" is a single franchise business that Franchisor has authorized You to conduct under the Trade Name, Marks, and System solely at the Approved Location, which will be in its own, stand-alone location that you own or lease for purposes of operating your Stand-Alone Transformation Center (and not in a location from within which a separate pre-existing fitness business operates).

### 3.19. Start Date

"Start Date" means the earlier of _____ *[agreed-upon deadline]* or the date when Your Transformation Center begins Enrollment.

### 3.20. Termination

"Termination" means the expiration of the Term of this Agreement; the non-renewal of this Agreement; or the termination of this Agreement under the circumstances described in Section 10 of this Agreement before the expiration of the Term.

### 3.21. Trade Name

"Trade Name" means the commercial name The MAX Challenge®", or such other names as designated by Franchisor.

### 3.22. Transfer

"Transfer" means any direct or indirect transfer, pledge, encumbrance, hypothecation, mortgage, sublicense, transfer through bequest or inheritance, transfer in trust, transfer in divorce, transfer by operation of law or by any other means, assignment, sale, gift, or other disposition or change in ownership: (i) of all or any part of the rights and obligations of this Agreement or any rights or privileges incidental to this Agreement; (ii) in the Transformation Center, including any fitness or training center operated in connection therewith; or (iii) in You. Without limiting the foregoing, if You are a partnership, then one or more transactions (regardless of whether or not they are related) in which there is any change in the rights to Your capital or profits will be considered to be a Transfer; if You are a corporation, limited liability company or other business entity, then one or more transactions (regardless of whether or not they are related) in which there is any change in the economic ownership, control and/or beneficial ownership in You or of Your stock or membership interests, as applicable, will be considered to be a Transfer.

### 3.23. You

"You" means the person or entity that is named as "You" in Section 1 of this Agreement. In addition, "You" means all persons or entities that succeed to Your interest by Transfer, other transfer, or operation of law.

**NOW, THEREFORE,** the parties agree as follows:

## 4. GRANT OF FRANCHISE

### 4.1. Granting Clause

Franchisor grants to You the right, and You hereby undertake the obligation, upon the terms and conditions set forth in this Agreement: (a) to establish and operate a single **(select one) ☐ Stand-Alone or ☐ Express** Transformation Center at the Approved Location from which You shall offer all of the products, services, classes and programs designated by Franchisor, and (b) to use, solely in connection therewith, the Trade Name, Marks and System in strict conformance with this Agreement and Franchisor's quality control standards and specifications, as they may be changed, improved, and further developed from time to time. You shall not engage in any other business at the Approved Location without the prior written consent of Franchisor.

### 4.2. Location

If you have not secured an Approved Location as of the Effective Date, you shall, at your sole cost and expense secure an approved site for the Transformation Center in accordance with Section 7.2 of this Agreement. It is your sole responsibility to locate and purchase and/or lease a site for the Center. In no event shall the Center be less than 1,700 square feet without the prior written consent of Franchisor. You may not establish Your Center or engage in business activities anywhere but the Approved Location. You may not establish any other business at the Approved Location; however, if you're operating an Express Transformation Center, you may, upon prior written consent from Franchisor, continue to operate an existing fitness business at the Approved Location. You may not sublease space at the Approved Location to any third party without our prior written consent. You may not market to customers outside of Your Approved Territory, or engage in mail order, Internet, or any other sales except with Franchisor's prior written approval and, if required by Franchisor, as part of Franchisor's coordinated marketing effort.

### 4.3. Approved Territory

During the term of this Agreement, and except as otherwise provided in this Agreement, Franchisor agrees that it shall not establish, nor license any other person to establish, another Center at any location within Your Approved Territory. If you do not have an Approved Location for Your Center when you sign this Agreement, once you secure an Approved Location in accordance with the terms of this Agreement, Franchisor will designate your Approved Territory and Exhibit 1 to this Agreement will be updated to reflect the Approved Location and Approved Territory.

### 4.4. Rights Reserved

Franchisor retains all rights that are not expressly granted to you under this Agreement. Without limiting this broad retention, and without granting You any rights therein, Franchisor shall have the right to:

(a) establish, own, or operate, and license others to establish, own or operate Centers and any other business under the Marks or any other trademark outside of your Approved Territory;

(b) establish, own or operate, and license others to establish, own or operate, other businesses under other systems using the Marks or any other trademark outside of your Approved Territory;

(c) offer, sell, operate, distribute and/or license others to sell, operate and distribute, through franchised or non-franchised businesses, at wholesale or retail, within and outside the Approved

Territory: (i) branded goods, (ii) services we have not licensed you to offer or sell through your Center, and/or (iii) goods and services under trademarks other than the Marks;

(d) offer, sell, rent and/or distribute any products or services under the Marks or any other trademark through alternative channels of distribution, including through the Internet, to any purchaser (including, but not limited to, sales made to purchasers in the Approved Territory through retail establishments, mail order, independent distributors, wholesale distribution, phone order, and on the Internet, and/or sales to delivery customers), except that Franchisor shall not do so from a Transformation Center located inside the Approved Territory; and/or

(e) merge with, acquire or be acquired by any business of any kind under other systems and/or other marks, which business may offer, sell, operate or distribute and/or license others to offer, sell, operate and distribute goods and services through franchised or non-franchised businesses, at wholesale or retail, within and outside the Approved Territory. If we acquire or merge with another system with businesses operating within the Approved Territory, we will not license the businesses operating in your Approved Territory to operate under the Marks without your consent.

(f) We and/or our affiliates and licensees, may operate a temporary location, trade show booth or similar type location for a limited period of time (not to exceed 15 consecutive days without your written consent) within your Approved Territory and we are not required to pay you any compensation relating to these activities.

(g) Special Venues. We reserve the right to establish and operate, or license others to establish and operate, Centers in "Special Venues", including Special Venues located in your Approved Territory. The term "Special Venues" shall mean non-traditional venues, including, without limitation, schools, corporate offices, police departments, fire departments, government institutions and facilities, and military installations.

## 4.5. Relocation and Conversion

4.5.1 Relocation.

At Franchisor's option, You may relocate your Stand-Alone or Express Transformation Center, with Franchisor's prior written consent, if all of the following conditions are met:

(a) You and Your Related Parties are in Good Standing under this Agreement, any other Agreement between Franchisor or Franchisor's Related Party and You, and You and Your Related Parties are in compliance with all provisions of the Manual;

(b) You and any of Your Related Parties that have signed this Agreement have agreed to cancel this Agreement and execute a new Franchise Agreement in the form that is currently effective at the time of relocation (with a term equal to the then-remaining term of this Agreement);

(c) You agree to construct, equip and furnish Your Center so that it meets the standards of appearance and function applicable to new Centers at the time of relocation; and

(d) You and Your Related Parties that are parties to this Agreement shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Related Parties, affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including,

without limitation, claims arising under this Agreement, any other agreement between You and Franchisor and its affiliates, and federal, state, and local laws and rules; and

(e) You may cease to operate the Center for no more than one (1) day only for the purposes of moving equipment from the old Approved Location to the new Approved Location for the Center.

4.5.2 Conversion of An Express Transformation Center to Stand-Alone.

You may convert your Express Transformation Center into a Stand-Alone Transformation Center, with Franchisor's prior written consent, which may be withheld or conditioned in Franchisor's sole discretion, if all of the following conditions are met:

(a) You and Your Related Parties are in Good Standing under this Agreement, any other Agreement between Franchisor or Franchisor's Related Party and You, and You and Your Related Parties are in compliance with all provisions of the Manual;

(b) You and any of Your Related Parties that have signed this Agreement have agreed to cancel this Agreement and execute a new Franchise Agreement in the form that is currently effective at the time of relocation (with a term equal to the then-remaining term of this Agreement or, at Franchisor's option, with a term equal to the new lease term for the new Approved Location);

(c) You agree to construct, equip and furnish Your Stand-Alone Transformation Center so that it meets the standards of appearance and function applicable to new Stand-Alone Transformation Centers at the time of relocation; and

(d) You and Your Related Parties that are parties to this Agreement shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Related Parties, affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between You and Franchisor and its affiliates, and federal, state, and local laws and rules; and

(e) You may cease to operate the Express Transformation Center for no more than one (1) day only for the purposes of moving equipment from the old Approved Location to the new Approved Location for the Stand-Alone Transformation Center.

## 4.6. Term and Renewal

4.6.1. Initial Term

Except as otherwise provided herein, the initial term of this Agreement shall commence on the Effective Date and shall expire ten (10) years from the Effective Date, unless sooner terminated by Franchisor in accordance with the terms of this Agreement (the "Initial Term" or "Term").

4.6.2. Renewal

You shall have the option to renew this Agreement for one (1) additional term of ten (10) years or for Your then-current lease term, whichever is shorter, subject to the following conditions, all of which shall be met before renewal:

(a) You and Your Related Parties are in Good Standing under this Agreement, any other Agreement between Franchisor or Franchisor's Related Parties and You, and You and Your Related Parties are in full compliance with the Manual;

(b) You shall give Franchisor written notice of Your election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the initial term;

(c) You and any Related Parties that have signed this Agreement shall sign a copy of the then-current Franchise Agreement (amended to indicate that it is not subject to renewal) not more than thirty (30) days after You receive the signature-ready copy of the then-current Franchise Agreement from Franchisor; you must sign the then-current Franchise Agreement before this Agreement expires;

(d) You shall have paid Franchisor's then-current renewal fee to Franchisor;

(e) You shall, before the beginning of the renewal term, at Your own expense, remodel and modernize the Center, replace the equipment and signs, and purchase such additional signs, furniture, fixtures, and equipment as Franchisor designates such that the Center meets Franchisor's then-current standards of appearance and function at the time of renewal; and

(f) You and Your Related Parties that are parties to this Agreement shall execute a general release, in a form satisfactory to Franchisor, of any and all claims You and Your Related Parties may have against Franchisor and its Related Parties, subsidiaries, affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between You and Franchisor and its affiliates, and federal, state, and local laws and rules.

The provisions of the standard franchise agreement in use by Franchisor at the time of renewal may be materially different than those contained in this Agreement, including, but not limited to, provisions for increased royalties, advertising fees and obligations, and other fees, reduced territory size, and restrictions on products and services. You hereby acknowledge and agree that Your right to renew shall be contingent upon Your acceptance of all provisions of the then-current Franchise Agreement, including but not limited to, the then-current Monthly Minimum Royalty Fee for renewal franchisees which may be more than You were paying as of the end of the Initial Term and as may determined in our sole discretion.

4.6.3 Holdover. In the event that you continue to operate Your Center after the initial term of your Agreement has expired, and you have failed to execute a renewal franchise agreement in accordance with Section 4.6.2, Franchisor shall extend the term of the initial franchise agreement on the same terms on a month to month basis until such time that a renewal franchise agreement is signed; however, to compensate us for our inconvenience, we shall assess a Holdover Royalty Fee. The Holdover Royalty Fee will be equal to 1 x the then-current Royalty Fee due to us. The Holdover Royalty Fee will be in addition to your regular Royalty Fee, so You will, in effect, be paying double the amount of royalties to Franchisor until such time that You execute a successor franchise agreement or cease operating the franchised business.

## 5. SERVICES TO FRANCHISEE

Franchisor agrees to perform the following services for You provided that You are, at the time when service is to be rendered, in Good Standing under this Agreement, any other agreement with Franchisor and Franchisor's Related Parties, and You are in full compliance with the Manual.

## 5.1. Transformation Center Layout and Interior Decoration

Franchisor will make available prototype or sample plans and specifications for one or more existing Centers to guide You in designing, furnishing and equipping Your Center. You shall, at Your own expense, tailor the plans and specifications provided by Franchisor for Your individual use and then submit the customized plans and specifications to Franchisor for written approval, which will not be unreasonably withheld.

Franchisor's approval shall be limited to conformance with Franchisor's prototype and sample plans and shall not relate to Franchisee's obligations with respect to any federal, state and local laws, codes and regulations including but not limited to any applicable provisions of the Americans with Disabilities Act (the "**ADA**") regarding the construction, design and/or operation of the Center, which subjects shall be Your sole responsibility.

You shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA regarding the construction, design and operation of the Center. You are responsible for obtaining all zoning permits, classifications and clearances which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Your location. After you obtain all applicable approvals and clearances, You shall obtain all permits and certifications required for the lawful construction and operation of the Center.

## 5.2. Training

### 5.2.1. Initial Training

Before you open Your Center, Franchisor will conduct an initial training program concerning the operation of the Center under the System for up to two (2) members of Your staff, at no additional charge. If you wish to bring additional persons to initial training, you must pay the Initial Training Fee set forth in Section 6.13. If you fail initial training, in our discretion, you may be required to retake initial training and pay the Additional Initial Training Fee. You are responsible for your own expenses and those of your employees who attend Initial Training. You shall pay any costs of travel, lodging, meals and other incidental expenses that You or Your employees incur.

Your Designated Manager shall (1) attend and successfully complete the Ten Week Challenge Program, (2) be MAXCertified, and (3) attend and successfully complete the initial training program to the satisfaction of Franchisor, before You may open the Center.

### 5.2.2. Continuing Education

In an effort to maintain brand standards and to protect and enhance the goodwill associated with the System and the Marks, Franchisor may offer ongoing training and education programs on the operation and promotion of the Center, the development and sale of products and services, and other matters relating to the Center on an optional or mandatory basis, as it deems appropriate in its sole discretion. You shall attend and complete all such continuing education programs we require. You are responsible for Your own expenses and those of Your employees who attend any training or educational program that we require. You must reimburse us for any costs we incur to train you. Franchisor may require you to pay a fee for training and any continuing education program; see Section 6.6. You must complete all education and training programs Franchisor designates to Franchisor's satisfaction.

### 5.2.3 Mandatory Annual Conferences

Franchisor may, in its sole and absolute discretion, require you to attend a mandatory conference once per calendar year during the Term. You shall attend all such conferences. You are responsible for your own expenses and those of your employees who attend any such conferences. Franchisor may require you to pay a fee to attend each annual conference equal to Franchisor's costs plus fifteen percent (15%).

5.2.4 Optional Training and Support Services

In addition to the periodic advisory assistance described below in Section 5.3, we may offer, in our sole discretion, optional additional training and support for you and/or your staff. We shall provide a list of any such additional training and support options that we offer in the Manual along with a list of all associated fees. Fees for optional training and support shall vary depending on the nature of the services provided and shall be subject to increase in our sole discretion. You shall promptly pay such optional training and support fees and reimburse Franchisor for all incidental expenses incurred by Franchisor in rendering such services, including, but not limited to, the cost of business class transportation, lodging, meals, and telephone, fax, and courier charges.

## 5.3. Periodic Advisory Assistance

Franchisor will, as it deems advisable in its sole and absolute discretion, provide periodic advisory assistance to You concerning the operation and promotion of the Center. Franchisor may, in its sole discretion, develop new products, services, or methods for use or sale by You.

## 5.4. Manual

Before you open your Center, Franchisor will lend You a copy of the Manual, which may contain explicit instructions for use of the Marks, specifications for goods that will be used in or sold by the Center, sample business forms, information on marketing, management, and administrative methods developed by Franchisor for use in the Center, names of approved suppliers, and other information that Franchisor believes may be necessary or helpful to You in Your operation of the Center. Franchisor may revise the Manual periodically, at any time, at its sole discretion, for any reason, including to conform to the changing needs of the Franchise Network. Franchisor will notify you of changes to the Manual in writing. In lieu of a "hard copy" of the Manual, Franchisor may make the Manual available to You in electronic form. It may be provided to you through a password protected portion of Franchisor's intranet or other computer data system, or provided through another electronic format. Franchisor will notify You of any updates to the Manual. You are responsible for immediately downloading and complying with the revised Manual.

## 5.5. Advertising

Franchisor may, but is not required to, provide you with electronic access to certain advertising materials. These materials may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous point-of-sale items. Franchisor reserves the right to change the format in which it provides these materials to you in the future.

## 5.6. Approved Suppliers

Franchisor has the absolute right to limit the suppliers with whom you may deal. Franchisor will provide You with a list of the names and addresses of the approved suppliers who then currently meet Franchisor's standards and specifications. The current list of approved suppliers may be provided to you in the Manual, or in another written format. In advising You of suppliers that meet its standards and specifications, **Franchisor expressly disclaims any warranties or representations as to the condition of the goods or services sold by the suppliers, including, without limitation, expressed or implied**

**warranties as to merchantability or fitness for any intended purpose.** You agree to look solely to the manufacturer or the supplier of equipment or service for the remedy for any defect in the good or service. Franchisor reserves the right to change the list of approved suppliers in its sole and absolute discretion at any time upon written notice.

Franchisor and/or its affiliates may receive payments and/or other compensation from approved suppliers in any form on account of such suppliers' dealings with You and/or other franchisees; and Franchisor and/or its affiliates may use all amounts it receives for any purpose Franchisor and/or its affiliate deems appropriate. You acknowledge and agree that Franchisor shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments and benefits (collectively, "**Allowances**") offered by suppliers to You or to Franchisor or its affiliates based upon Your purchases of goods and services. You assign to Franchisor or its designee all of Your right in, title to and interest in any and all such Allowances. You authorize Franchisor or its designee to collect and retain any and all such Allowances without restriction.

Franchisor may, from time to time, revoke its approval of particular items, services, products and suppliers in its sole and absolute discretion. Upon receipt of notice of revocation, You shall immediately cease to offer, sell or use any disapproved item, product, or service, and You shall immediately cease to purchase the disapproved item, product or service from the disapproved supplier.

Without limiting the foregoing, to maintain member records consistent with other Centers, You shall use the commercial billing service, mobile app, computer software and programs that Franchisor designates from time to time.

In the event that you fail to purchase a required product or service that we have specified, or fail to use a required supplier for any product, equipment, supply, service or otherwise, we will notify you that you are in violation of this requirement and, for your first offense only, we will provide you with seven days' within which to cure your violation. If you fail to cure your violation within the seven day cure period, we will assess an Unapproved Product or Vendor Penalty Fee for each violation for every day the violation continues. Upon your second and any subsequent Unapproved Product or Vendor violation, we will assess the Unapproved Product or Vendor Penalty Fee without first providing you seven days to cure the violation.

## 6. PAYMENTS BY FRANCHISEE

### 6.1. Initial Fees.

#### 6.1.1. Initial Franchise Fee.

When You sign this Agreement, You shall pay Franchisor in cash or another form of payment that will make the funds immediately accessible to Franchisor, such as cashier's check or wire transfer, an initial franchise fee of Forty Thousand Dollars ($40,000.00) for a Stand-Alone Franchise or Fifteen Thousand Dollars ($15,000.00) for an Express Franchise (the "Initial Franchise Fee"). If this Agreement is for the operation of: (a) Your second Stand-Alone Transformation Center, the Initial Franchise Fee shall be reduced to Thirty Three Thousand Five Hundred Dollars ($33,500), and (b) Your third Stand-Alone

Transformation Center, the Initial Franchise Fee will be reduced to Thirty Thousand Two Hundred Fifty Dollars ($30,250). The Initial Franchise Fee is not refundable.

6.1.2. Training Fee.

When You sign this Agreement, You shall pay Franchisor in cash or another form of payment that will make the funds immediately available to Franchisor, such as cashier's check or wire transfer, a training fee of Fifteen Thousand Dollars ($15,000.00) for both a Stand-Alone Franchise or an Express Franchise (the "Training Fee"). The Training Fee is not refundable.

**6.2. Monthly Fees.**

6.2.1. Royalties.

You shall pay Franchisor a continuing monthly royalty fee in amount equal to the greater of: (a) seven percent (7%) of Gross Sales for the previous month or (b) the applicable Monthly Minimum Royalty Fee as set forth in the schedule below; whichever is greater.

**Monthly Minimum Royalty Fee Schedule:**

| During Months | Monthly Minimum Royalty Fee |
|---|---|
| 1-12 | $600 |
| 12-120 | $1,100 |

Please note that Monthly Minimum Royalty Fee Schedule does not represent a financial performance representation by us and do not, in any way, indicate the amount of revenue that your Transformation Center may earn.

Prior to any renewal term of your franchise agreement, Franchisor will provide You with a new Monthly Minimum Royalty Fee Schedule. Your Monthly Minimum Royalty Fee for any renewal term will not be less than the Monthly Minimum Royalty Fee that set forth in the Monthly Minimum Royalty Fee Schedule for months 12 through 120. Franchisor reserves the right to determine the Monthly Minimum Royalty Fee Schedule for any renewal or successor term in our sole discretion.

6.2.2. Other Continuing Monthly Fees.

6.2.2.1 The Brand Fund. You shall contribute, in the manner prescribed by Franchisor, two percent (2%) of Your Gross Sales per month, or $200 per month, whichever is greater, to the advertising fund (the "Brand Fund") to be used for advertising and promotion of the brand.

6.2.2.2 Max Mobile App Fee. You shall pay to us a monthly Max Mobile App

Fee of as set forth in the Manual; currently, the Max Mobile App Fee is $250 per month but we reserve the right to increase this fee in our sole discretion. The Max Mobile App Fee shall be paid via EFT in accordance with the procedures set forth in Section 6.3 on the day of the month we specify, unless we designate otherwise. In the event that we require you to contract directly with a third-party mobile app provider in the future, you shall no longer be required to pay us this Max Mobile App Fee and you shall pay the third-party mobile app provider directly in accordance with such contract that you execute with them.

6.2.2.3 ENE Fee**.** You must pay us the an ENE Fee on a monthly basis on the day of the month we specify via EFT in accordance with the procedures set forth in Section 6.3. The monthly ENE Fee is currently $750 per month and is subject to increases at any time in the future. Notwithstanding the foregoing, your first ENE Fee shall only be $500 and shall be due upon execution of this Agreement. Thereafter, your monthly ENE Fee payment obligations shall begin as of the date you execute a lease for your Center and such payments shall be for the full then-current amount. The monthly ENE Fee covers digital marketing management services provided by our in-house marketing agency who will manage your digital marketing needs in accordance with a budget you determine. For the avoidance of doubt, the ENE Fee only covers the management services that we provide; digital marketing costs incurred will be invoiced separately as an additional charge. We reserve the right to make changes to, or discontinue, our ENE services at any time.

6.2.2.4 Bookkeeping Service Fee. You shall pay to us a monthly Bookkeeping Service Fee of $325 per month, commencing on the date you are required to begin Enrollment. The Bookkeeping Service Fee shall be paid via EFT in accordance with the procedures set forth in Section 6.3, on the day of the month we specify, unless we designate otherwise.

6.2.2.5 Technology and Support Services Fee. You must pay us a technology and support services fee on a monthly basis on the day of the month we specify via EFT in accordance with the procedures set forth in Section 6.3. You must begin paying us the monthly technology and support services fee when you open your Center for business. The monthly technology and support services fee is currently $599 per month and is subject to increases at any time in the future. The monthly technology and support services fee covers certain technologies and supports that we deem, in our sole discretion, necessary for the operation of your franchised business. We reserve the right to remove, modify and supplement the included technologies and support services provided as part of this fee from time to time in our sole discretion. We also reserve the right, in our sole discretion, to bill you for the technologies and support services individually as separate fees, or in the aggregate as a single Technology and Support Services Fee.

6.2.2.6 Customer Service Supplier Fee. We reserve the right to require you to pay us a Customer Service Supplier Fee each month. The Customer Service Supplier Fee shall be paid via EFT in accordance with the procedures set forth in Section 6.3 on the day of the month we specify, unless we designate otherwise. We have the right to increase the Customer Service Supplier Fee on thirty (30) days prior notice to you.

## 6.3. Method and Application of Payments

You shall pay your continuing monthly royalties, advertising fees, and all other continuing fees you are required to pay to Franchisor, in accordance with the procedures designated by Franchisor, which procedures Franchisor has the discretion to change at any time upon written notice to you. You shall use the commercial billing service and all computer programs, software or apps Franchisor designates from

time to time to process the enrollment of members and legacy enrollment fees, payments, activity and all other fees for all products and services purchased from You. Under the current system, Franchisor's designated third-party commercial billing service provider receives all payments made to you in connection with the operation of the Center. The service provider credits to your bank account, on a weekly basis, all payments made to the service provider, less 9% of Gross Sales (which represents the continuing monthly royalty fee percentage of 7% and the continuing Brand Fund fee percentage of 2%). The 9% of Gross Sales retained by the service provider is paid to Franchisor within 5 days after the expiration of each month. If the 7% of Gross Sales retained by the service provider is insufficient to cover your minimum royalty payment requirement in accordance with the Monthly Minimum Royalty Fee Schedule set forth in Section 6.2 above $ and your minimum continuing advertising fee payment of $200 per month, you must pay Franchisor the difference immediately. Without limiting the foregoing, you shall instruct the commercial billing service to credit to a bank account Franchisor designates, all fees due to Franchisor under this Agreement, including any and all continuing monthly fees such as royalties, Brand Fund Fees, Tech and Support Services Fees, Max Mobile App Fees, Bookkeeping Service Fees, and all other fees and payments, on a monthly basis on the date designated by Franchisor. Further, You shall require the commercial billing service to allow Franchisor to access and review all records relating to Your Center and all of your receivables. At no time will You sell or assign any current or future enrollment fees, legacy enrollment fees, membership dues, charges, and/or activity fees to any other party, without the prior written consent of Franchisor.

When You sign this Franchise Agreement, You shall also sign an Authorization Agreement for Prearranged Payment, in the form of Exhibit 2 to this Agreement or any other form specified by Franchisor, to enable Franchisor to collect Your royalty payments and all other payments and fees due to Franchisor by electronic funds transfer.

Franchisor has the right to apply any payment it receives from You to any past due amount You owe to Franchisor or Franchisor's Related Parties regardless of how You indicate the payment is to be applied. Franchisor reserves the right to change the manner in which you pay all fees you are required to pay to Franchisor at any time upon written notice to you.

### 6.4. When Payments Begin

Unless expressly stated otherwise, your obligation to pay continuing monthly royalties and other fees begins on the earlier of (a) the Start Date of this Agreement, as defined above, or (b) the day Your Transformation Center begins Enrollment. For purposes of determining the applicable Monthly Minimum Royalty Fees in the schedule set forth above in Section 6.2, Month 1 shall begin as of the earlier of (a) and (b) in the preceding sentence. If the Start Date is on any day other than the first day of a month, the minimum royalties and continuing fees will be prorated based on the number of days from the Start Date to the last day of the first month under this Agreement, but such partial and prorated month shall still be considered Month 1 for purposes of the Monthly Minimum Royalty Fee Schedule.

### 6.5. Audit

Franchisor has the right during normal working hours to audit Your books and records, including Your tax returns, with respect to the Center. If an audit discloses an underpayment of royalties, advertising fees, or any other fee payable under this Agreement, You shall immediately pay these amounts to Franchisor together with accrued interest on the amount underpaid in accordance with Section 6.9 of this Agreement. In addition, if the underpayment exceeds two percent (2%) of the total royalty, advertising, and other fees payable for any period covered under the audit, You shall reimburse Franchisor for all expenses actually incurred by Franchisor in connection with the audit, including reasonable attorneys' fees.

## 6.6. Continuing Education Fees and Costs

Franchisor may charge a fee for continuing education programs and additional training. The Continuing Education Fee will be equal to its costs plus an administrative fee of up to 15% of its costs, in its sole discretion. You must reimburse Franchisor for all costs it incurs to provide you with continuing education and additional training. For any training offered by Franchisor at your Approved Location, You shall pay any costs of travel, lodging, meals and other incidental expenses that You or Your employees incur. You shall also pay for the cost of business class transportation, lodging, meals, and all other incidental expenses incurred by Franchisor in connection with any training conducted at Your site and any onsite assistance provided to you.

## 6.7. Optional Training and Support Fees and Costs

If you elect to purchase optional additional training and support services from us, You shall pay us our then-current fee for the service you select as further specified in the Manual. Fees for these services shall vary depending on the nature of the service selected. f You shall promptly pay such optional training and support fees and reimburse Franchisor for all incidental expenses incurred by Franchisor in rendering such services, including, but not limited to, the cost of business class transportation, lodging, meals, and telephone, fax, and courier charges.

## 6.8. Transfer Fees

You shall pay to Franchisor a transfer fee of twenty thousand dollars ($20,000) as a condition of, and prior to, any Transfer.

If Franchisor refers a potential purchaser for Your Center (the "Referred Prospect") to You, and You transfer your business to the Referred Prospect (and/or an entity owned or controlled by the Referred Prospect), you shall pay to Franchisor a supplemental transfer fee (the "Supplemental Transfer Fee") equal to 20% of the purchase price plus any additional consideration due to you under any and all transfer and sale agreements by and between you and the purchaser. You must pay the Supplemental Transfer Fee on the date on which you close under the transfer and/or sale agreement.

## 6.9. Interest on Late Payments

Any payment not received by Franchisor when due will bear interest at twelve percent (12%) per year or at the highest rate allowed by applicable law on the date when payment is due, whichever is less. Interest charges on late payments are intended to partially compensate Franchisor for loss of use of the funds and for internal administrative costs resulting from late payment, which would otherwise be difficult to measure precisely. The fact that such charges are imposed shall not be construed as a waiver of Franchisor's right to timely payment.

## 6.10. Local Advertising Deficiency Fee

If you do not provide Franchisor with proof that you have satisfied your Pre-Opening Advertising Requirements (Section 7.6.1), First Year Marketing Expenditure (7.6.2.2), or your then-current Local Advertising Requirement (Sections 7.6.2.3 and 7.6.2.4), upon demand, Franchisor or its designee may assess a Local Advertising Deficiency Fee and may collect this fee from you through electronic funds transfer. The "Local Advertising Deficiency Fee" you will be required to pay us shall be equal to, respectively, the amount of your Pre-Opening Advertising Requirement, First Year Marketing Expenditure, or then-current Local Advertising Requirement *less* the amount you actually expended in satisfaction of each of the same. If Franchisor collects the Local Advertising Deficiency Fee from You, it may use the

funds for any purpose it deems appropriate in its sole discretion, which may include purposes that do not directly or indirectly benefit your Transformation Center. You acknowledge and agree that the Local Advertising Deficiency Fee does not create any fiduciary relationship between You and Franchisor, and that Franchisor has no obligation to account for the Local Advertising Deficiency Fee.

### 6.11. Alternative Supplier Request Fee

If you want to purchase any products, services, goods, equipment or supplies from a supplier or distributor who is not on our approved list, you may request our approval of the supplier or distributor (except in instances where we have designated a sole supplier of any product, item, good, equipment, service or supplies), which we may grant or deny in our sole and absolute discretion. You or the proposed supplier will be responsible for all costs and expenses we incur in the testing and approval process. We reserve the right to charge you an Alternative Supplier Request Fee of up to $500 plus all costs we incur, which, if imposed, shall be due and payable at the time you submit your request.

### 6.12. Additional Initial Training Fees

Initial Training for up to two individuals is included as part of the Initial Training Fee. For each additional person that you desire to attend initial training, You must pay us an Additional Initial Training Fee of $500 per person. In the event that any required trainee fails to complete the initial training to our satisfaction, we may require him/her, in our sole discretion, to be re-trained and you shall pay us the Additional Initial Training Fee for every person who must be re-trained. This fee is due and payable to Franchisor before the applicable training session begins. In addition to the Additional Initial Training Fee, you shall also reimburse us for any travel costs that we incur in providing such Additional Initial Training (or retraining).

### 6.13. Trainer and Designated Manager Assistance Fees

We are not obligated to provide you with any assistance in locating any employees, including any of your trainers or your Designated Manager. If you request our assistance in locating a potential Designated Manager who has attended and successfully completed the Ten Week Challenge, Initial Training, and is MAX Certified, we may, at our sole and absolute discretion, assist you in locating a potential Designated Manager. If we provide you with assistance, we will charge you a fee of $2,500 for helping you to locate a potential Designated Manager candidate. If you request our assistance with locating a potential Trainer who has attended and successfully completed the Ten Week Challenge, we may, at our sole and absolute discretion, assist you in locating a potential Trainer. If we provide you with assistance, we will charge you a fee of $2,500 for helping you locate an individual who has successfully completed the Ten Week Challenge and is MAX Certified or is a Max Fitness Level 1, Level 2 or Level 3 Certified Instructor. In connection with providing any such assistance, you hereby acknowledge and agree that we make no representations, guarantees or warranties with respect to any Designated Manager or trainer.

### 6.14 Non-Compliance Fees

If You fail to comply with any of your obligations under this Agreement and we issue You a notice of default (each a "Default Notice"), in addition to any and all other rights and remedies we may have available to us under this Agreement and applicable law, we have the right to assess a Non-Compliance Fee of up to $500 per default against You, which, if assessed, will be due to us and payable by You immediately upon Your receipt of the Default Notice.

### 6.15 Taxes Imposed on Us

If any federal, state or local taxing authority assesses any taxes against us in connection with our provision of services to you under this Agreement or otherwise in connection with licensing you the right to use the Marks pursuant to this Agreement, we reserve the right to require you to pay to us the total amount of any and all such assessed taxes.

### 6.16 Relocation / Franchisee Initiated Renovation Support and Approval Fee

If You wish to relocate your Center (subject to your compliance with the conditions and requirements set forth in this Agreement), or if you wish to renovate your Center at any time during the term (subject to your compliance with the conditions and requirement set forth in this Agreement), you must send us a written request for our prior written approval. We will respond with an approval or disapproval within thirty (30) days of our receipt of your written request; provided, however, if you do not receive our response by the expiration of this thirty (30) day period, your request shall be deemed denied. If we approve your request, you must, immediately upon your receipt of our approval, pay to us a relocation/franchisee initiated renovation support and approval fee of $2,500. This fee is deemed fully earned and non-refundable upon payment.

### 6.17 Express Transformation Conversion Fee

Subject to your compliance with the conditions and requirements of this Agreement, if You wish to convert your Express Transformation Center into a Stand-Alone Transformation Center at any time during the term (as opposed to merely relocating your Express Transformation Center pursuant to Section 6.19 to another shared Express Transformation Center location), you must send us a written request for our prior written approval. We will respond with an approval or disapproval within thirty (30) days of our receipt of your written request; provided, however, if you do not receive our response by the expiration of this thirty (30) day period, your request shall be deemed denied. If we approve your request, you must, immediately upon your receipt of our approval, pay to us a conversion support and approval fee of $10,000. This fee is deemed fully earned and non-refundable upon payment.

### 6.18 Unapproved Product or Vendor Penalty Fee

You shall only offer or sell products and services that have been designated or approved by Franchisor in advance. Further, if Franchisor designates a required vendor for any product, equipment, supply, service or otherwise, you must use only that vendor. If you sell unapproved products or services, or purchase from unapproved vendors, Franchisor shall assess an Unapproved Product or Vendor Penalty Fee equal to the then-current rate (currently, Two Hundred and Fifty Dollars ($250)) for each violation for every day that the violation continues. Notwithstanding the foregoing, Franchisor will first provide you notice of your violation and provide you with seven days within which to cure the violation before Franchisor will impose the Unapproved Product or Vendor Penalty Fee.

## 7. OBLIGATIONS OF FRANCHISEE

### 7.1. Use of Trade Name and Marks

#### 7.1.1. Permitted Use

You may use the Trade Name and Marks only in the operation of the Transformation Center within the Approved Territory in accordance with the terms and conditions of this Agreement and subject to the limitations specified by us in the Manual or otherwise in writing. You shall not use the Trade Name or

Marks, or the words "MAX Fitness" as part of your legal entity name. You may not license any third party to use Franchisor's Trade Name and Marks. You may not use any other trade name or marks at the Approved Location, or in connection with the Transformation Center without the express written consent and direction of Franchisor.

You are prohibited from using the Trade Name and/or Marks and listing, marketing, advertising, or otherwise promoting your Center on or through the Internet, any social media site, mobile application, networking website, electronic media, or any emerging or future developed media outlet or platform, including facebook®, Twitter®, LinkedIn®, Living Social®, Instagram®, Groupon®, MySpace®, YouTube, Pinterest, Foursquare, Yelp, Google, Yahoo, or any similar sites, without Franchisor's prior written consent in each instance. Franchisor may withhold its consent for any reason and Franchisor may condition its consent on your compliance with Franchisor's designated methods, procedures, rules and regulations. You may not post any content on the Internet, electronic media, mobile applications, social media or any future developed media outlet relating to your Center or the System without: (i) obtaining Franchisor's prior written consent (which Franchisor may grant or refuse in its sole and absolute discretion), and (ii) complying with any and all restrictions, terms and conditions Franchisor imposes. You must comply with any and all policies, terms and conditions Franchisor designates, including those related to privacy and security. Franchisor has the right to establish any requirement Franchisor deems appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that Franchisor establishes on its website.

Franchisor has the right to establish a website or other electronic system providing private and secure communications between Franchisor, its franchisees and other persons and entities that Franchisor deems appropriate. If Franchisor requires, you must establish and maintain access to the extranet in the manner Franchisor designates. Franchisor may periodically prepare agreements and policies concerning use of any extranet that you must acknowledge and sign.

7.1.2. Changes in Trade Name and Marks

Franchisor has invested substantial time, energy, and money in the promotion and protection of its Trade Name and Marks as they exist on the Start Date. However, You and Franchisor recognize that rights in intangible property such as the Trade Name and Marks are often difficult to establish and defend and that changes in the cultural and economic environment within which the System operates or third-party challenges to Franchisor's rights in the Marks may make changes in the Trade Name and Marks desirable or necessary. Franchisor therefore reserves the right to change its Trade Name and Marks at any time in its sole and absolute discretion. You agree that You shall promptly conform, at Your own expense, to any and all such changes.

7.1.3. Advertising Materials

You shall submit to Franchisor copies of all advertising materials that You propose to use at least two weeks before the first time they are broadcast or published. Franchisor will review the materials within a reasonable time and will promptly notify You in writing as to whether it approves or rejects them. For purposes of this paragraph, advertising materials that differ from previously approved materials only in such variables as date or price will be considered to be previously approved. Even if Franchisor approves specified materials, it may later withdraw its approval in its sole and absolute discretion. Your advertising materials may not include any trade names, trademarks, symbols or logotypes except for the Franchisor Trade Name and Marks.

7.1.4. Legal Protection

You agree to notify Franchisor immediately in writing if You become aware of any unauthorized use of Franchisor's Trade Name, Marks, or System. You shall promptly notify Franchisor in writing of any claim, demand, or suit against You or against Your principals. You shall promptly notify Franchisor in writing of any claim, demand, or suit against You or against your principals or Related Parties in connection with Your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, You agree that Franchisor may select legal counsel and has the right to control the proceedings. In certain cases, as described in Section 8.5 of this agreement, Franchisor will indemnify and hold You harmless.

**7.2. Site Selection**

7.2.1 For A Stand-Alone Transformation Center: You shall, on Your own initiative and at Your own expense, locate, obtain and occupy the site for the Stand-Alone Transformation Center. You must submit your proposed site and the proposed lease to Franchisor for its prior review and written approval, which may be granted or withheld in its sole and absolute discretion, before you sign a lease or any binding obligation. You acknowledge that Franchisor has the right, and not the obligation to review your lease on Franchisor's behalf. The site shall be a minimum of 1,700 square feet and shall meet out then-current standards and specifications, which may include minimum demographic and geographic requirements, which may vary by region. To seek Franchisor's approval, You shall advise Franchisor in writing of the proposed site. We will approve or disapprove your site within thirty (30) days after we receive notice of the proposed location and all other information we need to evaluate the proposed location from You.

It is Your responsibility to secure a site. Franchisor will not refund the Initial Franchise Fee if You are unable to secure a satisfactory site. If you are unable to secure an approved site for your Stand-Alone Transformation Center before the expiration of the six (6) month period following the Effective Date, we have the right to immediately terminate this Agreement. You and the landlord for the approved site shall enter into the Collateral Assignment of Lease in the form required by Franchisor. The current form of this Agreement is attached as Exhibit 10.

7.2.2 For An Express Transformation Center: You shall, on Your own initiative and at Your own expense, locate, obtain and occupy the site for your Express Transformation Center. You must submit your proposed site and the proposed lease or sublease to Franchisor for its prior review and written approval, which may be granted or withheld in its sole and absolute discretion, before you sign a new lease, sublease or any binding obligation. You acknowledge that Franchisor has the right, and not the obligation to review your lease or sublease on Franchisor's behalf. The site shall be a minimum of 1,700 square feet and shall meet out then-current standards and specifications, which may include minimum demographic and geographic requirements, which may vary by region. To seek Franchisor's approval, You shall advise Franchisor in writing of the proposed site. If you already lease space or have identified suitable existing space from within which you plan to operate your Express Transformation Center, you must, in addition to providing Franchisor with a copy of the existing or proposed lease or sublease, also must provide written approval from the Landlord approving (as applicable) the sublease, proposed use and any modifications to the leased premises that will be made to operate your Express Transformation Center. We will approve or disapprove your site within thirty (30) days

after we receive notice of the proposed location and all other information we need to evaluate the proposed location from You.

7.2.3 In no event will Franchisor will refund the Initial Franchise Fee (for a Stand-Alone or Express Transformation Center) if You are unable to secure a satisfactory site. If you are unable to secure an approved site for your Stand-Alone or Express Transformation Center before the expiration of the six (6) month period following the Effective Date, we have the right to immediately terminate this Agreement. You and the landlord for the approved site shall enter into the Collateral Assignment of Lease in the form required by Franchisor. The current form of this Agreement is attached as Exhibit 10.

7.2.4 Notwithstanding anything to the contrary contained herein and regardless of whether you request assistance from Franchisor to assist you in locating a facility from within which to conduct your Express Transformation Center, you acknowledge and agree that Franchisor's recommendation or approval of a particular site for the Center, and any information communicated to you regarding Franchisor's site-selection requirements or criteria, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the location or for any other purpose. By providing you assistance in locating a Center or by approving a particular site for the Center, Franchisor does not guarantee that the Center will be successful. You acknowledge that your selection of the site for your Stand-Alone or Express Transformation Center is based on Your own independent investigation of the suitability of the site.

**You further acknowledge that Franchisor's approval of the lease, sublease, lease renewal or purchase contract, as applicable, does not constitute a warranty or representation of any kind, express or implied, as to its fairness, suitability, or for any other purpose. You are strongly advised to seek legal counsel to review, negotiate and evaluate the proposed lease or sublease for the Approved Location on Your behalf. You shall provide Franchisor with a fully executed copy of the lease, sublease, lease renewal or purchase contract within five (5) business days following the date such agreement is fully executed. For Express Transformation Centers, you shall also provide Franchisor with written approval from the Landlord of the (as applicable) sublease, proposed use and/or any modifications to the leased premises that must be made to operate your Express Transformation Center.**

## 7.3. Quality Control

7.3.1. Center Construction; Pre-Registration Office; Enrollment & Opening

(a) Plans and Specifications. Franchisor will provide you with its then-current generic, prototypical plans for a typical Franchisor® Center, including a sample layout for the interior of a typical franchised location. You acknowledge that such plans and specifications shall not contain the requirements of any federal, state, or local law, code, or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build your Center. It shall be Your sole and absolute responsibility to construct the Center in accordance with all applicable laws, including the ADA and local laws, rules and regulations governing public accommodations.

(b) Adaptation of Plans and Specifications. You shall, at Your sole cost and expense, employ architects, designers, engineers or others as may be necessary to complete, adapt, modify or

substitute the sample plans and specifications to Franchisor prior to commencing construction of the Center. Franchisor will review such plans and specifications and will approve or provide comments on the plans and specifications to You.

(c) Franchisor's Approval. You shall not commence construction of the Center until Franchisor approves, in writing, the final plans and specifications to be used in constructing the Center. Once the final plans are approved, You shall cause the Center to be completed in full accordance therewith.

(d) Alterations and Modifications. If Franchisor determines that the Center is not being built, or was not built, in full accordance with the final plans, Franchisor shall have the right to require You to cause to be made all alterations or modifications of the Center that Franchisor deems necessary. Franchisor may consult with You, to the extent Franchisor deems necessary, on the construction and equipping of the Center, but it will be and remain Your sole responsibility to diligently design, construct, equip and otherwise ready and open the Center.

(e) Zoning and Permits. You shall be responsible, at your expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy, and clearances, which may be required by governmental authorities for the construction and/or development of the Center.

(f) Insurance Coverage. You shall obtain and maintain in force, during the entire period of such construction, such insurance policies required under Your lease agreement, in addition to such policies and coverage amounts as Franchisor may designate in its sole discretion.

(g) Licensed Contractors. You shall use licensed general contractors, designers and architects in performing any and all construction work at the Center, including in connection with any remodeling or renovations. Franchisor expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors, or any other persons or entities to which Franchisor may refer You. Franchisor is not responsible for delays in the construction, equipping or decoration of any Center or for any loss resulting from the Center design or construction. You acknowledge that Franchisor has no control over the landlord or developer and numerous construction and/or related problems that could occur and delay the opening of the Center.

(h) Franchisor Access to Center and Progress Reports. Franchisor shall have access to the Center at all times during the Term, including while work is in progress, and may require alterations or modifications of the construction of the Center that Franchisor deems necessary to ensure brand uniformity and system standard compliance.

(i) Final Inspection; Approval. You shall promptly notify Franchisor of the date of completion of the construction of the Center and, within 15 business days thereafter, Franchisor shall have the right to conduct a final inspection of the Center. You shall not open the Center for business without the express written authorization of Franchisor, and Franchisor's authorization to open may be conditioned upon your strict compliance with the specifications of the approved final plans and with the standards of the System.

(j) Installation of Equipment, Furnishings, Fixtures and Signs / Decor.

i. You shall install and use in and about the Center only such equipment, fixtures, furnishings, interior and exterior signage, and other personal property which strictly conforms to the appearance, uniform standards, specifications and procedures of Franchisor and the System, as may be revised from time to time in Franchisor's sole discretion. Such items are sometimes referred to herein collectively as "Equipment and Furnishings". You shall purchase and install all Equipment and Furnishings

only from those suppliers Franchisor designates or approves in its sole discretion, including affiliates of Franchisor. Franchisor shall have the right to retain any rebates or incentives offered by such vendors or suppliers. Franchisor reserves the right to be one of, or the sole, supplier of any Equipment and Furnishings and may derive revenue, benefits, or other material consideration from such purchases. Franchisor shall have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with Franchisor's System Standards and Specifications.

ii. You agree that all décor of the Center must be previously approved by Franchisor and must comply with Franchisor's standards as described in the Manual or in other written communications Franchisor provides to you, which may be periodically revised. Franchisor shall be deemed to be the owner of all copyrights in and to all forms of art or other visual media displayed in the Center including pictures, drawings, photographs and items that Franchisor directs you to display (the "Art"), as well as all intellectual property rights in and to the Art. You shall not, without Franchisor's prior written consent, allow any of the Art to become a fixture of Your and You shall not display or use the Art in any other business. Your failure to maintain your Center décor in compliance with Franchisor's specifications and standards described in the Manual or otherwise, constitutes a material breach of this Agreement

iii. In the event that you are installing equipment, furnishings, fixtures and signs/décor for an Express Transformation Center, you may, in Franchisor's sole discretion, be permitted to utilize some or all of the existing equipment, furnishings, fixtures and signs/décor at the Approved Location, provided that Franchisor (a) shall have the opportunity to inspect the same to confirm satisfactory condition and appearance that is reasonably in line with its then-current specifications and (b) shall consent to the same in writing.

(k) Pre-Registration Office; Enrollment. During the period leading up to the opening of your Center, you will be required to begin enrolling members for your Center. You may conduct pre-opening membership enrollment from a temporary office space located at or near your Center location (or, if an Express Transformation Center, from an existing office space located within the Approved Location). You may incur rent and other costs associated with pre-opening registration and enrollment activities. You must begin Enrollment within six (6) months of the Effective Date if opening a Stand-Alone Transformation Center and within three (3) months of the Effective Date if opening an Express Transformation Center. You shall expend the amount specified in Section 7.6.1 in connection with your Enrollment marketing. You shall conduct your Enrollment marketing according to a plan that has been approved by us in advance. We reserve the right to require you to use certain designated public relations programs and/or marketing, media and advertising materials and programs in connection with Your Enrollment marketing. We will not approve you to open your Transformation Center until you have enrolled at least one hundred (100) members.

(l) Completion and Opening Requirements. You shall complete construction of the Center (including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the plans approved in writing by Franchisor, at your expense, and open the Center to the public no later than nine (9) months after the Effective Date if opening a Stand-Alone Transformation Center and no later than six (6) months after the Effective Date if opening an Express Transformation Center (the "Required Opening Date"). Time is of the essence. You may not open the Transformation Center to the public until Franchisor certifies in writing that, in the view of its management, You are prepared to do so. We will not certify you to open unless you are in compliance with all opening requirements including your ability to open with the minimum number of classes each day that we require. At all times during the operation of your Transformation Center, You must offer at least

the minimum daily classes we require, which may change from time to time in our sole discretion as set forth in the Manual. Opening without Franchisor's written certification is a material breach of this Agreement and constitutes infringement on Franchisor's intellectual property rights, justifying injunctive relief and termination of this Agreement. **By certifying that Franchisor's management believes the Center is prepared to commence business, Franchisor does not guarantee that the Center will be successful.** Your success will depend on a number of factors, including general economic conditions and Your skill and hard work, which are not within Franchisor's control.

(m) For the avoidance of doubt, this Section 7.3.1 shall apply to both Stand-Alone and Express Transformation Centers.

7.3.2. Compliance with Manual

You shall operate Your Center in complete compliance with Franchisor's standards and specifications, as set forth in the Manual or otherwise in writing. Franchisor may make changes in any of these standards and specifications at any time, in Franchisor's sole and absolute discretion. Such changes may necessitate the purchase of equipment, supplies, furnishings or other goods, completion of additional training by Your employees, remodeling of the Center, or other cost to You. You shall promptly conform to the modified standards and specifications at Your own expense. You shall at all times keep Your copy of the Manual current (by, for example, inserting in it revised pages given to You by Franchisor and deleting superseded pages, or downloading from Franchisor's website the current version of the Manual upon notification of any revision to the Manual). If there is any dispute as to the requirements of the Manual at any point in time, the terms of the master copy of the Manual maintained by Franchisor will control.

You shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Transformation Center, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Except for those portions of the Manual that Franchisor designates, in writing, as appropriate for copying and use at the Transformation Center, You shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any third party without our prior written consent.

7.3.3. Required Services & Products

You must offer all of the products and services we designate. You must ensure that the retail area of your Transformation Center complies with all then-current specifications regarding inventory levels and you must restock it regularly to ensure continuing compliance. We have the right to modify these items from time to time, at our sole discretion. You may not offer or sell any other product or service through the Franchised Business without our prior written consent. If you offer or sell any product or service that has not been designated or approved by us in advance, and you fail to cure your violation within seven days' of notice from us requiring you to do so, You shall pay us an Unapproved Product or Vendor Penalty Fee as set forth in Section 6.21 for each violation for each day the violation continues. You must use the proprietary and non-proprietary techniques, materials, and supplies we designate in the Manual. You must provide all services (including Proprietary Services) in accordance with the standards and specifications set forth in the Manual. You must at all times maintain sufficient staff, materials and supplies to meet reasonably anticipated customer demand.

(a) Approved Suppliers. We have the absolute right to limit the suppliers with whom you may deal. We require you to purchase certain items, products, services, signs, furnishings, supplies, fixtures and equipment from us, or distributors we have approved. Unless we specify otherwise in writing,

you must purchase all goods, items, products, equipment and services required for the development and operation of the Center from our approved or designated suppliers. If we have designated an approved supplier for a particular item or service, You may not purchase from a different supplier without our express written approval to do so. If you do, and if you fail to stop purchasing from such supplier and/or fail to cease offering the products or services of an unapproved supplier at your Center, and if your violation within seven days' of notice from us, You shall pay us an Unapproved Product or Vendor Penalty Fee as set forth in Section 6.21 for each violation for each day the violation continues. We have the right to designate one supplier for any given item or service. We will provide you with a list of suppliers, which list may change over time. While the suppliers included on this list are currently mandated, approved and/or recommended, we reserve the right to change this list from time to time in our sole discretion. Notifications of changes to the approved suppliers list will be communicated to you through changes to the Manual or other written communications, including via electronic mail. We may revoke approval of suppliers in our sole and absolute discretion at any time upon written notice. We may become an approved supplier, and/or the only supplier, for any item, product, good and/or service at any time. We reserve the right to own an interest in any entity that will act as an approved supplier for any or all products and services You will use in the Franchised Business.

(b) Right to Derive Income. We and/or our affiliates, may derive income, consideration, payments and other benefits on account of your purchase or lease of any products, services, supplies, equipment and/or other items from us or any supplier, including approved suppliers, and/or designated suppliers. This income may be derived in any form, including as a rebate from various suppliers based on the quantity of System franchisee purchases. We may use these benefits for any purpose we deem appropriate. We are not obligated to remit any benefits to you and reserve the right to retain all such benefits.

(c) Alternative Suppliers. If you want to purchase any item, product, service, goods, equipment or supplies from a supplier or distributor who is not on our approved list, you may request our approval of the supplier or distributor (except in instances where we have designated a sole supplier of any product, item, good, equipment, service or supplies), which we may grant or deny in our sole and absolute discretion. The proposed supplier's or distributor's product or service, as applicable, must conform in every respect to our standards and specifications and the supplier or distributor must have a good business reputation and be able and willing to provide sufficient quantities of the product and adequate service to you. The supplier or distributor must also provide us with any information we request in order to analyze the supplier's or distributor's suitability, and the composition and conformity of the product to our standards. This evaluation may include a sampling of the product at either the supplier's/distributor's or our place of business, as we may designate. Where appropriate, we require the supplier or distributor to provide us with product liability insurance. All suppliers and distributors must agree to provide us with reports concerning all purchases by you or other franchisees. You or the supplier will be responsible for all costs and expenses we incur in the testing and approval process. There are no fees currently associated with seeking approval for alternative suppliers; however, we reserve the right to charge a fee. We cannot predict with any certainty how long its evaluation will take, however, we attempt to complete our evaluation within 30 days. Upon the completion of our evaluation, we inform you of our approval or disapproval of your request. If we approve the supplier or distributor, the supplier or distributor is added to our approved list, however, our approval of a supplier or distributor relates only to the item or product line evaluated and specifically approved by us.

Our standards, specifications and other criteria for supplier or distributor approval have been developed by us, our affiliates, and/or or principals through the expenditure of extensive work and time and are considered confidential information. Therefore, we do not make our standards and specifications or our other criteria for supplier or distributor approval available to you or suppliers.

(d) Modifications. We may modify our specifications and standards for any item or revoke our approval of any supplier or distributor who fails to adhere to our quality standards or other

requirements. We may limit the number of potential suppliers that we consider for approval and for some categories of products, we may designate a third party or ourselves as an exclusive supplier.

NEITHER FRANCHISOR NOR ITS AFFILIATES MAKE ANY EXPRESS OR IMPLIED WARRANTIES REGARDING ANY ITEM OR SERVICE, AND FRANCHISOR AND ITS AFFILIATES EXCLUDE (AND EXPRESSLY DISCLAIM) ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, except as set forth in a particular written warranty, if any, provided in connection with a particular item or service.

(e) Further Restrictions. You shall not offer or sell any product, item or service we have not designated or expressly approved in writing without our prior written consent, which may be granted or withheld in our sole and absolute discretion. In the event that you fail to comply with this restriction, and fail to cure your violation within seven days' from notice from us to do so, we will assess an Unapproved Product or Vendor Penalty Fee as set forth in Section 6.21. We reserve the right to sell products and services to you for a profit.

(f) Purchasing Programs; Promotional Programs. We may establish national or regional purchasing programs for the purpose of negotiating purchases of certain products and/or services from approved or designated suppliers. The purchasing programs may (but are not required to) benefit you by reducing prices, increasing reliability in supply, improving distribution, establishing consistent pricing for reasonable periods to avoid market fluctuations. If a national and/or regional purchasing program is established for the region where your Franchised Business is located, you must participate in the program.

(g) Pricing. You must offer all Proprietary Services, products and services that we designate. To the fullest extent permitted by applicable law, we reserve the right to establish maximum, minimum or other pricing requirements with respect to the prices You may charge for products or services We may change the types of authorized goods and services, and the prices for authorized goods and services sold by You, in our sole discretion. There are no limitations on our right to make changes.

7.3.4. Inspections

In an effort to advance the protection and enhancement of the System, the brand and the Marks, Franchisor and its designated agents or representatives may conduct periodic quality control and records inspections of the Transformation Center at any time during the Term. Inspections may be made with or without prior notice. Without limiting the foregoing, you grant Franchisor and its agents the right to (a) enter upon the Center premises for the purpose of conducting inspections. You shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and (b) photograph your Center and observe and record video of your Center's operation for consecutive or intermittent periods as Franchisor deems necessary; (c) interview your Franchised Business's personnel and customers; and (d) inspect and copy any books, records and documents related to your Franchised Business's operation. You shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. You further agree that You will reimburse Franchisor for its representative's time and travel expenses if an additional inspection at the Center is required when a violation has occurred and You have not corrected the violation.

7.3.5. Customer Satisfaction Program

You must present customers with such evaluation cards or forms as the Franchisor may periodically prescribe, for return by the customers to Franchisor. If Your scores from the customer response forms do not meet Franchisor's then current standards, as described in the Manual, Franchisor may suggest ways in which You can improve Your scores. Franchisor has the right to require you to use Franchisor's designated

vendor for certain services relating to customer service and to pay such vendor the fees the vendor requires in connection with the provision of services. If You do not take immediate, effective steps to bring Your operation into conformity with Franchisor's standards, Your failure to do so will constitute a material breach of this Agreement, and You shall be subject to termination pursuant to Section 10.

You (the owner or Your Designated Manager) shall respond to all customer complaints, suggestions and the like via e-mail, telephone, or regular mail within 48 hours of submission by the member or prospective member.

7.3.6. Maintenance Requirements

All equipment repairs shall be completed within seventy-two (72) hours. Any damaged or "worn" equipment or furniture shall be repaired (reupholstered, etc.) every three months as needed. Interior walls of common areas shall be painted or "touched up" every three months, or sooner as needed. You shall maintain the Center in accordance with our specifications, including the requirements set forth in the Manual.

7.3.7. Notification of Complaints

You shall notify Franchisor promptly if You are served with a complaint in any legal proceeding that is in any way related to the Center or if You become aware that You are the subject of any complaint to or investigation by a governmental agency, governmental licensing authority or consumer protection agency. You shall notify Franchisor immediately upon receipt of any notice of a breach of the lease agreement for the premises of the Center.

7.3.8 Computer System Requirements.

You shall purchase and maintain a computer and point of sale system, as designated by Franchisor, ("POS System") to be used in the operation of the Franchised Business and for reporting purposes. You shall comply with the following provisions relating to the POS System:

(a) You shall update and upgrade the POS System as designated by Franchisor. Franchisor may require you to enter into a separate maintenance and/or support agreement for your POS System at any time, at your sole cost and expense.

(b) You shall record all sales at or from the Franchised Business at the time of sale, in accordance with Franchisor's procedures and on the POS System.

(c) You shall comply with such requirements determined by Franchisor from time to time regarding maintenance, training, storage and safeguarding of data, records, reports and other matters relative to the POS System.

(d) Franchisor has the right to independently access any and all information on your POS System at any time, without first notifying you. Without limiting the generality of the foregoing, you shall, at your sole cost and expense permit Franchisor immediate access to your POS System, electronically or otherwise, at all times without prior notice to you. Franchisor shall have the right to use the information accessed on the POS System in any manner Franchisor determines, including the right to use any and all such information in Franchisor's Franchise Disclosure Document, and to share financial statements, including profit and loss statements, with other System franchisees.

FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH REGARD TO THE POS SYSTEM OR ANY THIRD PARTY MATERIALS. FRANCHISOR AND ITS AFFILIATES DISCLAIM ANY AND ALL WARRANTIES RELATED TO THE POS SYSTEM, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, INTEROPERABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, QUIET ENJOYMENT, OR THOSE ARISING FROM TRADE USAGE OR COURSE OF DEALING. FRANCHISOR AND ITS AFFILIATES DO NOT WARRANT THAT THE POS SYSTEM WILL BE FREE FROM DEFECTS OR THAT USE OF THE POS SYSTEM WILL BE UNINTERRUPTED OR ERROR FREE.

IN NO EVENT WILL FRANCHISOR OR ITS AFFILIATES BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY DAMAGES ASSOCIATED WITH LOSS OF USE, INTERRUPTION OF BUSINESS, LOSS OF DATA OR LOSS OF PROFITS) ARISING OUT OF OR IN ANY WAY RELATED TO THE POS SYSTEM OR ITS USE.

7.3.9 Data Security

You shall use your best efforts to protect your members against any and all data breaches and cyber-events, including, without limitation, identity theft or theft of personal information (a "Data Security Breach"). If a Data Security Breach occurs, in the interest of protecting the goodwill associated with The Max Challenge® brand and the System, Franchisor hereby reserves the right to (but does not undertake the obligation to) directly or through its designee, perform or control any and all aspects of the response to such Data Security Breach, including, without limitation, the investigation, containment and resolution of the event and all communications with the franchise system, vendors and suppliers, customers, law enforcement agencies, regulatory authorities and the general public. You hereby acknowledge and agree that a Data Security Breach and/or any response to a Data Security Breach may impact operations of the Center, including, without limitation, interruption in operations. You hereby acknowledge and agree that neither Franchisor, nor any of its parents, affiliates, subsidiaries, owners, officers, directors or employees shall be liable to You for any damages arising out of or resulting from any Data Security Breach or any action or inaction in response to a Data Security Breach. You shall at all times be compliant with all Payment Card Industry Data Security Standards, any and all requirements imposed by all applicable payment processors and payment networks, including credit card and debit card processors, and any and all state and federal laws, rules and regulations relating to data privacy, data security and security breaches. You hereby acknowledge and agree that if Franchisor engages or designates a third party service provider to administer a data security program, you will be required to comply with the requirements of such service provider. It is your responsibility to ensure that you operate the Center at all times in compliance with all aforementioned laws, rules, regulations and requirements and you are strongly encouraged to engage legal and data security professionals, including insurance providers, to ensure your full compliance and adequate protection.

## 7.4. Participation in Max Challenge Max Mobile App; Customer Rewards; Max Challenge Winner Awards; and Reciprocity Programs

7.4.1. Max Challenge Mobile App

Franchisor reserves the right, in its sole discretion, to offer a Max ("Max Mobile App") which shall be a member-facing application that will assist them with their Max Challenge transformation journey; in the event that Franchisor offers any such Max Mobile App, you shall participate in, and promote the use of, the Max Mobile App to your Center's members. Franchisor may, in its sole discretion, provide Max

Mobile App services to you directly or via a third party. In the event that Franchisor contracts with any a third-party service provider directly, you shall be required to pay us the Max Mobile App Fee as set forth in Section 6.14 for such services. In our sole discretion, we reserve the right to modify (or discontinue) the Max Mobile App and/or to require you to contract directly with, and make payment to, any such third-party service Max Mobile App provider we designate (in which case the Max Mobile App Fee would not be paid to us but would instead be paid to such third-party).

7.4.2. Rewards Program

Franchisor may establish, from time to time, a membership rewards program for certain members. The rewards program may entitle the member to discounts on certain retail products, as well as other benefits. You shall honor all such discounts, promotions, and other benefits we mandate through the Operations Manual. Franchisor reserves the right to discontinue its member rewards program(s) at any time.

7.4.3. Reciprocity of Membership

Membership in the System entitles members to access and usage of any Center they choose to visit. You shall honor the membership cards of all members, regardless of the Center from which they enrolled. Without limiting the foregoing, subject to restrictions imposed pursuant to applicable law, you must comply with any and all reciprocal access programs and all other membership programs and policies Franchisor may develop in its business discretion during the term of this Agreement.

7.4.3 Ten-Week Challenge Winner Award

You shall offer the ten-week challenge program in accordance with Franchisor's standards and specifications, including in compliance with the specifications set forth in the Manual. Unless prohibited by applicable law, you shall be required to promote and offer one or more awards, which may include free membership for a designated period of time and/or monetary awards, to winners of each ten-week challenge in accordance with our specifications as communicated to you through the Manual or through other written communications we may issue from time to time. It is your responsibility to ensure that you operate your Center in accordance with all applicable laws, rules and regulations, including those pertaining to any and all products, services, promotions, awards, prizes offered, promoted or provided to your Center's members. You are strongly advised to consult with an attorney in your area to determine such compliance.

## 7.5. Management and Personnel

You are not required to devote a minimum number of hours to the management and operation of Your Center. However, Your Designated Manager must devote his or her full time (in no event less than 30 hours per week) and best efforts to the operation of the Center. Without limiting the foregoing your Designated Manager or another employee who has successfully completed Franchisor's initial training program shall be present at the transformation center whenever the Center is open for business. You shall maintain at all times a staff of competent, conscientious and trained employees sufficient to operate the Center in compliance with Franchisor's standards and specifications. Your Designated Manager and any and all persons who attend our initial training program must sign a confidentiality and non-competition agreement in the form we specify as a condition of employment. Franchisor does not direct or control labor or employment matters for You or Your employees, or for any of Franchisor's franchisees and/or their employees. Franchisor may make suggestions and may provide guidance relating to such matters, however it is entirely Your responsibility to determine whether to adopt, follow and/or implement any of our

suggestions or guidance. Notwithstanding anything contained in this Agreement to the contrary, mandatory specifications, standards and operating procedures, including as set forth in any manual, do not include the terms or conditions of employment for any of your employees, nor do they include mandated or required personnel policies or procedures.

## 7.6. Advertising

### 7.6.1. Enrollment – Pre- Opening Advertising

You shall spend at least twenty thousand dollars ($20,000) for a Stand-Alone Transformation Center or ten thousand dollars ($10,000) for an Express Transformation Center on a grand opening advertising program ("Pre-Opening Advertising Expenditure") conducted in accordance with the guidelines for such a program in the Manual, in addition to your regular monthly Local Advertising pursuant to Section 7.6.2 of this Agreement. If you do not provide Franchisor with proof that you have satisfied your Pre-Opening Advertising Requirements, Franchisor or its designee may collect an Local Advertising Deficiency Fee as set forth in Section 6.10.

Platform costs (such as, but not limited to, ENE, SOCi and Twilio) shall not count towards your First Year Marketing Expenditure. Such grand opening must occur before you open your Transformation Center within the time period we designate or approve (the "Pre-Opening Period").

You must submit to us a written marketing plan detailing how you plan to expend your Pre-Opening Advertising Expenditure, which plan must include the marketing channels you plan to use and all other information we require.

During the Pre-Opening Period, you will be required to begin enrolling members for your Center. You may conduct pre-opening membership enrollment from a temporary office space located at or near your Center location. You acknowledge that you may incur rent and other costs associated with pre-opening registration and enrollment activities. You will not be authorized to open until you have enrolled at lease one hundred (100) members.

You shall purchase a Grand Opening Package, which includes a tablecloth, retractable banner and table display, from Franchisor or its designee before you open your Center on or before the date we specify. Within fifteen (15) days following the expiration of the Pre-Opening Period, you must furnish Franchisor evidence as Franchisor may reasonably require to verify your compliance with the Pre-Opening Advertising Expenditure requirements.

### 7.6.2. Local Advertising

#### 7.6.2.1 Local Advertising Generally.

Local advertising is your responsibility. You should spend all such appropriate amounts on local advertising that you deem necessary and appropriate to drive the enrollment and sales activity of your Transformation Center. Notwithstanding the foregoing, Franchisor has established certain minimum local advertising expenditure requirement that you must comply with. These amounts will vary depending on the phase of your business.

#### 7.6.2.2 First Year Marketing Expenditure.

In addition to the Pre-Opening Advertising Expenditure (as set forth above in Section 7.6.1), you must expend $36,000 for a Stand-Alone Transformation Center or $24,000 for an Express Transformation Center

on local advertising, marketing and search engine optimization during your first year of operations (the "First Year Marketing Expenditure") as follows: (a) you must spend no less than $24,000 for a Stand-Alone Transformation Center or no less than $12,000 for an Express Transformation Center during the first six (6) months of operations; and (b) you must spend no less than the greater of $3,000 or ten percent (10%) of Gross Sales, per month for the seventh (7th) through the twelve (12th) month of operations. You must submit to us a written marketing plan detailing how you plan to expend your First Year Marketing Expenditure, which plan must include the marketing channels you plan to use and all other information we require. For the avoidance of doubt, amounts paid for platforms (such as, but not limited to, ENE, SOCi and Twilio) do not count towards your First Year Marketing Expenditures. We may, in our sole discretion, require you to use marketing materials that we provide to you (including social media posts). From time to time, Franchisor (or its affiliates) may offer full-service social media marketing support to franchisees; in the event that such services are offered, you shall have the option, but shall not be required, to enter into a separate contract with us (or our affiliate) to provide you with such services; you understand and agree that any such services shall be outside of the scope of this Agreement and shall be defined pursuant to such separate agreement.

7.6.2.3 Normal Operations.

Commencing with the thirteenth (13th) month of operation and continuing through the end of the Term, you shall spend no less than the greater of $3,000 or ten percent (10%) ) of Gross Sales per month, whichever is greater, on local advertising and promotion that conforms to the specifications in the Manual. In the alternative, we may require you to expend not less than $3,000 (or ten percent (10%) ) of Gross Sales if greater) promoting the next up-coming ten-week challenge during the forty-five day period leading up to the next upcoming ten-week challenge. We shall have the right to require you to spend an amount we designate on search engine optimization ("SEO"). For purposes of this paragraph, "local advertising" means advertising that is primarily directed to persons or entities within Your Approved Territory; "local advertising" does not include amounts paid for platforms (such as, but not limited to, ENE, SOCi and Twilio). You shall submit, on the date designated by Franchisor, copies of invoices or receipts to Franchisor for advertising materials or media or both showing compliance with the provisions of this paragraph. Advertising expenditures in excess of the required minimum in any month may be used to offset shortfalls in any later month, as long as the total advertising expenditures for Your fiscal year to date, on a cumulative basis, equal or exceed the stated minimum at all times.

7.6.2.4 Highly Competitive Periods.

During times of increased competition, as we will determine in our sole discretion, you may be required, at our request, to increase your Local Advertising Requirement to no more than twelve percent (12%) of gross revenue from the Transformation Center per month. For any such period of time that we designate an increased local advertising requirement, that amount will be your Local Advertising Requirement and be subject to the local advertising deficiency fee below if you do not comply.

7.6.2.5 Deficiency.

If you do not provide Franchisor with proof that you have satisfied the First Year Marketing Expenditure or your then-current Local Advertising Requirement, upon demand, Franchisor or its designee may collect an Local Advertising Deficiency Fee as set forth in Section 6.10.

7.6.3. National Marketing and Advertising

You shall contribute, in the manner prescribed by Franchisor, two percent (2%) of Your Gross Sales per month, or $200 per month, whichever is greater, to the marketing and advertising fund (the "Brand Fund") to be used for marketing, advertising and promotion of the brand.

Franchisor or its designee shall direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. You acknowledge and agree that the Brand Fund is intended to maximize general public recognition, acceptance, and use of the System; and that Franchisor and its designee are not obligated, in administering the Brand Fund, to make expenditures for You that are equivalent or proportionate to Your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund. You acknowledge and agree that Franchisor's administration of the Brand Fund does not create any fiduciary relationship between You and Franchisor. The Brand Fund is not a trust. Franchisor has no fiduciary obligation to you for administering the Brand Fund or for any other reason. Franchisor will not use contributions to the Brand Fund principally to develop materials and programs to solicit franchisees. However, media, materials and programs prepared using Brand Fund contributions may describe the System franchise program, reference the availability of franchises and related information and process franchise leads.

The Brand Fund, all contributions thereto, and any earnings thereon, may be used for creating, producing, maintaining, administering, directing, conducting, printing and preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting television, radio, Internet, mobile applications, magazine, newspaper and other media advertising campaigns; search engine optimization; developing and/or hosting an Internet web page or similar activities; conducting market research; providing other marketing materials to franchisees; direct mail advertising; on-line Internet advertising and marketing including click-through charges paid to search engines, sources of banner advertising and host sites; marketing surveys and other public relations activities; employing advertising and/or public relations agencies; printing and production costs; purchasing promotional items, conducting and administering visual merchandising, promotions and merchandising programs; and providing promotional and other marketing materials and services. Advertising may be local, regional or national, in any type of media, including Internet, print, radio and/or television.

The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by Franchisor, which products, services, or improvements Franchisor deems, in its sole discretion, will promote general public awareness and favorable support for the System. You expressly acknowledge that the Brand Fund contributions may be used to pay administrative expenses to Franchisor or its designee. Administrative expenses may include amounts equivalent to salaries, travel and other expenses of Franchisor or its designee's employees whose services are provided to further the purposes and efforts of the Brand Fund. Franchisor has no obligation to segregate Brand Fund contributions or maintain accounts separate from its other funds. Brand Fund contributions may be commingled with funds in Franchisor's general accounts. Franchisor expects to use an amount equal to all contributions made in any fiscal year, but any monies remaining in any Brand Fund at the end of any year will carry over to the next year. The Brand Fund will not be audited, unless Franchisor elects to require an audit, in which event all expenses for the audit will be paid out of Brand Fund contributions.

Franchisor is not required to prepare or provide you with any statements relating to the Brand Fund, or expenditures of the Brand Fund, although Franchisor may do so at its option. The Brand Fund will not be audited, unless Franchisor decides, in its sole discretion, to require an audit. If Franchisor chooses to

require an audit, all expenses for the audit will be paid out of Brand Fund contributions. Franchisor may, but is not required to, create internally prepared, periodic statements of operations for the Brand Fund. These statements, if created, may be made available to you, upon your reasonable prior written request.

Franchisor may structure the Brand Fund's organization and administration in any way that Franchisor determines in its sole discretion. Franchisor may organize or reorganize the Brand Fund into a separate entity as Franchisor deems appropriate and Franchisor may transfer all Brand Fund contributions and assets to the entity. Franchisor may require you to pay the Brand Fund contributions directly to the entity.

Although the Brand Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Brand Fund. The Brand Fund shall not be terminated, however, until all monies in the Brand Fund have been expended for advertising and/or promotional purposes. Other System franchisees may be required to contribute to the Brand Fund at different rates. None of the Brand Fund contributions paid to us are refundable at any time, including upon termination or expiration of this Agreement.

7.6.4. ENE Services.

You are required to use our in-house digital marketing agency, ENE. Through ENE, you will have access to our proprietary lead management system. ENE will also manage your digital marketing needs including paid social media advertising and PPC campaigns in accordance with an agreed upon budget. Your service with ENE shall include texting/email messaging configured on your behalf and shall sent out to leads at a regular cadence. You must pay us the then-current monthly ENE Fee (currently, $750/month) in exchange for those services. Notwithstanding anything to the contrary contained herein, the ENE Fee shall not cover any costs that you may incur for texting/emailing through the platform; those costs shall be paid separately by you. In addition, you may not count the amounts you pay for ENE Fees towards your Pre-Opening Advertising Expenditures, First Year Marketing Expenditures, or your ongoing Local Advertising Requirements.

7.6.5. Signs

You shall permanently display, at Your own expense, on your Center, signs of any nature, form, color, number, location and size, and containing any legends, that Franchisor has designated in the Manual or otherwise in writing. Franchisor has the right to require you to change, modify, update, upgrade and/or change any and all signs used in connection with the operation of your Center at any time upon written notice to you.

## 7.7. Financial Information

7.7.1. Records

You shall establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system confirming to the requirements and formats we prescribe from time to time. Currently, we require you to purchase bookkeeping services from us pursuant to the Bookkeeping Services Agreement set forth as Exhibit 11, attached hereto and incorporated by reference herein, at the monthly fee set forth in Section 6 of this Agreement. You shall submit and provide us with access to any and all information we require to perform such services. We reserve the right to discontinue these services at any time, in which event you shall comply with our then-current standards and specifications relating to bookkeeping procedures. You shall record all sales and all receipts of revenue on individual serial-numbered receipts. Bank Deposits must validate all receipts. You shall retain daily sales reporting forms and accompanying records for at least three years after the date of sale (or for a longer period if required

by state or local law). You shall retain all other records and receipts used in the ordinary course of business. You shall furnish all records to Franchisor upon request.

7.7.2. Reports

You shall submit to Franchisor, on or before the tenth ($10^{th}$) day following the end of each month, financial reports on the income and expenses of the Center in the format specified in the Manual. You shall also submit to Franchisor, at the time of filing, copies of all federal, state and local income, sales, and property tax returns. Franchisor will use this data to confirm that You are complying with Your obligations under this Agreement and to formulate earnings and expense information for possible disclosure to prospective franchisees.

**7.8. Insurance**

You must, at all times, maintain insurance from companies financially rated A- or better, as follows:

A. If you have employees, workers' compensation insurance (including Voluntary Compensation) in the amount of such coverage prescribed by law in your Approved Territory, but not less than: five hundred thousand dollars ($500,000) - Each Accident; five hundred thousand dollars ($500,000) - Disease per Employee; five hundred thousand dollars ($500,000) – Disease Policy Limit;

B. Extended coverage for theft, vandalism and malicious mischief for all equipment, supplies and other property used in the operation of the fitness center (of not less than 100% of the replacement value of the same, except that an appropriate deductible clause will be permitted);

C. Business Interruption Insurance;

D. Employment Related Practices Insurance (inclusive of $3^{rd}$ Party Coverage) as prescribed by law in your Approved Territory, but not less than $500,000 per occurrence for each of the following: Sexual Harassment, Wrongful Termination, Discrimination, or Wrongful Failure to Employ or Promote; and

E. Comprehensive general liability insurance and product liability insurance coverage in such amounts and upon such terms as may from time to time be customary for a fitness business located in your Approved Territory, but not less than: $1,000,000 per occurrence/ $2,000,000 aggregate - Commercial General Liability; $1,000,000 per occurrence/ $2,000,000 aggregate – Products/Completed Operation; $1,000,000 per occurrence/ $2,000,000 aggregate – Personal/Advertising Injury; $100,000 per occurrence/ $200,000 aggregate – Sexual Abuse/Molestation; $1,000,000 per occurrence/ $2,000,000 aggregate – Hired/Non-Owned Auto; each of which must insure both you and us (including our parents, subsidiaries, affiliates, and their successors, and assigns) against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of your Center. Your general liability insurance policy must expressly include athletic participation, nutritional products, nutritional counseling, personal training, group training, martial arts.

You must also provide certificates of insurance evidencing your insurance coverage in compliance with these minimums before your Center opens for business, and each year when your policy renews.

Each insurance policy that is required under this Agreement must contain a provision that the policy cannot be canceled without thirty (30) days' prior written notice to Franchisor. It must be issued by an insurance company of recognized responsibility, designate Franchisor as an additional named insured, and

be satisfactory to Franchisor in form, substance and coverage. You shall deliver a certificate of the issuing insurance company evidencing each policy to Franchisor within thirty (30) days after the policy is issued or renewed.

### 7.9. Financial and Legal Responsibility

7.9.1. Compliance with Law

You shall comply with all federal, state, and local laws and regulations pertaining, directly or indirectly, to the Center. You shall keep current and legally compliant, all licenses, permits, bonds, and deposits made to or required by any government agency in connection with the operation of the Center. Certain states may specifically require a bond to operate a fitness center that sells memberships for three (3) month or more; You are responsible for determining and complying with these and all other requirements imposed by applicable law, rule or regulation.

7.9.2. Payment of Indebtedness

You shall pay promptly when due all taxes and debts that You incur in the conduct of Your business.

## 8. RELATIONSHIP OF PARTIES

### 8.1. Interest in Marks and System

You expressly understand and acknowledge that:

(a) MAX IP, LLC is the owner of all right, title, and interest in and to the Marks and the goodwill associated with and symbolized by them. MAX IP, LLC licensed Franchisor the right to use the Marks and sublicense use of the Marks to System franchisees.

(b) The Marks are valid and serve to identify the System and those who are authorized to operate under the System.

(c) Neither You nor any principal of You shall directly or indirectly contest the validity or Franchisor's ownership of the Marks, nor shall You, directly or indirectly, seek to register the Marks with any government agency, except with Franchisor's express prior written consent.

(d) Your use of the Marks does not give You any ownership interest or other interest in or to the Marks, except the license granted by this Agreement.

(e) Any and all goodwill arising from Your use of the Marks shall inure solely and exclusively to Franchisor's and/or MAX IP, LLC's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Your use of the System or the Marks.

(f) The right and license of the Marks granted hereunder to You is non-exclusive, and Franchisor thus has and retains the rights, among others:

(i) To use the Marks itself in connection with selling services, products and other items;

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

(iii) To develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to You.

## 8.2. Independent Status

It is expressly agreed that the parties intend by this Agreement to establish between you and Franchisor the relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in Franchisor's name or on Franchisor's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you nor Franchisor is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. All employees and agents hired or engaged by or working for you will be only the employees or agents of yours and will not, for any purpose, be deemed employees or agents of Franchisor, nor subject to Franchisor's control. Franchisor has no authority to exercise control over the hiring or termination of your employees, independent contractors, agents or others who work for you, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the brand and the Marks. You shall file your own tax, regulatory and payroll reports with respect to your employees, agents and contractors and you shall save, indemnify and hold Franchisor and its parents, affiliates, owners, officers, directors and subsidiaries harmless from any and all liability, costs and expenses of any nature that any such party incurs related to these obligations. You shall in all respects be an independent contractor, and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, joint-employer, partner, employee, or servant of the other for any purpose whatsoever. Without limiting the foregoing, You are an independent legal entity and must make this fact clear in Your dealings with suppliers, lessors, government agencies, employees, customers and others. You and Franchisor are completely separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense, and neither party has the right to bind the other. No act or assistance by either party to the other pursuant to this Agreement may be construed to alter this relationship. You are solely responsible for compliance with all federal, state, and local laws, rules and regulations, and for complying with Franchisor's policies, practices, and decisions relating to the operation of the Center, including, without limitation, any and all regulations pertaining to your membership agreements. You shall rely on Your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual. You may not expressly or implicitly hold Yourself out as an employee, partner, shareholder, member, joint venturer or representative of Franchisor, nor may You expressly or implicitly state or suggest that You have the right or power to bind Franchisor or to incur any liability on Franchisor's behalf. You may not use the Trade Name or Marks as part of Your corporate name, limited liability company name, or limited partnership name. There is no fiduciary duty between You and Franchisor.

## 8.3. Display of Disclaimer

You shall conspicuously display a sign that states that "THIS CENTER IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS" within each fitness center. Business cards, membership agreements, stationery, purchase order forms, invoices, and other documents that You use in Your business dealings with suppliers, government agencies, employees and customers must clearly identify You as an independent legal entity.

## 8.4. Confidentiality

You acknowledge and agree that the information, ideas, forms, marketing plans and other materials disclosed to You under this Agreement, whether or not included in the Manual, are confidential and proprietary information and trade secrets of Franchisor. Any and all information, knowledge, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this

Agreement, except information which You can demonstrate came to Your attention prior to disclosure thereof by Franchisor or which, at or after the time of disclosure by Franchisor to You, had become or later becomes a part of the public domain, through publication or communication by others. You agree to maintain the confidentiality of all such material. You may not disclose any such information to any third party, except to Your employees and agents as necessary in the regular conduct of the Center and except as authorized in writing by Franchisor. You shall be responsible for requiring compliance of Your Related Parties and employees with the provisions of this Section. You shall obtain signed Nondisclosure and Noncompetition Agreements, in the form of Exhibit 4 to this Agreement, from Your Related Parties and employees, and send Franchisor a copy of each such agreement upon demand.

**8.5. Mutual Indemnification**

You and your Related Parties agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, members, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of or related to your Franchised Business's operation, the business you conduct under this Agreement, the act or omission of you or any of your Related Parties, employees, agents or representatives, or your breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this paragraph. Without limiting the foregoing, if Franchisor is made a party to a legal proceeding in connection with Your act or omission, Franchisor may hire counsel to protect its interests and bill You for all costs and expenses incurred by Franchisor. You shall promptly reimburse Franchisor for such costs and expenses.

You shall notify Franchisor immediately when you learn about an infringement or challenge to your use of any Mark, including **The MAX Challenge**® and/or the **TAKE IT TO THE MAX, Fitness For the Mind, Body & Spirit**® marks. Franchisor will take the action Franchisor deems appropriate in any such situation. Franchisor has exclusive control over any proceeding or settlement concerning any of the Marks. You must take all actions that, in the opinion of Franchisor's counsel, may be advisable to protect and maintain Franchisor's interests in any proceeding or to otherwise protect and maintain Franchisor's interests in the Mark. While Franchisor is not required to defend you against a claim arising from your use of any of the Marks, Franchisor will indemnify and hold you harmless from all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark; provided that (a) your use is and has been in accordance with the terms of this Agreement and such other terms as may be specified by Franchisor, and (b) you notify us of the proceeding or alleged infringement in a timely manner and you have complied with Franchisor's directions regarding the proceeding. Franchisor has the right to control the defense and settlement of any proceeding. Franchisor will not reimburse you for your expenses and legal fees for separate, independent legal counsel or for expenses in removing signage or

discontinuing your use of any Mark. Franchisor will not reimburse you for disputes where Franchisor and/or any of its parents, affiliates, successors or assigns challenges your use of a Mark.

**8.6. Covenants**

8.6.1 In-Term.

(a) During the Term, You shall not, directly, or indirectly for yourself or through, on behalf of, or in conjunction with any person or entity, own, maintain, operate, engage in, consult with, provide any assistance to, or have any interest in a Competitive Business.

(b) You shall not divert or attempt to divert any business, client, or potential client of the Franchised Business or any other System Center to any competitor, by direct or indirect inducement or otherwise, or to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System. Notwithstanding the foregoing, the business(es) listed on Exhibit 8 to this Agreement shall not be deemed to be Competitive Businesses, so long as they only offer the services listed on Exhibit 8 and you are in full compliance with the Franchise Agreement.

8.6.2 Post-Term. You may not, for a continuous uninterrupted period commencing upon the expiration, transfer or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons (including your spouse or any immediate family member, or the spouse or any immediate family member of any personal guarantor of this Agreement), partnership, limited liability company or corporation, own, maintain, operate, engage in, provide any assistance to, or have any interest in:

(i) any Competitive Business that is located: (a) at the Center location; (b) within the Approved Territory; (c) within a radius of ten (10) miles of any other System Center location then in existence or under construction; or (d) within the state of New Jersey;

(ii) any franchise system that offers or sells franchises for the right to open or operate Competitive Businesses within the United States.

The term Competitive Business shall mean any and all businesses that are competitive with Centers including without limitation: any gym; fitness training business; any business which offers fitness training facility services, fitness training services, group fitness, group training, health club memberships, and/or physical training programs; any company offering exercise, health, wellness, weight loss and/or weight management services; and/or any business offering or selling products or services offered by Centers, including, without limitation, supplements and/or health related products.

8.6.3 You agree to obtain the individual written agreement of each of Your Related Parties to the provisions of this Section in the form of a Nondisclosure and Noncompetition Agreement, attached as Exhibit 4 to this Agreement within ten (10) days after each Related Party assumes that status with You. You shall provide a copy of each such Agreement to Franchisor upon demand.

8.6.4 You agree that the length of time in 8.6.2 will be tolled for any period during which you are in breach of the covenant or any other period during which Franchisor seeks to enforce this Agreement. The parties agree that the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any court of competent jurisdiction determines that the geographic limits, time period or line of business defined by this Article 8 is unreasonable, the parties agree that such a court

of competent jurisdiction may determine an appropriate limitation to accomplish the intent and purpose of this Section and the parties, and each of them, agree to be bound by such determination.

## 9. TRANSFER OF FRANCHISE

### 9.1. Purpose of Conditions for Approval of Franchisee

Franchisor' grant of this franchise is made in reliance upon your integrity, ability, experience and financial resources. You hereby acknowledge that the rights and duties created by this Agreement are personal to you. Accordingly, you must obtain Franchisor's prior written consent and comply with the terms and conditions of this Agreement before effectuating any Transfer. Any actual, attempted or purported Transfer occurring without Franchisor's prior written consent will constitute a material default of this Agreement and shall be deemed null and void. In order to ensure that no Transfer jeopardizes the Trade Name, the Marks, or Franchisor' interest in the successful operation of the Center, Franchisor will consent to a Transfer only if You comply with the provisions of Sections 9.2 and 9.3 of this Agreement and if all of the conditions described in Section 9.4 are fulfilled.

### 9.2. Notice of Proposed Transfer

If You would like to effectuate a Transfer (other than pursuant to Section 9.5 of this Agreement), you shall submit to Franchisor: (a) the form of franchise application currently in use by Franchisor, completed by the prospective transferee; (b) a written notice, describing all the terms and conditions of the proposed transfer; and (c) the transfer fee described in Section 6.8 of this Agreement. If Franchisor does not approve the proposed transfer, Franchisor will return the transfer fee to You after deducting direct costs incurred in connection with the proposed transfer.

### 9.3. Right of First Refusal

Any party holding any interest in You or in the franchise granted by Franchisor pursuant to this Agreement and who desires to accept any bona fide offer from a third party to purchase such interest or the Center (including any sale of substantially all of the assets of the Center) shall notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. For purposes of this Agreement, the term bona fide offer shall mean an executed written offer containing the purchase price denominated in a dollar amount and details regarding payment terms, an earnest money deposit and a complete franchise application from a fully disclosed offeror including detail on the ownership breakdown and structure of the offeror. In addition, the following procedures and provisions shall apply:

9.3.1 Upon Franchisor's request, Franchisee must provide Franchisor with any information about the business and operations of the Center and the offeror that Franchisor requests.

9.3.2 Franchisor shall have the right and option, exercisable within 30 days after receipt of such written notification and all information requested under subsection 9.3.1, to send written notice to the seller that Franchisor intends to purchase the seller's interest, or the Center, as applicable, on the same terms and conditions offered by the third party and at the same price. If Franchisor does not provide written notice to the seller within the 30-day period, then Franchisor will be deemed to have not exercised the right of first refusal provided to it under Section 9.3.

9.3.3 If Franchisor elects to purchase the seller's interest, closing on such purchase must occur within 60 days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor exercises its option, Franchisor will waive the transfer fee described in Section 9.4(f). Any material change

in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer.

9.3.4 Failure of Franchisor to exercise the option afforded by Section 9.3 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 9.4 with respect to a proposed transfer, including, without limitation, the requirement that Franchisee obtains Franchisor's prior written consent.

9.3.5 If the consideration, terms, or conditions offered by a third party include assets not related directly to the Center or otherwise are such that Franchisor may not reasonably be required to furnish the same consideration, terms, or conditions, then Franchisor may purchase the interest in the Center proposed to be sold for an amount reasonably allocable to that interest, the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, or conditions allocable to the interest in the Center, an independent appraiser shall be mutually designated by You and Franchisor, and such independent appraiser's determination shall be binding.

**9.4. <u>Conditions for Consent to Transfer</u>**

Franchisor may condition its approval of any proposed Transfer upon Your satisfaction of certain conditions, including the following:

(a) Satisfaction of Franchisor that the proposed buyer meets all of the criteria of character, business experience, financial responsibility, net worth and other standards that Franchisor customarily applies to new franchisees at the time of Transfer;

(b) Payment of all Your outstanding debts to Franchisor;

(c) Cure of all defaults under the Franchise Agreement, any other agreement(s) between Franchisor, or its Related Parties and You, and under the Manual;

(d) At Franchisor's option, signing by the buyer of the then-current form of franchise agreement, appropriately amended in light of the fact that the business is already operational, and payment by the buyer of fifty percent (50%) of the then-current Initial Franchise Fee plus one hundred percent (100%) of the then-current initial training fee to Franchisor;

(e) Signing by the buyer of an assumption of all liabilities and benefits of the existing franchise agreement;

(f) Your payment of the transfer fee and the Supplemental Transfer Fee described in Article 6 of this Agreement;

(g) Completion by the buyer of the Franchisor initial training program to Franchisor's satisfaction;

(h) At Franchisor option, modernization of the Center to meet Franchisor's then-current standards and specifications; and

(i) You and Your Related Parties that are parties to this Agreement and the transferee and its owners shall have executed Consent to Transfer and Release Agreement, which agreement will contain a general release, in a form satisfactory to Franchisor, of any and all claims

against Franchisor and its Related Parties, affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between You and Franchisor or its affiliates, and federal, state, and local laws and rules.

**9.5 Transfer from an Individual Owner to a Corporation, Limited Liability Company or other Entity**

If you are an individual, you may, during the eight (8) month period after the Effective Date, and after obtaining our prior written consent, transfer and assign all of your rights and obligations under this Agreement to a corporation, limited liability company or other entity that is wholly owned by you (the "Legal Entity"); provided that you satisfy the Assignment to Legal Entity Conditions (as set forth in paragraphs 9.5.1 through 9.5.4 below). Such an assignment to a Legal Entity will not be subject to the Right of First Refusal, as set forth in Section 9.3 of this Agreement, or to the conditions of transfer set forth in Section 9.4 of this Agreement:

9.5.1 You cause the Legal Entity in its articles of incorporation or operating agreement, as applicable, to provide that its purpose and business activities are to be confined exclusively to the operation of the Center as authorized by, and in accordance with, the terms and conditions of this Agreement;

9.5.2 You and the Legal Entity enter into Franchisor's then-current form of Assignment and Assumption Agreement and Certification of Ownership Acknowledgment, and each owner in the Legal Entity executes Franchisor's then-current form of Personal Guaranty and Subordination Agreement;

9.5.3 You are in Good Standing under this Agreement both at the time of your request for the proposed assignment and on the date the assignment to the Legal Entity is to be effectuated;

9.5.4 You and the Legal Entity have executed a general release, in a form satisfactory to us, of any and all claims against us and our members, officers, directors, employees, affiliates and agents;

9.5.5 If the assignment takes place more than eight months after the Effective Date, you must pay to us an assignment fee in the amount of $2,000 to compensate us for all of our expenses for the administration of the Transfer, including the preparation, execution and filing of all documentation required by us in connection with the Transfer.

**9.6 Assignment Upon Death; Disability**

If You die within the term of this Agreement, Your heirs or beneficiaries may have sixty (60) days within which to demonstrate to Franchisor's satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth and other standards that Franchisor requires of new franchisees at that time. If Franchisor approves Your heirs or beneficiaries as transferees of the franchise and they meet the other conditions of Transfer, Franchisor will waive any transfer fee in connection with the transfer. If Franchisor advises Your heirs or beneficiaries in writing that Franchisor will not approve them as transferees of the franchise, or if Franchisor fails to approve or disapprove the transfer within sixty (60) days following Your death, Your heirs or beneficiaries may have one hundred twenty (120) additional days from the date of disapproval of the transfer or the end of the sixty (60)-day period, whichever is first, within which to find and notify Franchisor of a proposed Transfer to a qualified buyer in conformity with the provisions of Sections 9.2, 9.3, and 9.4 of this Agreement. If Your heirs or beneficiaries do not advise Franchisor of a qualified buyer within the specified period, the franchise will automatically terminate at the end of the period unless Franchisor has granted a written extension of time.

Upon Your permanent disability or the permanent disability of any person with a controlling interest in You, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 9 within six (6) months after notice to You. "Permanent disability" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months and from which condition recovery within six consecutive months from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 9.6 as of the date of refusal. Franchisor shall pay the cost of the required examination.

### 9.7 Assignment by Franchisor

Franchisor shall have the right directly or indirectly, to sell, assign, transfer or otherwise dispose of or deal with this Agreement, or any or all of our rights and obligations under this Agreement, to any individual, firm, partnership, association, bank, lending institution, corporation, limited liability company or other person or entity as we may in our sole discretion deem appropriate. In the event of any such transfer, we will be released from any liability under this Agreement for the obligations transferred.

## 10. TERMINATION OF FRANCHISE

### 10.1. Termination by Consent of the Parties

This Agreement may be terminated upon the mutual written consent of the parties.

### 10.2. Termination by Franchisor

10.2.1. Immediate Termination upon Notice of Default

Upon the occurrence of any of the following defaults, Franchisor at its option, may terminate this Agreement effective immediately upon written notice to you:

(a) If You misuse the Trade Name, Marks or the System;

(b) If You engage in conduct which reflects materially and unfavorably upon the goodwill associated with the Trade Name, Marks, or System;

(c) If You use in the Center or any advertising for the Center any names, marks, systems, logotypes or symbols that Franchisor has not authorized You to use;

(d) If You or any of Your Related Parties has any direct or indirect interest in the ownership or operation of any business other than the Center that is confusingly similar to the Center or uses the System or the Marks;

(e) If You fail to give Franchisor a signed copy of the Nondisclosure and Noncompetition Agreement, a form of which is attached hereto as Exhibit 4, for each of Your Related Parties within ten (10) days after Franchisor requests it;

(f) If You attempt to assign or Transfer Your rights under this Agreement in any manner not authorized by this Agreement;

(g) If You or Your Related Parties have made any material misrepresentations in connection with the acquisition of a Center or to induce Franchisor to enter into this Agreement;

(h) If You act without Franchisor's prior written approval or consent in regard to any matter for which Franchisor's prior written approval or consent is expressly required by this Agreement;

(i) If You cease to operate the Center, unless: (i) the suspension is caused by fire, condemnation, or other act of God; and (ii) operations are suspended for a period of no more than one hundred eighty (180) days;

(j) If You fail to permanently correct a breach of this Agreement or to meet the operational standards stated in the Manual after being twice requested in writing by Franchisor to correct a similar breach or meet any similar standard in any twelve (12) month period;

(k) If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Center;

(l) Except as otherwise required by the United States Bankruptcy Code, if You become insolvent, are adjudicated a bankrupt, or file or have filed against You a petition in bankruptcy, reorganization or similar proceeding;

(m) If You or any of your Related Parties plead guilty to, plead no contest to, or are convicted of, 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 or Marks, the goodwill associated therewith, or Franchisor's interest therein; or

(n) If You knowingly maintain false books or records, or submit any false reports to Franchisor.

10.2.2. Termination after Five Days' Notice to Cure

Franchisor at its option may terminate this Agreement, effective five (5) days after written notice is given to You, if You fail to make any payment when due under this Agreement or any other agreement between You and Franchisor or a Related Party of Franchisor.

10.2.3. Termination after Thirty Days' Notice to Cure

Upon the occurrence of any of the following defaults, Franchisor at its option may terminate this Agreement after thirty (30) days' notice to cure is given to You:

(a) If You fail to submit to Franchisor in a timely manner any information You are required to submit under this Agreement;

(b) If You fail to begin operation of the Center within the time limits as provided in this Agreement

(c) If You fail to operate Your Center in accordance with this Agreement;

(d) If you fail to operate Your Center in accordance with the Manual;

(e) If You fail to offer any service and/or program you are required by Franchisor to offer;

(f) If You default in the performance of any other obligation under this Agreement or any other agreement with Franchisor or its Related Party.

Under this Section 10.2.3, Franchisor may terminate this Agreement only by giving written notice of termination stating the nature of such default to You at least thirty (30) days prior to the effective date of termination; provided, however, that You may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to You effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

**10.3. Rights and Obligations After Termination or Expiration**

Upon termination of this Agreement for any reason, the parties will have the following rights and obligations:

(a) Franchisor will have no further obligations under this Agreement.

(b) You shall give Franchisor a final accounting for the Center, pay Franchisor and its Related Parties within thirty (30) days after termination all payments due to Franchisor or its Related Parties, and return the Manual and any other property belonging to Franchisor.

(c) You shall immediately and permanently cease to operate the Center. You shall immediately and permanently stop using the Marks or any confusingly similar marks, the System, or any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that You are operating a Center; You shall refrain from any statement or action that might give others the impression that You are or ever were affiliated with the System or the Transformation Network.

(d) You shall promptly sign any documents and take any steps that in the judgment of Franchisor are necessary to delete Your listings from classified telephone directories, and terminate all other references and advertisements that indicate You are or ever were affiliated with Franchisor or a Center. By signing this Agreement, You irrevocably appoint Franchisor as Your attorney-in-fact to take the actions described in this paragraph if You do not do so Yourself within seven (7) days after termination of this Agreement. You further irrevocably assign your telephone numbers listed on Exhibit 3 to Franchisor; you shall disconnect or, at Franchisor's option, assign to Franchisor all telephone numbers that have been used in the Center.

(e) You shall maintain all records required by Franchisor under this Agreement for a period of not less than three (3) years after final payment of any amounts You owe to Franchisor and its Related Parties when this Agreement is terminated (or such longer period as required by applicable law).

(f) Franchisor has an option to purchase the business from you, including but not limited to, any or all of the physical assets of the Center, including its equipment, supplies and inventory, during a period of sixty (60) days following the effective date of termination, valued as follows:

1. The lower of depreciated value or fair market value of the equipment, supplies and inventory; and

2. Depreciated value of other tangible personal property calculated on the straight-line method over a five (5) year life, less any liens or encumbrances.

Franchisor must send written notice to You within thirty (30) days after termination of this Agreement of its election to exercise the option to purchase. If the parties do not agree on a price within the option period, the option period may be extended for up to fifteen (15) business days to permit appraisal by an independent appraiser who is mutually satisfactory to the parties. If the parties fail to agree upon an appraiser within the specified period, each will appoint an appraiser and the two appraisers thus appointed must agree on a third appraiser, and together, within sixty (60) days after termination they shall determine the price for the physical assets of the Center in accordance with the standards specified above. This determination will be final and binding upon both Franchisor and You.

We may exclude from the assets appraised any signs, equipment, inventory, and materials that are not reasonably necessary (in function or quality) to the operation of the Center or that we have not approved as meeting Franchisor's then current standards; the purchase price determined by the appraisal will reflect such exclusions (the "Purchase Price).

You and we agree that the Purchase Price shall be paid at a closing date not later than ninety (90) days after Determination. We have the right to offset against the Purchase Price any and all amounts that you or your Related Parties owe Franchisor and its Related Parties.

At closing, you agree to deliver instruments transferring: (i) good and marketable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and transfer taxes paid by you; (ii) all licenses and permits related to the business which can be assigned; (iii) the leasehold interest in the Approved Location; (iv) a release agreement signed by You and your Related Parties in a form and substance acceptable to Franchisor; and (v) such other documentation as Franchisor may reasonably request.

(g) Franchisor has an option to replace You as lessee under any equipment lease or note for equipment that is used in connection with the Center. Upon request by Franchisor, You shall give Franchisor copies of the leases for all equipment used in the Transformation Center immediately upon termination. Upon request by Franchisor, You shall allow Franchisor the opportunity, at a mutually satisfactory time, to inspect the leased equipment. Franchisor must request the information and access described in this paragraph within fifteen (15) days after termination; it must advise You of its intention to exercise the option within fifteen (15) days after it has received the information and/or inspected the equipment. Franchisor may assume any equipment lease in consideration of its assumption of future obligations under the lease. Upon exercise of this option by Franchisor, You shall be fully released and discharged from future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when the option is exercised.

(h) If Franchisor declines to purchase or assume the lease on Your equipment, You may sell it to either another System franchisee or, with Franchisor prior written approval you may de-brand the equipment and sell it to a non-franchisee.

(i) You may not sell, or in any way divulge, the client list of Your Center.

(j) If the premises are leased from a third party, and if Franchisor elects, the Franchisee shall immediately assign its interest in the lease to the Franchisor and immediately surrender possession of the premises to the Franchisor. The Franchisee is and remains liable for all of its obligations accruing up to the effective date of any lease assignment.

(k) Franchisee shall abide by the post-termination non-compete covenant in Section 8.6 of this Agreement.

(l) Liquidated Damage Fee. If this Agreement is terminated as a result of a default by You, You shall pay to us liquidated damages in an amount equal to the aggregate Royalty Fees and Advertising Fees you owed to us under this Agreement during the 36 full calendar months during which your Center was open and operating immediately before the termination date. If the Center has not been open and operating for at least 36 months before the termination date, liquidated damages shall be equal to (x) the average monthly Royalty Fees and Other Continuing Monthly Fees owed under this Agreement for all months during which the Center was open and operating, multiplied by (y) 36. You shall pay the Liquidated Damage Fee to us no later than ten (10) days following the date this Agreement is terminated. The parties hereto acknowledge and agree that it would be impractical to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from the Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages. The Liquidated Damages Fee only covers our damages from the loss of cash flow from the Royalty Fees and Other Continuing Monthly Fees . It does not cover any other damages, including damages to our reputation with the public and landlords, and damages arising from a violation of any provision of this Agreement other than your Royalty Fee and Other Continuing Monthly Fees payment obligations. You and each of your owners agree that this liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than your Royalty Fee and Other Continuing Monthly Fees payment obligations. For purposes of this paragraph, Other Continuing Monthly Fees shall be defined as those set forth in Section 6.2 of the Franchise Agreement (including, but not limited to, as the Brand Fund, Tech and Support Services Fee, ENE Fee, Max Mobile App Fee, Customer Service Fee and Bookkeeping Fee)

**10.4. No Limitation of Remedies**

No right or remedy conferred upon or reserved to Franchisor (including as set forth in Section 10.3 above) is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. Nothing herein shall be construed to deprive Franchisor of the right to recover damages as compensation for lost future profits. Termination of this Agreement will not end any obligation of either party that has come into existence before termination. All obligations of the parties, which by their terms or by reasonable implication are to be performed in whole or in part after termination, shall survive termination.

## 11. MISCELLANEOUS PROVISIONS

### 11.1. Construction of Contract

Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires.

### 11.2. Governing Law, Venue and Jurisdiction

11.2.1. This Agreement shall take effect upon its acceptance and execution by Franchisor. Except to the extent governed by the United States Arbitration Act (9 U.S.C.§§ 1, et. seq.) and the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.), this Agreement, the franchise and all claims arising from or in any way related to the relationship between Franchisor, and/or any of its affiliates, on the one hand, and you, and any of your owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the state of New Jersey, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

11.2.2. In the event the arbitration clause set forth in Section 11.8 is inapplicable or unenforceable, and subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for District of New Jersey, or if such court lacks subject matter jurisdiction, the State Superior Court in Monmouth County, New Jersey, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, the operation of the Center, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. You acknowledge that this Agreement has been entered into in the State of New Jersey and that you are to receive valuable and continuing services emanating from Franchisor's headquarters in Monmouth County, New Jersey. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

### 11.3. Notices

The parties to this Agreement shall direct any notices to the other party at the Delivery Address specified below that party's name on the final page of this Agreement or at another address if advised in writing that the address has been changed. The parties shall notify each other in writing if the Delivery Address changes. As of the Start Date of this Agreement, as defined above, Your Delivery Address will be Your Approved Location. Notice may be delivered by facsimile (with simultaneous mailing of a copy by first class mail), by electronic mail (with simultaneous mailing of a copy by first class mail), courier, federal express, or first class mail. Notice by facsimile will be considered delivered upon transmission; by courier, upon delivery; and by first class mail, three days after posting. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

### 11.4. Amendments

This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

## 11.5. No Waivers

No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by You under any of the terms, provisions, covenants, or conditions hereof, shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against You, or as to subsequent breach or default by You. 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, provisions, covenants, or conditions of this Agreement.

## 11.6. Integration

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties. This Agreement supersedes any and all prior negotiations, understandings, representations and agreements. No representations have induced You to execute this Agreement with Franchisor. 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..

You acknowledge that you are entering into this Agreement as a result of your own independent investigation, and not as a result of any representations (with the exception of those representations made in the FDD) made by Franchisor, its members, managers, officers, directors, employees, agents, representatives, or independent contractors that are contrary to the terms set forth in this Agreement. You acknowledge that the FDD you received contained a copy of this Franchise Agreement and that you reviewed the FDD and Franchise Agreement before you signed this Agreement. You further understand, acknowledge and agree that any information you obtain from any System franchisee, including relating to their sales, profit, cash flows, and/or expenses, does not constitute information obtained from Franchisor, nor does Franchisor make any representation as to the accuracy of any such information.

Notwithstanding the foregoing, and only to the extent that Franchisee and/or the franchised Center is located in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin, then: no statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document provided to you prior to your execution of this Agreement.

## 11.7. Negotiation and Mediation

### 11.7.1. Agreement to Use Procedure

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. Other than an action by Franchisor under Section 11.9 of this Agreement, the parties agree that if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first follow the procedures described in this section. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation

by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

11.7.2. Initiation of Procedures

The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, including the damages sought, and identifying one or more persons with authority to settle the dispute for him, her, or it. The party receiving the notice ("Responding Party") has seven (7) days within which to designate by written notice to the Initiating Party one or more persons with authority to settle the dispute on the Responding Party's behalf (the "Authorized Persons").

11.7.3. Direct Negotiations

The Authorized Persons may investigate the dispute as they consider appropriate, but agree to meet in person at a mutually agreed upon location, within seven (7) days from the date of the designation of Authorized Persons to discuss resolution of the dispute. The Authorized Persons may meet at any times and places and as often as they agree. If the dispute has not been resolved within ten (10) days after their initial meeting, either party may begin mediation procedures by giving written notice to the other party that it is doing so.

11.7.4. Selection of Mediator

The Authorized Persons will have seven (7) days from the date on which one party gives notice that he, she, or it is beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties. Within seven (7) days from the date of receipt of any list, the Authorized Persons must rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization designated in Section 11.8 to supply a list of qualified potential mediators. Within seven (7) days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists. The mediator having the highest combined ranking shall be appointed as mediator. If the highest ranking mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

11.7.5. Time and Place for Mediation

In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation. Unless circumstances make it impossible, the time may not be later than thirty (30) days after selection of the mediator.

11.7.6. Exchange of Information

If either party to this Agreement believes he, she, or it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator if required.

11.7.7. Summary of Views

At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator and to the other party a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

11.7.8. Representatives

In the mediation, each party must be represented by an Authorized Person and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her, or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

11.7.9. Conduct of Mediation

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties.

All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

11.7.10. Termination of Procedure

The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

11.7.11. Fees of Mediator; Disqualification

The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved.

11.7.12. Confidentiality

The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is

confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

**11.8. Arbitration**

Except as provided in Section 11.9, and if not resolved by the negotiation and mediation procedures described in Section 11.7 above, any dispute, controversy, or claim between you and/or any of your Related Parties, on the one hand, and Franchisor and/or any of Franchisor's Related Parties, on the other hand, including, without limitation, any dispute, controversy, or claim arising under, out of, in connection with or related to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the execution of this Agreement; (d) any loan or other finance arrangement between you and Franchisor or its Related Parties; (e) the parties' relationship; (f) any System Standard; (g) any claim based in tort or any theory of negligence; and/or (j) the scope or validity of the arbitration obligation under this Agreement; shall be determined in Monmouth County, New Jersey by the American Arbitration Association ("AAA"). This arbitration clause will not deprive Franchisor of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction.

11.8.1 The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator. The arbitrator shall be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear.

11.8.2 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred.

11.8.3 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of, claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section 11.2. The arbitration must take place in Red Bank, New Jersey, or at such other location as Franchisor designates.

11.8.4 The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or Franchisor. The arbitrator may not under any circumstance (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Franchisor is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: any decision as to whether Section 11.8 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

11.8.5 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

11.8.6 The arbitrator will have subpoena powers limited only by the laws of the state of New Jersey.

11.8.7 The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the state of New Jersey.

11.8.8 All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the state of New Jersey.

11.8.9 Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

11.8.10 The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

11.8.11 Franchisor reserves the right, but has no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek recovery of those costs against you.

11.8.12 The party against whom the arbitrator renders a decision shall pay all expenses of arbitration.

**11.9 Exceptions to Arbitration and Mediation.**

11.9.1 Notwithstanding the provisions of Sections 11.7 and 11.8 of this Agreement, Franchisor shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) your, and/or any of your Related Party's use of the Marks; (b) your confidentiality and non-competition covenants (Section 8); (c) your obligations upon termination or expiration of the franchise; or (d) Transfer or assignment by you. If Franchisor secures any such injunction or order of specific performance, you agree to pay to Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses and any damages incurred by Franchisor as a result of the breach of any such provision.

11.9.2 Further, at the election of Franchisor, or its affiliate, the mediation and arbitration provisions of Sections 11.7 and 11.8, inclusive of all subparts, shall not apply to: (a) any claim by Franchisor relating to your failure to pay any fee due to Franchisor under this Agreement; and/or (b) any claim by Franchisor or its affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act ; and/or (c) any claim by Franchisor relating to a breach of your confidentiality and/or non-competition obligations under this Agreement.

**11.10 Survival.**

The provisions of Article 11 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

**11.11 Franchisee May Not Withhold Payment Due Franchisor.**

You agree that you will not, on grounds of the alleged non-performance by Franchisor of any of its obligations hereunder, or on any other grounds, withhold payment of any Royalty Fees, Brand Fund contributions or any other fees due to Franchisor from you under this Agreement.

**11.12 Waiver of Rights.**

THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:

11.12.1 Jury Trial. **The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in Section 11.8 is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.**

11.12.2 Damage Waiver. The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES; ***except that*** this waiver and limitation shall not apply with respect to (a) your obligation to indemnify Franchisor pursuant to any provision of this Agreement, and/or (b) any claims Franchisor brings against you and/or your guarantors for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of the non-competition covenant and any other cause of action under the Lanham Act, and Franchisor shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

11.12.3 The parties hereto and each of them EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that FRANCHISOR may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

11.12.4 You hereby expressly waive any and all rights, actions or claims for relief under the Federal Act entitled "Racketeer Influenced and Corrupt Organizations", 18 U.S.C. Section 1961, *et seq.*

**11.13 Limitation of Action.**

11.13.1 Except for claims arising from your non-payment or underpayment of amounts you owe to Franchisor, or claims related to your unauthorized use of the Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties will be barred unless a judicial or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff.

11.13.2 You hereby acknowledge and agree that you may not maintain any arbitration or litigation against Franchisor or any Franchisor Related Party unless (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you, (b) you strictly adhere to the negotiation and mediation procedures described in Sections 11.7 and 11.8, and (c) you file an arbitration within one (1) year after the notice is delivered.

**11.14 Cumulative Rights.**

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 herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

**11.15 Injunctive Relief.**

You recognize that you are a member of a franchise system and that your acts and omissions may have a positive or negative effect on the success of other businesses operating under the Proprietary Marks and in association with the System. You acknowledge that failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to Franchisor and to some or all of the other franchisees of Franchisor. For this reason, You agree that if Franchisor can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of your breach or threatened breach of any of the terms of this Agreement, Franchisor will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage. Without limiting the generality of the foregoing, nothing herein contained shall bar Franchisor's right to obtain injunctive relief, without posting bond or security, against conduct or threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders, preliminary and permanent injunctions, and orders of specific performance enforcing the provisions of this Agreement. Additionally, and without limiting the generality of the foregoing, Franchisor shall have the right to seek injunctive relief to prohibit any act or omission by you or your employees that constitute a violation of any applicable law, is dishonest or misleading to the public, or which may impair the goodwill associated with the Proprietary Marks, Trade Dress or System.

**11.16 No Class or Collective Actions.**

You agree that any arbitration, or, if applicable, litigation, between you and/or any of your Related Parties, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, will be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class-wide, associational or collective basis.

**11.17 Post-Term Applicability.**

The provisions of Article 11 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, however effected.

**11.18 Attorneys' Fees and Costs.**

If legal action or arbitration is necessary, including any motion to compel arbitration, or action on appeal, to enforce the terms and conditions of this Agreement, for violation of this Agreement, or for violation of the Lanham Act or other similar state statute, Franchisor will be entitled to recover reasonable compensation for preparation, investigation costs, court costs, arbitral costs, and reasonable accountants', attorneys', attorneys' assistants', and expert witness fees incurred by Franchisor. Further, if Franchisor is required to engage legal counsel in connection with any failure by You to comply with this Agreement, You shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

## 12. MISCELLANEOUS

**12.1** Except as expressly provided to the contrary herein, each portion, 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 portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

**12.2. Approval and Guaranty Provision**

If You are a corporation, all officers and shareholders, or, if You are a partnership, all Your general partners, or, if You are a limited liability company, all Your members, shall approve this Agreement, permit You to furnish the financial information required by Franchisor, and agree to the restrictions placed on them, including restrictions on the transferability of their interests in the franchise and the Franchised Business and limitations on their rights to compete, and sign separately a Personal Guaranty and Subordination Agreement, guaranteeing Your payments and performance. Where required to satisfy our standards of creditworthiness, or to secure the obligations made under this Agreement, Your spouse, or the spouses of Your Related Parties, may be asked to sign the Personal Guaranty and Subordination Agreement. Our form of Personal Guaranty and Subordination Agreement appears as Exhibit 5 to this Agreement.

**12.3. Acceptance by Franchisor**

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

**12.4. Disclaimer of Representations**

NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT OUR AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF WHICH HAVE LED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER

UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE. YOU UNDERSTAND THAT FRANCHISOR IS NOT A FIDUCIARY AND HAS NO SPECIAL RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

**12.5. Receipt**

The undersigned acknowledges receipt of this Agreement and the Franchise Disclosure Document, with any amendments and exhibits, at least fourteen (14) calendar days (unless otherwise required by applicable law) before execution of this Agreement or Your payment of any monies to us, refundable or otherwise.

**12.6. Opportunity for Review by Your Advisors**

You acknowledge that we have recommended, and that You have had the opportunity to obtain, review of this Agreement and our Franchise Disclosure Document by Your lawyer, accountant or other business advisor before execution hereof.

**12.7. Execution of Agreement**

Each of the undersigned parties warrants that it has the full authority to sign this Agreement. If You are a partnership, limited liability company or corporation, the person executing this agreement on behalf of such partnership, limited liability company or corporation warrants to us, both individually and in his capacity as partner, customer, manager or officer, that all of the partners of the partnership, all of the customers or managers of the limited liability company, or all of the shareholders of the corporation, as applicable, have read and approved this Agreement, including any restrictions which this Agreement places upon rights to transfer their interest in the partnership, limited liability company or corporation. If You are a partnership, limited liability company or corporation, You acknowledge that the Business Entity Information contained in Exhibit 7 is full, complete and accurate.

This Franchise Agreement may be executed in duplicate, and each copy so executed shall be deemed an original. This Franchise Agreement may also 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. A signed copy of this Franchise Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Franchise Agreement. You agree that the electronic signatures or digital signatures (each an "e-Signature") of any party to this Franchise Agreement shall have the same force and effect as manual signatures of such party and such e-Signature shall not be denied legal effect or enforceability solely because it is in electronic form or an electronic record was used in its formation. You agree that an e-Signature of either party is intended to: (i) authenticate the signature, (ii) represent the party's intent to sign, and (iii) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. You agree not to contest the admissibility or enforceability of either party's e-Signature.

**12.8. Independent Investigation**

You acknowledge that You have conducted an independent investigation of the franchised business contemplated by this Agreement and recognize that it involves business risks which make the success of the venture largely dependent upon Your business abilities and efforts. You acknowledge that You have been given the opportunity to clarify any provision of this Agreement that You may not have initially understood and that we have advised You to have this Agreement reviewed by an attorney.

**12.9. No Guarantees of Earnings**

You understand that neither Franchisor nor any of our representatives and/or agents with whom You have met have made and are not making any guarantees, express or implied, as to the extent of Your success in Your franchised business, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Your franchised business.

**12.10. No Personal Liability**

You agree that fulfillment of any and all of our obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of its agents, representatives, nor any individuals associated with it shall be personally liable to You for any reason.

**12.11 Non-uniform Agreements**

Franchisor makes no representations or warranties that all other agreements with Franchisor System franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. You recognize, acknowledge and agree that Franchisor may waive or modify comparable provisions of other franchise agreements granted to other System franchisees in a non-uniform manner.

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have executed this Agreement on the date set forth in Section 1 hereof.

FRANCHISOR
FIT FRANCHISE BRANDS, LLC

By:_____
Title:_____
Signature:_____

Delivery Address: Fit Franchise Brands, LLC
Justin Corporate Center (Bldg. 2, #400), 200 Route 9
North, Manalapan, New Jersey 07726

FRANCHISEE

By:_____
Title:_____
Signature:_____

Address:

_____
_____

FRANCHISEE

By:_____
Title:_____
Signature:_____

Address:

_____

Delivery Address for Notices (pending determination of the Approved Location):

_____
_____

**EXHIBIT 1**

## APPROVED LOCATION / APPROVED TERRITORY

**1. Approved Location:**

☐ (a) _____
(Street Address, City, State and Zip Code)

☐ (b) The Approved Location has not been determined as of the Effective Date of this Agreement. Franchisee shall secure the Approved Location for the Center in accordance with the terms and conditions of the Franchise Agreement within the general area described as follows (the "Designated Area"):

_____
(Indicate City, County or Area within which the Center shall be located.)

If (b) above is selected, once the Approved Location is secured by Franchisee in accordance with the terms of the Franchise Agreement, Fit Franchise Brands, LLC will update this Exhibit 1 to reflect: (a) the address of the Approved Location secured by Franchisee in accordance with the terms of the Franchise Agreement, and (b) the Approved Territory, as designated by Fit Franchise Brands, LLC, once the Approved Location is secured by Franchisee in accordance with the terms of the Franchise Agreement.

**2. Approved Territory**. The Approved Territory shall be comprised of the following area: An area that is within a _____mile "drivable distance" from your approved site. We will determine your Approved Territory using the mapping service and/or software of our choice, which may include GOOGLE® maps, MAPQUEST® or YAHOO® maps (as we select) as such maps exist on the date that your site is approved.

You hereby acknowledge and agree that Fit Franchise Brands, LLC may grant you an approved territory of less than a two (2) mile "drivable distance" based on the demographics of the area in which you wish to open your Center, including pursuant to Exhibit 6.

**3. Approved Existing Business. (*For Express Only*)** Fit Franchise Brands, LLC grants you approval to operate your express The Max Challenge® Transformation Center at the Approved Location in a facility that is shared with the following pre-existing business: _____.

**Initial: _____** **Date: _____**
**Franchisee**

**Initial: _____** **Date: _____**
**Fit Franchise Brands, LLC**

**EXHIBIT 2**

## AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT

## (ELECTRONIC FUNDS TRANSFER/DIRECT DEBITS)

The undersigned depositor ("Depositor") authorizes Fit Franchise Brands, LLC ("Franchisor") to request debit entries and/or credit correction entries to the Depositor's checking and/or savings account(s) indicated below and the depository ("Depository") to debit the account according to Franchisor's instructions.

| | |
|---|---|
| Depository | Branch |
| Street Address, City, State, Zip Code | |
| Bank Transit/ABA Number | Account Number |

This authorization is to remain in full force and effect until Depository has received joint written notification from Franchisor and Depositor of the Depositor's termination of the authorization in a time and manner that will give Depository a reasonable opportunity to act on it. In spite of the foregoing, Depository will give Franchisor and Depositor thirty (30) days' prior written notice of the termination of this authorization. If an erroneous debit entry is made to Depositor's account, Depositor will have the right to have the amount of the entry credited to the account by Depository, if within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to the entry or forty-five (45) days after posting, whichever occurs first, Depositor has sent Depository a written notice identifying the entry, stating that the entry was in error, and requesting Depository to credit the amount of it to the account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

| | |
|---|---|
| Depositor | Depository |
| By:_____ | By:_____ |
| Title | Title |
| Date | Date |

Please attach a voided check for the account from which funds will be withdrawn. If the account is not established at the time of signing, a check will be required prior to the commencement of enrollment.

**Initial: _____** **Date: _____**
**Franchisee**

**Initial: _____** **Date: _____**
**Fit Franchise Brands, LLC**

## CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

This Conditional Assignment of Telephone Numbers and Listings (the "Assignment") is entered into this _____ day of _____, 20___ ("Effective Date") in accordance with the terms of the Franchise Agreement ("Franchise Agreement") between Fit Franchise Brands, LLC ("Franchisor") and _____ ("Franchisee"), executed concurrently with this Assignment and under which Franchisor granted Franchisee the right to own and operate The MAX Challenge® franchised business located at _____ (the "Center").

**FOR VALUE RECEIVED**, receipt of which is hereby acknowledged, Franchisee hereby agrees as follows:

1. Conditional Assignment of Listings. Franchisee hereby conditionally assigns to Franchisor all of Franchisee's right, title and interest in and to (a) all telephone numbers and regular yellow pages, special, classified and other telephone directory listings used at any time in connection with the operation of the Center; and (b) any and all website and social media addresses and accounts, including, without limitation, facebook®, Twitter®; LinkedIn®, and any other account that contains any term or any mark the same as or similar to any of Franchisor's trademarks (individually and collectively, the "Listings"). The Listings shall include the following telephone numbers:

---

2. No Liability. This Assignment is for collateral purposes only, and except as expressly provided herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless and until Franchisor notifies the telephone company, listing agency and/or webmaster/webhost (each a "Listing Agency"), as applicable.

3. Effectiveness of Assignment. This Assignment will become effective automatically upon expiration (provided that Franchisee has not obtained a renewal of the Franchise Agreement) or the earlier termination of the Franchise Agreement. Upon the occurrence of that condition, Franchisee must do all things required by the applicable Listing Agency to assure the effectiveness of the assignment set forth herein as if the Franchisor had been originally issued the Listings, and the usage thereof.

4. Responsibility of Franchisee. Franchisee agrees to pay the Listing Agencies on or before the effective date of assignment all amounts owed for the use of Listing(s). Franchisee further agrees to indemnify Franchisor for any sums Franchisor must pay any Listing Agency to effectuate this assignment, and agrees to fully cooperate with the Listing Agency and Franchisor in effectuating this assignment.

5. Franchisee Acknowledgments. Franchisee agrees and acknowledges that as between Franchisor and Franchisee, Franchisor shall have the sole right to and interest in and to the Listings upon termination or expiration of the Franchise Agreement. Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Listing Agency to assign same to Franchisor and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event Franchisee shall immediately instruct the applicable Listing Agency to assign the applicable Listing to Franchisor, and /or to assign the Listing account to Franchisor. If Franchisee fails to promptly do so, Franchisor shall direct the appropriate parties to effectuate the assignment contemplated hereunder to Franchisor.

6. Attorney in Fact. The parties agree that the Listing Agency may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Listings and that such assignment shall be made automatically and effective immediately upon

the Listing Agency's receipt of notice from Franchisor or Franchisee. The parties further agree that if the Listing Agency requires that the parties execute an assignment form or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

7. Execution. This Assignment may be executed in duplicate, and each copy so executed shall be deemed an original. This Assignment may also 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. A signed copy of this Assignment transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Assignment. You agree that the electronic signatures or digital signatures (each an "e-Signature") of any party to this Assignment shall have the same force and effect as manual signatures of such party and such e-Signature shall not be denied legal effect or enforceability solely because it is in electronic form or an electronic record was used in its formation. You agree that an e-Signature of either party is intended to: (i) authenticate the signature, (ii) represent the party's intent to sign, and (iii) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. You agree not to contest the admissibility or enforceability of either party's e-Signature.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Assignment as of the date of the Franchise Agreement.

ASSIGNOR

By:_____

Print Name: _____

Title:_____

ASSIGNEE:

**FIT FRANCHISE BRANDS, LLC**

By:_____

Print Name: _____

Title:_____

# NONDISCLOSURE AND NONCOMPETITION AGREEMENT

In return for 1) his or her training by Fit Franchise Brands, LLC ("Franchisor") to operate a franchised center under the mark "The MAX Challenge®" (the "Center" or "Transformation Center"), 2) the grant of a franchise by Franchisor to a company in which he or she has an ownership interest, or 3) his or her employment by Franchisor or one of its franchisees, _____
_____
("Confidant") agrees as follows:

## 1. Nondisclosure of Trade Secrets and Confidential Information

Confidant agrees, during the term of the Franchise Agreement and following termination, expiration or assignments of the Agreement, and/or his or her employment with THE MAX Challenge and/or Franchisor, not to disclose, duplicate, sell, reveal, divulge, publish, furnish or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of Franchisor to any other person or entity unless authorized in writing by Franchisor. Confidant agrees not to use any Trade Secrets or Confidential Information for his or her personal gain or for purposes of others, whether or not the Trade Secret or Confidential Information has been conceived, originated, discovered or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that Franchisor considers to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to Franchisor, including all ideas made or conceived by Confidant, and irrevocably waives any and all rights to same to the fullest extent permissible by applicable law.

## 2. Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secrets" and "Confidential Information" mean any and all knowledge, techniques, processes or information made known or available to Confidant that Franchisor treats as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies; supplier lists or sources of supplies; internal business forms, orders, customer accounts, manuals and instructional materials describing Franchisor's methods of operation, including Franchisor's Operations Manual; products; drawings, designs, training programs, nutritional counseling, plans, proposals, and marketing plans; recipes and methodologies; all concepts or ideas in, or reasonably related to Franchisor's business that have not previously been publicly released by Franchisor; and any other information or property of any kind of Franchisor that may be protected by law as a Trade Secret, confidential or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of Franchisor.

## 3. Return of Proprietary Material

Upon termination of franchise ownership or employment by Franchisor or a Franchisor franchisee, Confidant shall surrender to Franchisor all materials considered proprietary by Franchisor, technical or non-technical, whether or not copyrighted, which relate to Trade Secrets, Confidential Information or conduct of the operations of Franchisor.

Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain the sole property of Franchisor.

**4. Solicitation of Employees**

Confidant further agrees that he or she will not furnish to or for the benefit of any competitor of Franchisor, or the competitor's franchisees, or the competitor's subsidiaries, the name of any person who is employed by Franchisor or by any franchisee of Franchisor.

**5. Noncompetition**

Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to Franchisor, Confidant will not, until the expiration of two (2) years after the termination of the employment relationship between Confidant and Franchisor or the Franchisor franchisee that employs him or her, or termination of the ownership interest of Confidant in The MAX Challenge® franchise, engage, directly or indirectly, or through any corporations or Related Parties, in any business, enterprise or employment that is Directly Competitive with the Franchisor franchise and is located (a) at the Center location, or (b) within ten (10) miles of any other Transformation Center then in existence or under construction or Franchisor's corporate offices. For purposes of this Agreement, "Directly Competitive" shall mean any and all businesses that are competitive with Franchisor or The MAX Challenge® franchise, including, without limitation: any gym; fitness training business; any business which offers fitness training facility services, fitness training services, group fitness, group training, health club memberships, and/or physical training programs; any business offering personal training services; any business offering exercise, health, wellness, weight loss and/or weight management services; and/or any business offering or selling any merchandise, products or services offered by Franchisor or The MAX Challenge® franchise, including, without limitation, smoothie-bar products or services, vitamins, supplements and/or any other health related products or services.

**6. Saving Provision**

Confidant agrees and stipulates that the agreements and covenants not to compete contained in this agreement are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and Franchisor. However, Confidant and Franchisor are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Confidant and Franchisor agree that if a court or arbitrator declines to enforce the provisions of the preceding paragraph, that paragraph shall be considered modified to restrict Confidant's competition with Franchisor to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

**7. Irreparable Harm to Franchisor**

Confidant understands and agrees that Franchisor will suffer irreparable injury that cannot be precisely measured in monetary damages to its Trade Secrets if Confidential Information or proprietary information is obtained by any person, firm or corporation or is used in competition with Franchisor. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of Franchisor for Confidant to enter into this Agreement. Thus, if there is a breach of this Agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

**8. Counsel Fees**

Confidant understands and agrees that if Franchisor is required to engage the services of counsel to enforce this Nondisclosure and Noncompetition Agreement, Confidant shall be liable for Franchisor's counsel fees and costs. Confidant understands and agrees that this provision is reasonable and waives any right to contest this provision to the fullest extent permitted by law.

**9. Binding Effect**

This Agreement will be binding on Confidant's heirs, executors, successors and assignees as though originally signed by these persons.

**10. Applicable Law**

The laws of the state where Confidant lives will govern the validity of this Agreement. If any provision of this Agreement is void or unenforceable in that State, the remainder of the Agreement will be fully enforceable according to its terms.

**11. Execution.**

This Nondiscosure and Noncompetition Agreement may be executed in duplicate, and each copy so executed shall be deemed an original. This Agreement may also 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. A signed copy of this Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement. You agree that the electronic signatures or digital signatures (each an "e-Signature") of any party to this Agreement shall have the same force and effect as manual signatures of such party and such e-Signature shall not be denied legal effect or enforceability solely because it is in electronic form or an electronic record was used in its formation. You agree that an e-Signature of either party is intended to: (i) authenticate the signature, (ii) represent the party's intent to sign, and (iii) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. You agree not to contest the admissibility or enforceability of either party's e-Signature.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

**CONFIDANT**

_____

*[Name of Confidant]*

By: _____

*[Confidant's signature]*

**CONFIDANT**

_____

*[Name of Confidant]*

By: _____

*[Confidant's signature]*

**CONFIDANT**

_____

*[Name of Confidant]*

By: _____

*[Confidant's signature]*

**CONFIDANT**

_____

*[Name of Confidant]*

By: _____

*[Confidant's signature]*

**IF FRANCHISEE IS AN INDIVIDUAL, FRANCHISEE AND FRANCHISEE'S SPOUSE MUST SIGN THE FOLLOWING AGREEMENT. IF FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY, EACH OFFICER, SHAREHOLDER, GENERAL PARTNER, OR MEMBER (AS APPLICABLE), AND THEIR SPOUSES (AS APPLICABLE) MUST SIGN THE FOLLOWING AGREEMENT:**

## PERSONAL GUARANTY AND SUBORDINATION AGREEMENT

The following persons: _____ _____(individually and collectively, the "undersigned" or "Guarantor"), to induce Fit Franchise Brands, LLC ("Franchisor" or "Franchisor") to enter into or permit assignment of a certain Fit Franchise Brands, LLC Franchise Agreement, dated _____ (the "Franchise Agreement"), with _____ _____ ("Franchisee"), hereby unconditionally, personally, jointly and severally, personally agrees to be bound by all of the obligations of Franchisee under the Franchise Agreement, including any amendments thereto or renewals thereof, whenever made, and absolutely, irrevocably and unconditionally guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under the Franchise Agreement will be punctually paid and performed. The undersigned acknowledges and agrees that Franchisor has entered into the Franchise Agreement with Franchisee solely on the condition that each owner of Franchisee, and each owner's spouse, be personally obligated and jointly and severally liable with Franchisee (and with each other owner of Franchisee) for the performance of each and every obligation of Franchisee (and its owners) under: (i) the Franchise Agreement, including any amendments thereto or extensions or renewals thereof, and (ii) each and every other agreement entered into by Franchisee in connection with the Franchise Agreement (the Franchise Agreement and all aforementioned agreements are collectively referred to as the "Max Agreements"). Without limiting the generality of the foregoing, the undersigned acknowledge and agree that each individual is personally bound by the Franchisee's confidentiality restrictions, the covenant against competition, and the indemnification obligations set forth in the Franchise Agreement.

The undersigned expressly waives notice of the acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands.

This Personal Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Personal Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals.

The obligations of the undersigned will be absolute and unconditional in spite of any defect in the validity of the Franchisee's obligations or liability to Franchisor, or any other circumstances whether or not referred to in this Personal Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional and absolute guaranty of payment and performance and the undersigned agrees that his, her, or their liability under this Personal Guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at

any time possess. Without limiting the foregoing, upon default by Franchisee or notice from Franchisor, the undersigned will immediately make each payment and perform each obligation required of Franchisee under the Max Agreements. The undersigned acknowledges that Franchisor is not required to proceed first against the Franchisee, but may proceed first against the undersigned or any of them alone or concurrent with proceeding against Franchisee.

The undersigned hereby waives the following: (i) notice of amendment of the Max Agreements and notice of demand for payment or performance by Franchisee of any obligation under the Max Agreements; (ii) presentment or protest of any instrument and notice thereof, and notice of default or intent to accelerate with respect to the indebtedness or nonperformance of any of Franchisee's obligations under the Max Agreements; (iii) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; (iv) the defense of statute of limitations in any action hereunder or for the collection or performance of any obligation; (v) any and all rights to payments, indemnities and claims for reimbursement or subrogation that the undersigned may have against Franchisee arising from the undersigned's execution of and performance under this Personal Guaranty; (vi) any defense based on any irregularity or defect in the creation of any of the obligations or modification of the terms and conditions of performance thereof; (vii) any defense based on the failure of Franchisor or any other party to take, protect, perfect or preserve any right against and/or security granted by Franchisee or any other party; and (viii) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned agree that any current or future indebtedness by Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor' rights are senior to those of Guarantor.

The undersigned further agree that as long as Franchisee owes any money to Franchisor (other than royalty and advertising fund payments that are not past due) Franchisee may not pay and the undersigned may not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor.

In connection with any litigation or arbitration to determine the undersigned's liability under this Personal Guaranty, the undersigned expressly waives his, her, or its right to trial by jury and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator.

The undersigned jointly and severally agree to pay all attorneys' fees, costs and expenses (including any and all Royalty Fees and Advertising Fees and associated interest on such amounts, that are determined to be owing to Franchisor due to underreporting by Franchisee) incurred by Franchisor in enforcing this Personal Guaranty, whether or not suit or arbitration action is filed, and if suit or arbitration action is filed, then through trial or arbitration, as applicable, and all appeals, and also in any proceedings or matter in Bankruptcy Court, and to assume all liability for all losses, costs, attorneys' fees, and expenses that Franchisor incurs as a result of a default by Franchisee, including those fees and expenses incurred in a bankruptcy proceeding involving Franchisee.

The undersigned hereby waive any right to trial by jury that they may have in any action brought by Franchisor related, directly or indirectly, to this Personal Guaranty and/or the Max Agreements, or the negotiation of the Personal Guaranty and/or the Max Agreements. The undersigned hereby acknowledge that this Personal Guaranty does not grant or create in the undersigned any interests, rights or privileges in the Max Agreements, or any other franchise or franchise agreement.

If this Personal Guaranty is signed by more than one individual, each person signing this Personal

Guaranty will be jointly and severally liable for the obligations created in it.

This Personal Guaranty may be executed in duplicate, and each copy so executed shall be deemed an original. This Personal Guaranty may also 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. A signed copy of this Personal Guaranty transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Personal Guaranty. You agree that the electronic signatures or digital signatures (each an "e-Signature") of any party to this Personal Guaranty shall have the same force and effect as manual signatures of such party and such e-Signature shall not be denied legal effect or enforceability solely because it is in electronic form or an electronic record was used in its formation. You agree that an e-Signature of either party is intended to: (i) authenticate the signature, (ii) represent the party's intent to sign, and (iii) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. You agree not to contest the admissibility or enforceability of either party's e-Signature.

This Personal Guaranty will remain in full force and effect until all obligations arising out of and under the Max Agreements, including all renewals and extensions, are fully paid and satisfied.

IN WITNESS TO THE FOREGOING, the undersigned have signed this Personal Guaranty.

GUARANTORS:

By: _____
Print Name: _____, individually

By: _____
Print Name: _____, individually

**THIS AGREEMENT MAY NOT APPLY TO YOU; DO NOT EXECUTE THIS DOCUMENT UNLESS REQUESTED BY FIT FRANCHISE BRANDS, LLC**

## WAIVER OF TWO MILE APPROVED TERRITORY

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), Fit Franchise Brands, LLC ("Franchisor" or "Franchisor"), and each of the undersigned ("Franchisee(s)" or "You"), hereby acknowledge as follows:

### 1. Waiver of two mile Approved Territory.

Franchisor has offered to grant you an Approved Territory of a two (2) mile "drivable distance" from your Approved Location. However, you have requested that Franchisor approve a location within the metropolitan area of _____ ("Metropolitan Area"), with a population of _____, for which your Approved Territory will be reduced to a _____ "drivable distance" from your Approved Location.

### 2. Acceptance of Metropolitan Area Approved Territory.

In consideration for Franchisor's approval of the Approved Location within the Metropolitan Area, you hereby unconditionally consent to an Approved Territory of _____ "drivable distance" from your Approved Location.

### 3. Acceptance of Approved Territory.

As a result of the forgoing, you agree that Exhibit 1 of your franchise agreement shall be modified such that Franchisor grants you and you accept the Approved Territory of _____, which will be based on the area that is within a _____ "drivable distance" from your approved site. The _____ drivable distance will be determined using either GOOGLE® maps, MAPQUEST® or YAHOO® maps (as we select) as such maps exist on the date that your site is approved. You will operate from one location approved by us.

Franchisee Name: _____ Date: _____

By: _____

Its: _____

By: _____ Date: _____
Individually

Print Name:
_____

## STATEMENT OF OWNERSHIP INTEREST IN FRANCHISEE

Franchisee is a (circle one):

Partnership Corporation Limited Liability Company

Other (describe) _____

Please complete the following table by listing the name, principal address, title, and percentage ownership interest of all parties who have an interest in Franchisee:

| Name | Address | Title | Percentage Ownership Interest |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |

Franchisee's Principal Place of Business is located at: _____

_____

_____

Franchisee was formed on _____, 20____ in the State of _____.

**Initial: _____** **Date: _____**
**Franchisee**

**Initial: _____** **Date: _____**
**Fit Franchise Brands, LLC**

**THIS AGREEMENT MAY NOT APPLY TO YOU; DO NOT EXECUTE THIS DOCUMENT UNLESS REQUESTED BY FIT FRANCHISE BRANDS, LLC**

**FRANCHISE AGREEMENT AMENDMENT**

In recognition of Franchisee's ownership and operation of a _____ _____ (the "Fitness Business") located at _____ _____ (the "Approved Location"), the parties to the attached Fit Franchise Brands, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Franchisee's Related Party, _____ operates a _____ business with a principal address of_____ _____ (the "Business"), offering the following services _____

_____
_____
_____ (the "Services").

2. Franchisee has requested Franchisor's limited waiver, during the Term of the Franchise Agreement, of the restrictive covenant set forth in Section 8.6 of the Franchise Agreement for the sole purpose of Franchisee's Related Party's continued operation of the Business at the sole address listed above, offering the Services listed above.

3. Franchisee acknowledges and agrees that this limited wavier shall expire upon Franchisee's default under Section 10.2 of the Franchise Agreement.

4. Except as expressly modified herein, the Franchise Agreement remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

FRANCHISOR:
FIT FRANCHISE BRANDS, LLC

By: _____
Title: _____
Signature: _____

Delivery Address: Fit Franchise Brands, LLC
Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726

FRANCHISEE:

By: _____
Title: _____

Signature: _____

Address:

_____

_____

FRANCHISEE:

By: _____
Title: _____
Signature: _____

Address:

_____

_____

FRANCHISEE:

By: _____
Title: _____
Signature: _____

Address:

_____

_____

FRANCHISEE:

By: _____
Title: _____
Signature: _____

Address:

_____

_____

**EXHIBIT 9**

## ASSIGNMENT & ASSUMPTION AGREEMENT

**THIS ASSIGNMENT AND ASSUMPTION AGREEMENT** (the "Assignment") is made and entered into this _____ day of _____, _____, by and between Fit Franchise Brands, LLC ("Franchisor" or "Franchisor");_____, ("Assignor"); and _____ _____ ("Assignee").

### BACKGROUND

A. On _____, Franchisor and Assignor entered into the Fit Franchise Brands, LLC Franchise Agreement (the "Franchise Agreement"), pursuant to which Assignor was granted the right to operate The MAX Challenge® franchised business (the "Franchised Business") at the following location: _____;

B. Assignor formed Assignee, a _____ company owned by Assignor, for the purpose of operating the Franchised Business;

C. Assignor desires to assign its rights and obligations under the Franchise Agreement to Assignee pursuant to, and in accordance with, the provisions of the Franchise Agreement; and

D. Franchisor is willing to consent to the assignment of the Franchise Agreement to Assignee, subject to the terms and conditions of this Assignment.

### AGREEMENT

In consideration of the mutual covenants contained in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Consent to Transfer. Subject to the terms and conditions contained in this Assignment, Franchisor hereby consents to Assignor's assignment of all of their right, title and interest in and to the Franchise Agreement to Assignee, effective upon satisfaction of the following conditions:

(i) Assignee's completion of the Acknowledgment of Ownership in the form attached hereto as Exhibit A; and

(ii) The execution of the Personal Guaranty and Subordination Agreement by _____ _____.

2. Assignment. Assignor hereby assigns and transfers over to Assignee all of its right, title and interest in and to the Franchise Agreement, effective as of the date of this Assignment. Assignee hereby acknowledges having received and fully reviewed the Franchise Agreement prior to entering into this Assignment.

3. Assumption of Obligations. Assignee hereby assumes all of Assignor's obligations, assignments, commitments, covenants, duties and liabilities under the Franchise Agreement, and agrees to be bound by and observe and faithfully perform all of the obligations, assignments, commitments, covenants and duties of the franchisee under the Franchise Agreement with the same force and effect as if the Franchise Agreement were originally written with Assignee as franchisee.

4. Continued Obligation. Assignor agrees that Assignor shall continue to be bound by all of the terms and conditions of the Franchise Agreement, including, without limitation, all non-competition, confidentiality and indemnification obligations, and that nothing contained in this Assignment herein shall be deemed to relieve Assignor of any of Assignor's obligations contained in the Franchise Agreement. Assignor further agrees to, and by this instrument does hereby, guarantee the performance by Assignee of all of its obligations, commitments, duties and liabilities under the Franchise Agreement. Without limiting the foregoing, Assignor irrevocably and unconditionally guarantees to Franchisor (i) that Assignee will pay all amounts to be paid and otherwise comply with all provisions of the Franchise Agreement and any other agreement between Assignor and Franchisor or its affiliates concerning the operation of the Franchised Business, and (ii) that if Assignee defaults in making any such payments or complying with any such provisions, Assignor shall pay forthwith upon demand all amounts due and owing Franchisor and all damages that may arise as a result of any such non-compliance.

5. Enforcement. In the enforcement of any of its rights against Assignor, Franchisor may proceed as if Assignor was the primary obligor under the Franchise Agreement. Assignor waives any right to require Franchisor to first proceed against Assignee or to proceed against or exhaust any security (if any) held by Franchisor or to pursue any other remedy available to it before proceeding against Assignor. No dealing between Franchisor and Assignee shall exonerate, release, discharge or in any way reduce the obligations of Assignor hereunder, in whole or in part, and in particular and without limiting the generality of the foregoing, Franchisor may modify or amend the Franchise Agreement, grant any indulgence, release, postponement or extension of time, waive any term or condition of the Franchise Agreement, or any obligation of Assignee, take or release any securities or other guarantees for the performance by Assignee of any of its obligations, and otherwise deal with Assignee as Franchisor may see fit without affecting, lessening or limiting in any way the liability of Assignor. Notwithstanding any assignment for the general benefit of creditors or any bankruptcy or other act of insolvency by Assignee and notwithstanding any rejection, disaffirmance or disclaimer of this Assignment or the Franchise Agreement, Assignor shall continue to be fully liable.

6. Acknowledgment of Ownership. All ownership interest of Assignee shall be as set forth on Exhibit A attached hereto and incorporated herein by reference. Assignee and its principals shall submit evidence of its registration to do business in the state of _____, including Certificate of Formation.

7. Agreement of Assignor Regarding Trademarks and Proprietary Information. Upon the execution of this Assignment, Assignor hereby waives and relinquishes any and all right to use the name TAKE IT TO THE MAX, Fitness For The Mind, Body & Spirit®, "The Max Challenge", and/or "The Max" together with such other insignia, symbols and trademarks which have been approved and authorized by Franchisor or its predecessors from time to time, including the "Marks" as defined in the Franchise Agreement (the "Franchisor Marks"), as well as any other right to use any trade names, trademarks, service marks, trade secrets and designs, and any other printed products or items which bear any of the names, marks or designs which are proprietary to Franchisor, and /or its affiliates.

8. Release of Franchisor Parties. In further consideration of Franchisor's execution of this Assignment, Assignor and Assignee jointly and severally, for themselves, their successors, assigns, heirs, personal representatives and affiliates (individually and collectively, the "Releasing Parties"), remise, release, acquit, satisfy and forever discharge Franchisor, its successors, predecessors, counsel, insurers, assigns, officers, directors, employees, parent company, affiliates, subsidiaries and agents, past and present (individually and collectively the "Franchisor Released Parties") from and against all claims, actions, causes of action, demands, damages, costs, suits, debts, covenants, controversies, and any other liabilities whatsoever, whether known or unknown, liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal or equitable (hereinafter "Claims"), which the Releasing Parties ever had, now have, can,

shall or may have, against any or all of the Franchisor Released Parties for, upon or by reason of any matter, cause or thing whatsoever, from the beginning of the world to the date of this Assignment, including any claims related in any way to the Franchise Agreement, or the development, opening, or operation of the Franchised Business. Notwithstanding the foregoing, nothing in this Release shall be interpreted to release Franchisor from its obligations under the Franchise Agreement which arise following the Effective Date.

9. Indemnification by Assignor.

9.1 General. Assignor agrees to indemnify and hold Franchisor harmless from any claims or liabilities resulting from the development, ownership and/or operation of the Franchised Business as follows: Assignor is responsible for all losses, damages and contractual liabilities to third persons arising out of or in connection with possession, ownership or operation of the Franchised Business prior to the Effective Date and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom. Assignor also agrees to defend, indemnify and save Franchisor and its subsidiaries, its affiliated and parent companies harmless of, from and with respect to any such claims, demands, losses, obligations, costs, expenses, liabilities, debts or damages. This obligation to indemnify and defend Franchisor shall apply even in the event of the negligence of or claim of negligence against Franchisor and regardless of whether the negligence or claim of negligence against Franchisor is as a result of the acts or omissions of Franchisor or that of Assignor; provided, however, that Franchisor's right to indemnification shall not apply if it is determined that any losses are due to the gross negligence or willful misconduct on the part of Franchisor. Franchisor's right to indemnity under this Assignment shall arise and be valid notwithstanding that joint or concurrent liability may be imposed on Franchisor by statute, ordinance, regulation or other law.

9.2 Employment Claims. Assignor also agrees to indemnify and hold Franchisor harmless from claims in any way related to the employees or contractors of Assignor or its owners. This obligation to indemnify and defend Franchisor is separate and distinct from any indemnity obligations and obligation to maintain insurance under the provisions of the Franchise Agreement.

10. Additional Documents. Assignor and Assignee agree to execute such additional documents as may be necessary to complete the assignment as contemplated by this Assignment and as required by Franchisor.

11. Entire Agreement. The Franchise Agreement and this Assignment shall constitute the entire integrated agreement and understanding between Franchisor, Assignor and Assignee, and supersedes all prior agreements and understandings related to the subject matter hereof (except as set forth herein). Except as set forth specifically herein, the Franchise Agreement shall remain in full force and effect. This Assignment shall not be subject to change, modification, amendment or addition without the express written consent of all the parties.

12. Governing Law; Dispute Resolution. This Assignment is entered into in the State of New Jersey and shall be construed and interpreted in accordance with its laws, which laws shall control in the event of any conflict of law. Assignor and Assignee further agree that any and all disputes relating to, arising out of, or in any way connected to this Assignment and Assumption Agreement shall be subject to and determined in accordance with the dispute resolution provisions of the Franchise Agreement, which provisions are specifically incorporated herein by reference. The Parties intend that the provisions of this Assignment be enforced to the fullest extent permitted by applicable law. Accordingly, if any provisions are deemed not enforceable, they shall be deemed modified to the extent necessary to make them enforceable. The Parties agree that, in entering into this Assignment, they are relying upon advice of counsel and their own judgment, belief, and knowledge as to any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed herein have been

made to procure their agreement hereto. The Parties further acknowledge that they have read, understand, and fully agreed to the terms of this Assignment. This Assignment may be executed in any number of counterparts and sent via facsimile, each of which shall be deemed an original, but all of which taken together shall constitute one in the same instrument.

13. Attorneys' Fees. Each Party shall be responsible for paying its own costs and expenses incurred in the preparation of this Assignment. In the event that it becomes necessary for Franchisor to retain the services of legal counsel to enforce the terms of this Assignment, Franchisor shall be entitled to recover all costs and expenses, including reasonable attorneys', expert and investigative fees, incurred in enforcing the terms of this Assignment.

14. Acknowledgement. The Parties agree that, in entering into this Assignment, they are relying upon their own judgment, belief, and knowledge as to all phases of any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed herein have been made to procure their agreement hereto. The Parties further acknowledge that they have read, understand, and fully agree to the terms of this Assignment. The Parties acknowledge that they have had the time and opportunity to review this Assignment with counsel of their choice. Except as explicitly modified herein, the Franchise Agreement shall remain in full force and effect. The obligations of Assignor and Assignee under this Assignment are joint and several.

15. This Assignment may be executed in duplicate, and each copy so executed shall be deemed an original. This Assignment may also 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. A signed copy of this Assignment transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Assignment. You agree that the electronic signatures or digital signatures (each an "e-Signature") of any party to this Assignment shall have the same force and effect as manual signatures of such party and such e-Signature shall not be denied legal effect or enforceability solely because it is in electronic form or an electronic record was used in its formation. You agree that an e-Signature of either party is intended to: (i) authenticate the signature, (ii) represent the party's intent to sign, and (iii) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. You agree not to contest the admissibility or enforceability of either party's e-Signature.

**I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS ASSIGNMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

***[The next page is the signature page.]***

**IN WITNESS WHEREOF,** the undersigned have affixed their signatures hereto as of the day and date first above written.

**ASSIGNOR:**

By:_____
Print Name: _____
Address: _____

**ASSIGNEE:**

By:_____
Print Name: _____
Address: _____

**FIT FRANCHISE BRANDS, LLC:**

By:_____
Print Name: _____
Address: _____

**EXHIBIT 10**

**COLLATERAL ASSIGNMENT OF LEASE**

**THIS COLLATERAL ASSIGNMENT OF LEASE** is made as of the last date below written by and among _____ ("Tenant"), Fit Franchise Brands, LLC ("Franchisor"), and _____ ("Landlord").

**WHEREAS**, Tenant is the tenant under a certain lease (or sublease), dated _____ (the "Lease"), wherein Landlord leased to Tenant certain premises at _____ (the "Premises"); and

**WHEREAS**, Tenant and Franchisor have, or will, enter into a Franchise Agreement (the "Franchise Agreement"), whereby Franchisor will grant to Tenant the right to open and operate a franchised center under The MAX Challenge® mark at the Premises; and

**WHEREAS**, as a condition to Franchisor entering into the Franchise Agreement, Franchisor has required that Tenant assign its right, title and interest in the Lease, with the right to reassign (as provided therein), as security for Tenant's obligations and Franchisor's rights under the Franchise Agreement; and

**WHEREAS**, in order to induce Franchisor to enter into the Franchise Agreement, Tenant has agreed to assign its right, title and interest in the Lease, with the right to reassign (as provided therein), as security for Tenant's obligations and Franchisor's rights under the Franchise Agreement.

**NOW THEREFORE**, in consideration for the foregoing premises and the mutual promises contained herein and in the Franchise Agreement, and in order to secure Tenant's obligations and Franchisor's rights under the Franchise Agreement, Tenant does hereby collaterally assign, transfer and set over unto Franchisor, with the right to reassign (as provided herein), all of its right, title and interest in and to the Lease and in and to the Premises; it being nevertheless expressly understood and agreed that this assignment is made and is consented to by the Landlord contingent upon the following terms, covenants, limitations and conditions:

1. Tenant's Right to Possession. Tenant shall retain right to possession of the Premises in accordance with the terms and conditions of the Lease until the occurrence of an Assignment Event (as defined in paragraph 2 of this Agreement).

2. Assignment Events.

2.1 Franchisor shall have the right to exercise either of the options set forth in paragraphs 2.1(i) or 2.1(ii) below upon: (a) Franchisor's declaration of a default by Tenant under the Franchise Agreement which remains uncured beyond all applicable notice and cure periods; (b) the expiration or earlier termination of the Franchise Agreement; or (c) an expression by Tenant of its desire to terminate the Lease (each an "Assignment Event"). Upon the occurrence of an Assignment Event, Franchisor shall have the option to either:

(i) assume and occupy the Premises upon written notice to Landlord and Tenant, in which event Franchisor shall be deemed to be substituted as the tenant under the Lease in the place and stead of Tenant and shall be deemed to have assumed expressly all of the terms, covenants and obligations of the Lease theretofore applicable to Tenant and shall likewise be entitled to enjoy all of the rights and privileges granted to Tenant under the terms and conditions of the Lease; or

(ii) assign the Lease to an affiliate or a Fit Franchise Brands, LLC approved franchisee, without obtaining Landlord's prior written consent, provided that, in the event of an assignment to a franchisee, such franchisee: (i) has a net worth equal to or greater than the net worth of Tenant at the time of Lease execution; (ii) assumes all of Tenant's obligations under the Lease; and (iii) completes Franchisor's initial training program to Franchisor's satisfaction.

2.2 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Tenant shall remain obligated under the Lease and Tenant shall be liable to Franchisor for all payments by Franchisor for rent and other Lease obligations. The parties acknowledge that such payments are reasonable expenses of foreclosure.

2.3 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Landlord shall not terminate or accelerate the rent owed under the Lease in connection with any such assignment, so long as Franchisor, or its franchisee, assumes, in writing, the obligations of Tenant under the Lease. Nothing in this Paragraph 2.3 shall serve to extend the term of the Lease or provide Franchisor with occupancy rights, options to renew or other rights not expressly set forth to Tenant in the Lease.

3. Agreement of Landlord.

3.1 Landlord agrees to furnish Franchisor with copies of any and all letters and notices to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant.

3.2 Landlord further agrees that, if it intends to terminate the Lease, Landlord will give Franchisor the same advance written notice of such intent as provided to Tenant, specifying in such notice all defaults that are the cause of any proposed termination. Franchisor shall have the right to cure, at its sole option, any such default within the time periods granted to Tenant under the Lease.

3.3 If neither Tenant or Franchisor cures all such defaults within the prescribed time periods (or such longer period as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises and/or exercise all other rights as set forth in the Lease. Landlord will promptly notify Franchisor of any expression by Tenant of its desire to terminate the Lease.

4. Right to Enter and Make Modifications to Premises. Before the expiration or termination of the Lease, Franchisor shall have the right to enter the Premises to make any reasonable modifications or reasonable alterations necessary to protect Franchisor's interest in Franchisor's franchise system, Franchisor's proprietary marks and system, or to cure any default under the Franchise Agreement entered into by Franchisor and Tenant, or any affiliate of Tenant. Landlord and Tenant agree that Franchisor shall not be liable for trespass or any other crimes or tort.

5. Notices. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provide that the sender confirm the facsimile, telegram or telex by sending an original confirmation copy by certified transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If to Franchisor:

Fit Franchise Brands, LLC
1116 Campus Drive West
Morganville, NJ 07751
With a copy to:

If to Tenant:

[INSERT ADDRESS]

If to Landlord:

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given on the business day of transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties.

6. No Material Modification of Lease. Landlord and Tenant will not amend, renew, extend or otherwise modify the Lease in any manner which would materially affect any of the foregoing provisions without Franchisor's prior written consent.

7. Acknowledgment. The parties hereby acknowledge and agree that, so long as Franchisor shall not have exercised its option to take possession of the Premises under this Agreement, Franchisor shall not be liable for rent or any other obligations under the Lease.

8. This Collateral Assignment of Lease may be executed in duplicate, and each copy so executed shall be deemed an original. This Assignment may also 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. A signed copy of this Assignment transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Assignment. You agree that the electronic signatures or digital signatures (each an "e-Signature") of any party to this Assignment shall have the same force and effect as manual signatures of such party and such e-Signature shall not be denied legal effect or enforceability solely because it is in electronic form or an electronic record was used in its formation. You agree that an e-Signature of either party is intended to: (i) authenticate the signature, (ii) represent the party's intent to sign, and (iii) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. You agree not to contest the admissibility or enforceability of either party's e-Signature.

[***The next page is the signature page.***]

**IN WITNESS WHEREOF**, the parties hereto have executed this Collateral Assignment of Lease this _____ day of _____, _____.

**ASSIGNOR:**

_____ By: _____

WITNESS Print Name: _____

Title: _____

**FRANCHISOR:**

**Fit Franchise Brands, LLC**

By: _____

Print Name: _____

Title: _____

**LANDLORD:**

By: _____

Print Name: _____

Title: _____

**EXHIBIT 11**

**Bookkeeping Services Agreement**

**This Bookkeeping Services Agreement** (this "**Agreement**") is entered into effective as of _____- (the "**Effective Date**") by and between FRANCHISOR LLC ("MAX") having an address at 1116 Campus Drive West, Morganville, New Jersey 07751 and _____ ("Franchisee" or "You") having an address at _____. MAX and Franchisee are each referred to herein as a "**Party**," and collectively as the "**Parties."**

MAX and Franchisee agree that the following terms and conditions will govern this Agreement:

1. **ACKNOWLEDGEMENTS:** MAX and Franchisee are parties to a Franchise Agreement pursuant to which MAX has granted a license to Franchisee to operate a health and fitness club under The Max Challenge® name. Franchisee has certain bookkeeping, accounting and recordkeeping obligations pursuant to the Franchise Agreement and, in furtherance of those obligations, requests that MAX set up and manage certain bookkeeping functions on Franchisee's behalf. The Parties acknowledge and agree that this Bookkeeping Services Agreement is a separate, legally binding agreement between the Parties and it is not intended to be incorporated into the Franchise Agreement between the Parties nor is the Franchise Agreement intended to be incorporated by reference into this Bookkeeping Services Agreement despite its reference herein.

2. **BOOKKEEPING SERVICES PROVIDED BY MAX:** MAX will the following bookkeeping services: (a) record all income and expenses in QuickBooks Online that it downloads from Franchisee's credit institutions; (b) record all net income amounts that are deposited into Franchisee's accounts by Club Ready and shall classify each amount into the appropriate income type; (c) reconcile all applicable Franchisee bank, financial or credit accounts (including, but not limited to, credit card and loan accounts); (d) synchronize Franchisee's ADP account with QuickBooks online to ensure accurate payroll reporting; and (e) generate an unaudited monthly balance sheet and unaudited profit and loss statement and provide the same to Franchisee by the fifteenth ($15^{th}$) business day of the following month via email at Franchisee's business email address. For the avoidance of doubt, this Agreement does not require MAX to, and Franchisee hereby expressly acknowledges and agrees that MAX shall not, (1) verify the accuracy or completeness of the information provided to it by Franchisee or on Franchisee's behalf; (2) be responsible to identify or detect fraudulent or wrongful activity in performing the bookkeeping services contemplated herein, (3) provide Franchisee with any assistance in the preparation of any local, state or federal tax filings; and/or (4) provide any financial advice, guidance or recommendations to Franchisee.

12.1. Franchisee acknowledges and agrees that the financial statements prepared by MAX pursuant to this Agreement will not be audited nor will they be prepared by a certified public accountant or other professional with similar licensure. Franchisee acknowledges and agrees that safeguarding its assts and the accuracy of the financial information supplied to MAX is the sole responsibility of the Franchisee. MAX recommends, and Franchisee shall, review all financial information and statements provided to Franchisee by MAX with a licensed accounting or financial professional and shall consult with such professional as necessary for the prudent and thorough preparation of Franchisee's tax returns or for any other purpose regarding the financial operation of Franchisee's The Max Challenge® franchise.

3. **FRANCHISEE COOPERATION:** Franchisee acknowledges and agrees that, in order to perform its bookkeeping services pursuant to this Agreement, MAX's requires accurate and prompt financial information from Franchisee. Accordingly, Franchisee's prompt cooperation and attention to all requests made by MAX in furtherance of its performance of this Agreement is required. Franchisee shall respond to all requests, and shall provide all requested information and material, within three (3) business days of MAX's request. Such information and material that MAX may request from time to time shall include any item relevant to the bookkeeping function including, but not limited by, vendor data, invoices, purchase history not identifiable by QuickBooks Online, account deposit history and details.

4. **BOOKKEEPING FEE:** In consideration of the services provided by MAX pursuant to this Bookkeeping Services Agreement, Franchisee shall pay to MAX a Bookkeeping Services Fee equal to Three Hundred Dollars ($325) per month. Franchisee's obligation to pay the Bookkeeping Services Fee to MAX shall commence upon the date on which Franchisee is required to begin Enrollment pursuant to the Franchise Agreement. Franchisee shall make such payment to MAX in the manner prescribed by MAX, which may change from time to time in MAX's sole discretion. MAX may elect to have the Bookkeeping Services Fee deducted from Franchisee's bank account electronically in the same way that other payments owed to MAX by Franchisee pursuant to the Franchise Agreement are paid. Franchisee agrees to execute any documentation or authorizations necessary to effectuate the funds transfer contemplated by this Paragraph 4. MAX reserves the right to change the manner in which Franchisee pays this Bookkeeping Services Fee at any time upon written notice to Franchisee.

5. **INTEREST; LATE FEES:** Any payment not received by MAX when due will bear interest at twelve percent (12%) per year or at the highest rate allowed by applicable law on the date when payment is due, whichever is less. In addition, any failure by Franchisee to pay the Bookkeeping Services Fee on the date due, shall be deemed a material breach of this Agreement, justifying suspension of the performance of MAX's obligations under this Agreement, and will be sufficient cause for immediate termination of this Agreement by MAX. Any such suspension shall not relieve Franchisee from paying any past due fees plus late charges and, in the event of any collection enforcement, any costs associated with such collection, including without limitation legal costs, attorneys' fees and expenses, court costs and collection agency fees.

6. **TERM:** This term of this Agreement shall commence on the

Effective Date set forth above and shall continue on a month-to-month basis until terminated by either party in accordance with Paragraph 7.

7. **TERMINATION:** MAX may terminate this Agreement upon seven (7) days' advance written notice to Franchisee at Franchisee's business email address or to the physical address set forth above. Immediately upon termination, Franchisee shall pay to MAX any and all unpaid and outstanding fees and charges and shall perform all required bookkeeping services on its own behalf.

8. **PERFORMANCE.** MAX shall not be responsible for non-performance or delays occasioned by any cause beyond MAX's reasonable control, including, but not limited to, labor difficulties, delays of vendors, pandemics, governmental actions or orders, and including, without limitation, any delay, downtime, malfunction or other outages of any web browsers.

9. **LIMITATION OF LIABILITY.** IN NO EVENT SHALL MAX BE LIABLE TO FRANCHISEE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION, BUSINESS INTERRUPTION, LOSS OF OR UNAUTHORIZED ACCESS TO INFORMATION, DAMAGES FOR LOSS OF PROFITS, INCURRED BY FRANCHISEE ARISING OUT OF THE SERVICES PROVIDED UNDER THIS AGREEMENT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL MAX'S LIABILITY ON ANY CLAIM, LOSS OR LIABILITY ARISING OUT OF CONNECTED WITH THIS AGREEMENT EXCEED THE BOOKKEEPING FEES PAID TO MAX DURING THE TWO ( 2 ) MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO SUCH CLAIM OR ACTION BY FRANCHISEE.

10. **INDEMNIFICATION.** Franchisee and all persons and entities claiming by, through or under Franchisee, hereby release, discharge, indemnify and hold harmless MAX and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "MAX Releasees") from any and all liabilities, costs, obligations, claims, debts, demands, judgments, attorney's fees arising from, or relating to (a) MAX's performance of this Agreement and ordinances and (b) any misrepresentations or omissions of Franchisee.

11. **SEVERABILITY.** Each condition is a separate covenant and the invalidation of any provision, by a court or otherwise, shall not effect the other terms and conditions in this Agreement.

12. **APPLICABLE LAW; VENUE.** This Agreement shall be governed by the laws of the State of New Jersey without regard to its conflict of laws provisions, and Franchisee and MAX agree that, in the event that a dispute is not covered by the arbitration clause below, the sole venue and jurisdiction for disputes arising from this Agreement shall be, unless otherwise set forth herein, the appropriate state or federal court located in Red Bank, New Jersey, and Franchisee and MAX hereby submit to the jurisdiction of such courts.

13. **ARBITRATION.** Any dispute, controversy, or claim between Franchisee and/or any of Franchisee's Related Parties, on the one hand, and Max and/or any of Max Related Parties, on the other hand, including, without limitation, any dispute, controversy, or claim arising under, out of, in connection with or related to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the execution of this Agreement; (d) any loan or other finance arrangement between Franchisee and Max or its Related Parties; (e) any claim based in tort or any theory of negligence; and/or (f) the scope or validity of the arbitration obligation under this Agreement; shall be determined in Monmouth County, New Jersey by the American Arbitration Association ("AAA"). This arbitration clause will not deprive Max of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction.

14. **WAIVER.** The waiver or failure of either party to exercise any right in any respect provided for herein shall not be deemed a waiver of any further right hereunder.

15. **SURVIVAL.** All provisions of this Agreement relating to Franchisee warranties, limitation of liability, Franchisee indemnification obligations and payment obligations shall survive any termination or expiration of this Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

**FRANCHISOR LLC:**

By: _____

Name: _____

Title: _____

Date: _____

**FRANCHISEE:**

By: _____

Name: _____

Title: _____

Date: _____

# Exhibit B

# Development Agreement and Exhibits

# FIT FRANCHISE BRANDS, LLC

# AREA DEVELOPMENT AGREEMENT

_____

**DEVELOPER**

_____

**DATE**

**FIT FRANCHISE BRANDS, LLC AREA DEVELOPMENT AGREEMENT**

**This Area Development Agreement** (the "Agreement') is made and entered into on _____ _____, 20_____ (the "Effective Date") by and between by and between Fit Franchise Brands, LLC, a New Jersey limited liability company with its principal place of business at Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726 ("FFB", "Franchisor", or "we", "us" or "our"), and _____, a _____ _____with an address at _____("you", "your" or "Developer") on the date this Agreement is executed by us below (the "Effective Date"). Franchisor and Developer are sometimes hereinafter collectively referred to as the "parties".

**BACKGROUND**

A. FFB and/or its affiliates is the owner of certain intellectual property rights, trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the following service marks: "The MAX Challenge®" and "TAKE IT TO THE MAX Fitness for the Mind, Body & Spirit®". FFB has spent a considerable amount of time, effort, and money to construct and continues to develop, use and control business methods, technical knowledge, marketing concepts, trade secrets, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, trade dress, and uniforms, and employee training techniques that, taken together, make up a proprietary system (the "System") for the operation of group training transformation centers (each a "Center" or a "Transformation Center").

B. FFB has the right to establish System "Standards and Specifications" for various aspects of the System, including, without limitation, standards and specifications related to location selection, the Center's physical characteristics, operating procedures, products and services offered, supplier qualifications, training, marketing and other aspects that affect and/or relate to the experience of System members and customers. You are required to comply with FFB's Standards and Specifications, which FFB has the right to (and expects to) change and modify over time. FFB's Standards and Specifications will be communicated to you in writing through FFB's Operations Manual and other manuals and written forms. You acknowledge that complete uniformity may not be possible or practical throughout the System.

C. You have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and have had sufficient time and opportunity to evaluate and investigate the business concept and the procedure and financial requirement associated with the business as well as the competitive market in which it operates.

D. You have expressed an interest in obtaining the right to open multiple Centers within a specific geographic area, and we are willing to grant such right upon the terms and conditions set forth in this Agreement.

**AGREEMENT**

In consideration of the above recitals, the covenants, agreements and conditions set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

## 1. APPOINTMENT, DEVELOPMENT TERRITORY AND MINIMUMUM DEVELOPMENT OBLIGATION

### 1.1 Development Area

Subject to your strict compliance with the terms and conditions of this Agreement, we grant to you, and you accept, the right during the term of this Agreement to develop the number of THE MAX CHALLENGE® Centers in the "Development Area," as set forth in Exhibit A to this Agreement. All of your Centers must be located within the Development Area. Except as otherwise expressly provided in this Agreement, during the Term of this Agreement, we will not operate, or grant anyone else the right to operate a Center, the physical premises of which are located within the Development Area. This grant is upon the terms and subject to the conditions of this Agreement.

You acknowledge and agree that our initial service under this Agreement is solely to identify the Development Area, and that we have no ongoing obligations such as training or operational assistance to you under this Agreement. All ongoing and further obligations to you in opening the Centers shall be provided pursuant to the applicable Franchise Agreement between you and us for each Center you are required to open under this Agreement.

### 1.2 Minimum Development Obligations

1.2.1 You shall comply with the terms and conditions of this Agreement and you shall comply with the following "Minimum Development Obligations": (i) secure a site and enter into a lease agreement for each Center you are required to develop under this Agreement on or before the lease execution deadline set forth in Exhibit A attached hereto (the "Lease Execution Deadlines"), (ii) develop and open each Center you are required to develop under this Agreement on or before the opening deadline set forth in Exhibit A attached hereto (the "Opening Deadlines"), and (iii) have open and in operation within the Development Area, not less than the cumulative number of Centers identified in Exhibit A to this Agreement; (collectively, "the Minimum Development Obligation"). **YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS AGREEMENT AND THAT YOUR RIGHTS UNDER THIS AGREEMENT ARE SUBJECT TO TERMINATION IF YOU DO NOT STRICTLY COMPLY WITH THE MINIMUM DEVELOPMENT OBLIGATIONS.**

1.2.2 For each Center you are required to develop under this Agreement, you shall enter into our then-current form of Franchise Agreement within the time periods set forth in this Agreement. You may form newly established, separate affiliate entities that share the identical ownership structure as Developer, to enter into the lease agreements and franchise agreements for each Center you are required to open under this Agreement (each a "Developer Affiliate"). You, each of your owners, and each owner of each Developer Affiliate, as applicable, shall enter into a personal guaranty and subordination agreement in the form attached to the applicable Franchise Agreement, which form may be materially different from the form attached to the franchise disclosure document you received prior to entering into this Agreement. You shall designate one (1) individual who shall be designated in Exhibit A attached hereto, who has the authority to, and does in fact, actively direct your business affairs related to your obligations under this Agreement and has the authority to sign on your behalf all contracts and commercial documents (your "Responsible Owner"). Your Responsible Owner shall exert his or her best efforts to the development of the Centers pursuant to this Agreement and, absent our prior approval, may not engage in any other business or activity that requires substantial management responsibility or time commitments.

1.2.3 You have no right to sublicense or subfranchise your rights under this Agreement.

### 1.3 Force Majeure

If you are unable to meet the Minimum Development Obligation requirement solely as the result of force majeure, including, but not limited to, war, riot, strikes, material shortages, floods, earthquakes, and other acts of God, or by governmental action or force of law, which results in the inability of you to construct or operate Centers in the Development Area, and which you could not, by the exercise of due diligence, have avoided, the Development Periods will be extended by the amount of time the force majeure exists, provided that if any force majeure continues for a period in excess of six months, we may terminate this Agreement upon written notice to you.

### 1.4 Reservation of Rights

You acknowledge and agree that we have the right to open and operate, and to grant others the right to open and operate Centers anywhere outside of the Development Area as we deem appropriate in our sole and absolute discretion. This Agreement is not a franchise agreement and you do not have any right to use any System trademarks, including, without limitation THE MAX CHALLENGE® or "Take it to the MAX, Fitness for the Mind, Body & Spirit®" (the "Marks") in any manner by virtue of this Agreement. You have no right under this Agreement to subfranchise or sublicense others to operate a Center or use the System or the Marks. Except for our agreement to not locate another Center in your Development Area during the Term, we reserve all other rights to do anything within the Development Area, including, without limitation, the following:

1.4.1 the right to operate and grant others the right to operate other Centers at any location outside of your Development Area, regardless of the proximity to your Development Area, and on such conditions as we deem appropriate;

1.4.2 the right to engage in wholesale operations anywhere and everywhere;

1.4.3 the right to distribute or license the manufacture or distribution of products, regardless of whether such products are authorized for Centers, under the Marks, through other channels of distribution, including Internet and catalog sales anywhere;

1.4.4 the right to develop, operate and franchise similar or dissimilar systems, under trademarks, service marks and commercial symbols other than the Marks anywhere, without offering them to you; and

1.4.5 the right to acquire, be acquired by or merge with franchise systems or non-franchised systems that operate in competitive or similar lines of business to Centers anywhere, including within the Development Area.

**1.5 Special Venues.** We shall have the right to develop, open and operate, and to license others the right to develop, open and operate, Center(s) in any Special Venues, including any Special Venue located within the Development Area, without providing you any rights therein or compensation therefor. The term "Special Venues" shall mean non-traditional venues, including, without limitation, schools, corporate offices, police departments, fire departments, government institutions and facilities, and military installations.

## 2. FEES

### 2.1 Development Fee

Upon signing this Agreement, you shall pay to us a "Development Fee" in the amount identified on Exhibit A. The Development Fee is in consideration of the rights we grant you pursuant to this Agreement and for the territorial rights granted to you pursuant to this Agreement. Accordingly, all such

fees are deemed fully earned by us upon execution of this Agreement and are non-refundable, even if you fail to develop one or more of the Centers.

**2.2 Training Fee**

Upon signing this Agreement, you shall pay to us a "Training Fee" in the amount identified on Exhibit A. The Training Fee is in consideration of the initial training services we provide to you before you open your first Center. All such fees are deemed fully earned by us upon execution of this Agreement and are non-refundable, even if you fail to develop one or more of the Centers.

**3. CENTER SITE SELECTION; FRANCHISE AGREEMENT EXECUTION PROCEDURES.**

**3.1 Center Site Selection.** You must, on your own initiative and at your sole cost and expense, locate and secure an acceptable site for each Center you are required to develop under this Agreement, and enter into a valid, binding lease agreement on or before the applicable Lease Execution Deadline. You must advise us in writing of your proposed site for each Center and you must submit to us a complete site report and application (containing demographic, commercial and other information that we or our designee may require). We are relying on your knowledge of the real estate market in your Development Area. Our prior approval is required in writing for each Center location. Each site must meet our confidential site evaluation criteria. In accepting or rejecting a proposed site, we will consider such matters as we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other Centers), the nature of other businesses in proximity to the site and other commercial characteristics and the size of the premises, appearance, and other physical characteristics of the premises. We will approve or disapprove your proposed site within thirty (30) days after we receive all of the materials you are required to provide to us. Our approval of a site will be by delivery of written notice to you. If you do not receive a written notice of approval within thirty (30) days after receipt of the requisite materials to approve or disapprove a proposed site, your proposed site is considered disapproved. We will not unreasonably withhold approval of any proposed site if it meets our then-current site criteria. ***You acknowledge and agree that our approval of a proposed site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Center or any other purpose. Our approval of a site indicates that we believe that the site meets our then acceptable criteria. Without limiting the foregoing, you acknowledge and agree that we are not responsible of the site fails to meet your or our expectations or if the Center you develop at the site fails.*** We have the right to require you to use our designated suppliers for site selection and real estate development services. We will notify you in writing of any such requirement, and, you shall, immediately upon your receipt of such written notification, comply with any and all such requirements at your sole cost and expense.

**3.2 Lease Approval/Execution Procedures**.

3.2.1 You must present to us for our approval the lease for each premises from which you will operate each Center you are required to develop under this Agreement **before you sign the lease for such Center**. You must cause your landlord to include the provisions we require in your lease agreement for each Center. For each Center you are required to develop under this Agreement, both you, and the landlord for the applicable leased premises, must enter into our then-current form of Collateral Assignment of Lease. The Collateral Assignment of the Lease includes important provisions that protect our interests. If your landlord refuses to sign the Collateral Assignment of the Lease in the form we require, we have the right to reject your proposed site for the applicable Center.

3.2.2 Each lease for each Center must provide that we (or our designee) may, at our sole option, upon the termination, expiration or proposed transfer of the Franchise Agreement for such location, take an assignment of your interest in the lease, without the payment of additional consideration (other than a reasonable assignment fee), and without liability for obligations you accrued as of the date of the assignment of the lease. Our review of any lease prior to its execution will not be for the purpose of

approving the legal aspects, economics, or rental terms of such lease. Accordingly, we will have no responsibility to you with regard to the economics, legality or enforceability of any lease. At all times during the term of this Agreement, you will promptly pay all rents and charges required by the lease for the Center and shall not be in default under the terms of the lease. You are required to provide us with a copy of your fully executed lease for each Center immediately upon your receipt of a fully executed copy thereof, and any amendments or renewals to the lease, to ensure that at all times we have a complete copy of the then-current lease for each Center.

### 3.3 Franchise Agreement Execution Requirements.

For each Center you are required to develop under this Agreement, you (or a Developer Affiliate approved by us) shall sign our then-current form of franchise agreement, which agreement may contain materially different terms and conditions as compared to the form of franchise agreement attached to the franchise disclosure document provided to you prior to your execution of this Agreement, no later than the earlier to occur of (a) the date you execute the lease agreement for the Center; or (b) five (5) calendar days after you receive our written approval of the proposed site for the Center (the "FA Execution Deadline"). Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of the Center that is the subject of such Franchise Agreement.

## 4. RELATIONSHIP OF PARTIES

### 4.1 Relationship of Parties

4.1.1 You will function as an independent party and not as our agent or representative, but rather as a franchisee under our Franchise Agreements. You and we are not and will never be considered joint ventures, joint employers, partners, employees, employer or agents one for the other. Neither will have the power to bind or obligate the other except as otherwise outlined in this Agreement and/or the Franchise Agreements. No representation will be made by either party to anyone that would create any apparent agency, employment or partnership except as otherwise outlined in this Agreement.

4.1.2 In all public and private records, documents, relationships, and dealings, you will indicate that you are an independent contractor operating pursuant to this Agreement.

4.1.3 You will maintain your records and accounts to clearly indicate that you and your employees are not our employees. You will be solely responsible to hire your own employees, including determinations about a prospective person's background, experience, character and immigration status. You shall provide written notification to each person you intent to hire as an employee advising such person that (a) the Franchisor is not their employer; and (b) that you are such person's employer.

4.1.4 You will pay all of your development, travel, tax, operating, sales, and other costs and expenses directly or indirectly incurred in fulfilling your obligations under this Agreement. You will hold us harmless for all such costs and expenses.

## 5. TERM AND TERMINATION

### 5.1 Term

Unless sooner terminated, the term of this Agreement ("the Term") will begin on the Effective Date and will end on the earlier to occur of: (a) the date the final Center you are required to develop under this Agreement has opened; or (b) the Opening Deadline for the last Center you are required to open under this Agreement. You do not have any right to renew this Agreement.

### 5.2 Termination

We have the right to terminate this Agreement, effective immediately upon delivery of written notice to you, if you commit a Material Default under this Agreement.

Each of the following events shall be deemed a "Material Default" under this Agreement:

(a) Your fail to meet any of your Minimum Development Obligations.

(b) Any conduct on your part that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of our franchise brand or System.

(c) The termination of any Fit Franchise Brands, LLC Franchise Agreement entered into by and between Franchisor, its successors or assigns, and you and/or any Developer Affiliate.

(d) If you or any Developer Affiliate commits a default under any franchise agreement or other agreement between us and you or any Developer Affiliate, which default remains uncured beyond all applicable notice and cure periods.

(e) If you violate any of your confidentiality or non-competition obligations under this Agreement.

(f) If you default under any other obligation under this Agreement and such default is not cured before the expiration of fifteen (15) calendar days following your receipt of a written notice of default from us.

A termination of this Agreement is not deemed to be a termination of any Franchise Agreement entered into by and between you and us, or any Developer Affiliate and us. You shall not be entitled to any refund of any of the Development Fee if we terminate this Agreement in accordance with the terms hereof.

### 5.3 Effects of Termination

Upon the expiration of the term, or upon termination of this Agreement, regardless of the cause for termination, you will have no further right to open or operate additional Centers which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between you and us which is in full force and effect. Effective immediately upon termination or expiration of this Agreement, we may open and operate, and license others the right to open and operate one or more Centers anywhere in the Development Area, subject to any territorial rights granted to you or any Developer Affiliate, as applicable, under any Franchise Agreement then in effect.

## 6. TRANSFER AND SUCCESSION

### 6.1 Assignment by Us

We may assign this Agreement, or any of our rights and privileges to any other person, firm or corporation without your prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of our functions, the assignee will expressly assume and agree to perform our obligations.

### 6.2 Assignment by You

Your rights and obligations under this Agreement are personal to you and our not assignable at all. Without our prior written permission, you will not voluntarily or involuntarily sell, transfer, assign, encumber, give or otherwise alienate the whole or any part of this Agreement, your assets, or the ownership of any of your rights under this Agreement. We have entered this Agreement in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence we repose in you or your

principal officers or partners who will actively and substantially participate in the development and operation of the Centers you are required to develop under this Agreement.

## 7. COVENANTS: NON COMPETITION/CONFIDENTIALITY/COMPLIANCE WITH LAWS

### 7.1 Non-Compete

7.1.1 You and each of your owners, officers and agents will not, during the Term of this Agreement, directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:

(a) participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business (as defined below); or

(b) divert, or attempt to divert any present or prospective business or customer of any Center 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 Marks and the System.

The term "**Competitive Business"** shall mean any and all businesses that are competitive with Centers including without limitation: any gym; fitness training business; any business which offers fitness training facility services, fitness training services, group fitness, group training, health club memberships, and/or physical training programs; any company offering exercise, health, wellness, weight loss and/or weight management services; and/or any business offering or selling products or services offered by Centers, including, without limitation, supplements and/or health related products. The term Competitive Business shall not include other Centers operated by Franchisee pursuant to a valid, binding franchise agreement by and between Franchisee and FFB.

7.1.2 During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Area; (b) within a ten (10) mile radius of the Development Area; or (c) within a ten (10) mile radius of any Center in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.

You acknowledge and agree that the restricted periods set forth above shall be tolled during any time in which you are in violation of your obligations. We may require you to obtain written agreements from your owners, officers, directors, employees and agents to not compete against us and to not disclose our trade secrets and confidential information. These agreements will be in a form we approve.

If for any reason, any provision of this covenant not to compete is determined to exceed any lawful scope and limit as to duration, geographic coverage, or otherwise, it is agreed that provision will nevertheless be binding to the full scope or limit allowed by applicable laws or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

You agree that damages alone cannot adequately compensate us if there is a violation of any of your non-competition covenants and that injunctive relief is essential for our protection. You therefore agree that in any case of any alleged breach or violation of this section, we may seek injunctive relief

without posting any bond or security, in addition to all other remedies that may be available to us at equity or law.

### 7.2 Communication of Information

During the Term of this Agreement and thereafter, you will not communicate or divulge to any person or entity the contents of the System Manuals, or any other non-public information related to the operation of a Center. Under no circumstances will you or your agents communicate or divulge to any person or entity any trade secrets, confidential information or personal contacts relating to the franchised business or System during the Term of this Agreement or thereafter.

### 7.3 You to Cease Using Names and Marks

Except to the extent permitted under then current Franchise Agreements, upon expiration or termination of this Agreement, whatever the cause for termination, you will immediately cease using the Marks and our names, logos, service marks, trademarks and other marks, symbols or materials suggesting that you were related to us or the System in any way. You acknowledge that all of these are our exclusive property and that you are allowed to use them only in connection with your work as our sales and service agent or franchisee. You may use them only pursuant to the provisions of any relevant franchise agreements between the parties.

**7.4 Compliance with Applicable Laws.** You shall, at your sole cost and expense, comply with all federal, state, city, municipality and local laws, ordinances, rules and regulations applicable to your obligations under this Agreement. You must, at your expense, be absolutely and exclusively responsible for determining all licenses and permits required by law for your Centers, for qualifying for and obtaining all such licenses and permits, and maintaining all such licenses and permits in full force and effect.

## 8. DISPUTE RESOLUTION

**8.1** The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action brought by us under Section 8. 3 of this Agreement, and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, you and we agree to mediate any dispute, controversy or claim between us and/or any of our affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and you and/or any of your affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Developer Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement.

Mediation will be conducted Monmouth County, New Jersey. Persons authorized to settle the dispute must attend each mediation session in person. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or

seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

### 8.2 Arbitration

Except as qualified below and in Section **8.3**, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Development Area, (e) the scope or validity of the arbitration obligation under this Section **8.2**, shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in Monmouth County, New Jersey. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Monmouth County, New Jersey.

The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Section **8.2** is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

The arbitrator shall have subpoena powers limited only by the laws of the State of New Jersey.

The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of New Jersey.

All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of New Jersey.

Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek recovery of those costs against you.

### 8.3 Exceptions to Arbitration

Notwithstanding Section 8.1 or Section 8.2, the parties agree that the following claims will not be subject to mediation or arbitration:

A. any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

B. any action in ejectment or for possession of any interest in real or personal property; or

C. any claim by us: (a) relating to your failure to pay any fee due to us under this Agreement; (b) relating to your failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; and/or (c) and/or our affiliates relating to your use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

## 9. MISCELLANEOUS PROVISIONS

### 9.1 Choice of Law and Venue

You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement and the Franchise Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement is accepted in the State of New Jersey and will be governed by the laws of such state which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend outside of New Jersey the scope of application of the New Jersey franchise or business opportunity laws. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of New Jersey, will be construed and enforced according to the laws of that state. All issues

or disagreements relating to this Agreement will be tried, heard, and decided in the state and federal courts in New Jersey, which you agree is the most convenient venue for these purposes. You acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of all of the members of the franchise system.

If a dispute arises between the parties, the parties agree to participate in mediation in accordance with the Mediation Procedures of the US Arbitration & Mediation Service or of any similar organization that specializes in the mediation of commercial business disputes. The Parties agree to equally share the costs of mediation.

### 9.2 Enforcement

Either party may seek to obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

We shall be entitled to recover from you all of our costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if we are the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your owners or Guarantors, including, without limitation, any action: (a) to enforce the terms of this Agreement; (b) for violation of this Agreement; or (c) for violation of the Lanham Act or other state or federal statutes. Without limiting the generality of the foregoing, if we incur costs and expenses due to your failure to pay when due amounts owed to us our affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, you agree, whether or not we initiate a formal arbitration or legal proceeding, to reimburse us for all of the costs and expenses that we incur including, without limitation, reasonable accounting, attorneys' and related fees and costs.

### 9.3 Relationship of You to Us

The parties intend by this Agreement to establish the relationship of franchisor and developer and/or independent contractors. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of us for any purpose whatsoever. Neither party is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer. All employees hired by or working for you will be your employees and will not, for any purpose, be deemed our employees or subject to our control. You must provide written notification to each of your employees that each such employee is employed by you, and not us. You shall file your own tax, regulatory and payroll reports with respect to your employees and operations.

### 9.4 Your Indemnification

You agree to protect, defend and indemnify us, and all of our past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees (the "Indemnified Parties") and hold each of the Indemnified Parties harmless from and against any and all damages, costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or related to your rights or obligations under this Agreement.

You represent and warrant that you have full and legal capacity to enter into this Agreement and into the Franchise Agreements and that they will not violate any provision or restriction in any contractual relationship you or your owners have with any third party.

### 9.5 Waiver and Delay

The following will not constitute a waiver of the provisions of this Agreement with respect to any subsequent breach or a waiver by us of our right at any time to require exact and strict compliance with the provisions of this Agreement or of the franchise agreements:

Waiver by us of any breach or series of breaches or defaults in your performance,

Our failure, refusal or neglect to exercise any right, power or option given to us under this Agreement or under any franchise agreement between us and you, or

Our failure, refusal or neglect to insist upon strict compliance with or performance of your obligations under this Agreement or any other franchise agreement between you and us.

This applies to this Agreement and to any franchise agreement between the parties whether entered into before, after or contemporaneously with the execution of this Agreement and whether or not related to the Centers.

### 9.6 Survival of Covenants

The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement, will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

### 9.7 Successors and Assigns

This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to your benefit and your heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained above.

### 9.8 Joint and Several Liability

If you consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

### 9.9 Agreements with Other Developers.

You acknowledge that other System franchisees and / or developers have or may be granted franchises or development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement.

### 9.10 Entire Agreement

Except for the Franchise Agreements that may be executed between the parties, this Agreement expresses the sole and complete understanding between the parties concerning the subject matter hereof. This Agreement, including the Exhibits attached hereto, is the entire agreement between the parties with respect to the subject matter hereof. No other prior agreements concerning the subject matter hereof, written or oral, will be deemed to exist or to bind the parties, and all prior agreements, understandings and representations, are merged into this Agreement and superseded by it.

Notwithstanding the foregoing, and only to the extent that Franchisee and/or the franchised Center is located in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin, then: no statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any

applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

You represent that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement. No officer, employee, or agent of ours has any authority to make any representation or promise not contained in this Agreement or in the FDD. You agree that you have executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties.

Nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document provided to you prior to your execution of this Agreement.

**Time is of the essence of this Agreement.**

### 9.11 Titles for Convenience

Article and paragraph titles used in this Agreement are for convenience only and will not affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

### 9.12 Gender

All terms used in any number or gender will extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or paragraph may require.

### 9.13 Severability

Nothing contained in this Agreement will require the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail. In such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, paragraph, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

### 9.14 Counterparts

This Agreement may be executed in any number of counterparts; each of which will be deemed an original and all of which together will be deemed the same instrument.

### 9.15 Notices

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally, by email, or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and addressed as follows:

Notices to Franchisor: **Fit Franchise Brands, LLC**
Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726
Attention: _____

With a copy to: _____
_____
_____
Attention: _____
Facsimile: _____

Notices to Developer: _____
_____
_____
Attention: _____
Facsimile: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon transmission, or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

**9.16 Submission of Agreement**

The submission of this Agreement does not constitute an offer and this Agreement will become effective only upon the execution by you and us. THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

**9. Acknowledgments**

You, and your shareholders, members and partners, as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement. You and they have obtained the advice of counsel concerning entering this Agreement. You and they understand the nature of this Agreement and intend to comply with and to be bound by it.

You will exert your best efforts and full time to carrying out the terms, covenants and conditions of this Agreement in good faith.

**10. Electronic Records**

This Agreement may be executed in duplicate, and each copy so executed shall be deemed an original. This Agreement may also 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. A signed copy of this Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement. You agree that the electronic signatures or digital signatures (each an "e-Signature") of any party to this Agreement shall have the same force and effect as manual signatures of such party and such e-Signature shall not be denied legal effect or enforceability solely because it is in electronic form or an electronic record was used in its formation. You agree that an e-Signature of either party is intended to: (i) authenticate the signature, (ii) represent the party's intent to sign, and (iii) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. You agree not to contest the admissibility or enforceability of either party's e-Signature.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

**IN WITNESS WHEREOF**, this Agreement has been executed on the day and date first set forth above.

**DEVELOPER:**
***If an entity:]***

_____

By: _____
Name: _____
Title: _____
Date: _____

***[If an individual or individuals:]***

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

**FRANCHISOR:**
FIT FRANCHISE BRANDS, LLC

By: _____
Name: _____
Title: _____

## GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____, 20___, by _____.

In consideration of, and as an inducement to, the execution of that certain Development Operator Agreement (the "Agreement") by and between FIT FRANCHISE BRANDS, LLC ("Franchisor") and _____ ( "Developer") on this _____day of_____, each of the undersigned, _____, (each "he", "she" or the "undersigned", collectively, the "undersigned"), personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, mediation and arbitration requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several; (2) he or she will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; and (4) this liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment of performance of the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty. Each of the undersigned hereby represents and warrants that he or she has read the entire Agreement, has been provided with adequate opportunity to consult with counsel of his or her choice, and understands the Agreements terms and his or her obligations under this Guaranty.

This Guaranty may be executed in duplicate, and each copy so executed shall be deemed an original. This Guaranty may also 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. A signed copy of this Guaranty transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Guaranty. You agree that the electronic signatures or digital signatures (each an "e-Signature") of any party to this Guaranty shall have the same force and effect as manual signatures of such party and such e-Signature shall not be denied legal effect or enforceability solely because it is in electronic form or an electronic record was used in its formation. You agree that an e-Signature of either party is intended to: (i) authenticate the signature, (ii) represent the party's intent to sign, and (iii) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. You agree not to contest the admissibility or enforceability of either party's e-Signature.

[Signature Page Follows.]

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

| | |
|---|---|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

**EXHIBIT A TO DEVELOPMENT AGREEMENT**

**1. DEVELOPMENT AREA**

The Development Area is defined as the entire territory encompassed by _____ _____ in the State of _____. If the Development Area is identified by city or other political subdivisions, political boundaries will be considered fixed as of the Agreement Date, notwithstanding any political reorganization or change to the boundaries. The Development Area is depicted on the map attached to this Exhibit A. However, if there is an inconsistency between the language in this Exhibit A and the attached map, the language in this Exhibit A shall control. All street boundaries will be deemed to end at the street center-line unless otherwise specified.

2. **MINIMUM DEVELOPMENT OBLIGATIONS**

Developer agrees to open _____ (__) Centers within the Development Area according to the following Schedule:

| Column A | Column B | Column C | Column D |
|---|---|---|---|
| **Center #** | **Lease Execution Deadline** | **Opening Deadline** | **Cumulative Number of Centers To Be Opened and Operating in Development Area By Opening Deadline Designated in Column C** |
| | | | |
| | | | |
| | | | |
| | | | |

3. **DEVELOPMENT & TRAINING FEES**.

The Development Fee is $_____.
The Training Fee is $_____.

4. **RESPONSIBLE OWNER:**

Responsible Owner Name:_____
Responsible Owner Address:_____
Telephone Number & Email Address:_____
Percentage Ownership Interest:_____

5. **DEVELOPER INFORMATION:**

**____ Individual** **_____ Legal Entity**

**Name of Individual(s) or Legal Entity (as applicable):**_____
_____

**If Legal Entity:**
**State of formation/incorporation:**_____
**Date of formation:** _____
**Ownership Information:**

| Owner Name | Owner Address | Percentage Ownership Interest |
|---|---|---|
| | | |
| | | |
| | | |

**DEVELOPER:**
***[If an entity:]***

_____
_____

By: _____
_____
Name: _____
_____
Title: _____
_____
Date: _____
_____

***[If an individual or individuals:]***

**FRANCHISOR:**
FIT FRANCHISE BRANDS, LLC

By: _____
Name: _____
Title: _____

Signature: _____

Name: _____

Date: _____

# Exhibit C

# Financial Statements

# Exhibit D
# Current Franchisees as of December 31, 2025

**NEW JERSEY**

| COMPANY NAME (If Applicable) | CONTACT | ADDRESS | PHONE NUMBER | OPENING STATUS |
|---|---|---|---|---|
| MAX Fitness of Edison, LLC | Nancy Walzog | 1199 Amboy Ave Edison, NJ 08837 | 732-662-5900 | Open |
| Next Gen Fitness OB LLC | Staci Force and Jeff Force, Bruce Keehn, Mike Vitolo | 516 County Rd 516 #3879, Old Bridge, NJ 08857 | 732-617-6162 | Open |
| JD Fells LLC | Scott Schneider | 217 Clarksville Road West Windsor, NJ 08852 | 609-248-4114 | Open |
| NADOM LLC | Dinesh Ramchandani | 4095 US Highway 1 S South Brunswick, NJ 08852 | 732-943-3336 | Open |
| Peppersprout Productions Inc. | Denise Medford | 567 Mantoloking Road Brick, NJ 08723 | 732-746-4188 | Open |
| MAX Fitness Piscataway, LLC | Nancy Walzog | 1621 Stelton Road, Piscataway NJ 08854 | 908-388-9232 | Open |
| CKA MAX of Cranford | Mario Cesario | 777 Walnut Ave Cranford, NJ 07016 | 908-514-4099 | Open |
| A&A Fitness LLC | Amy Walsh | 95 Victory Road Springfield, NJ 07081 | 973-500-3144 | Open |
| FOLEYMILLER INC. | Pamela Miller | 1710 Highway 35 Oakhurst, NJ | 732-701-3423 | Open |
| Freehold Maxfit LLC | Eric Williamson | 3475 Route 9 North, Three Brook Plaza Freehold, NJ 07728 | 732-577-2554 | Open |
| Project Fit, LLC | Amanda Milek | 83 Main St Woodbridge Township, NJ 07095 | 732-248-6222 | Open |
| Total Transformation, LLC | Toby Bavli | 516 Valley Road Montclair, NJ 07043 | 973-922-3629 | Open |
| Yolo Fitness, Inc. | Marc Naparstek | 3043 NJ-35 Hazlet, NJ 07730 | 732-526-2191 | Open |
| G and T Wellness | Toby Bavli | 35 Main St Madison, NJ 07940 | 908-937-7629 | Open |
| Warrior for Life | Robert Edmond | 446 Pleasant Valley Way West Orange, NJ 07052 | 732-679-1131 | Open |

# Fit Franchise Brands, LLC
# (Formerly Known as Max Franchising, LLC)

(A Limited Liability Company)

Financial Statements

December 31, 2025, 2024 and 2023

**Fit Franchise Brands, LLC**
(A Limited Liability Company)

December 31, 2025, 2024 and 2023

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**Citrin Cooperman & Company, LLP**
Certified Public Accountants

180 Park Avenue, Suite 200
Florham Park, NJ 07932
**T** 973.218.0500 **F** 973.218.7160
citrincooperman.com

# Independent Auditor's Report

To the Member
Fit Franchise Brands, LLC

## Opinion

We have audited the accompanying financial statements of Fit Franchise Brands, LLC (formerly known as Max Franchising, LLC) (a limited liability company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in member's deficit and cash flows for each of the years in the three-year period ended December 31, 2025, 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 Fit Franchise Brands, LLC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

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

## Responsibilities of Management for the Financial Statements

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



"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

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 Fit Franchise Brands, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

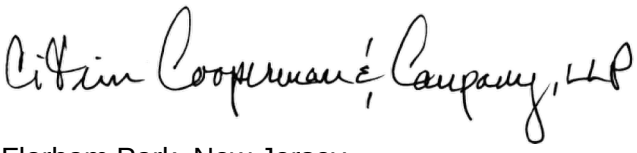
In performing an audit in accordance with generally accepted auditing standards, we:

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



"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

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



Florham Park, New Jersey
April 23, 2026



"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

# Fit Franchise Brands, LLC

(A Limited Liability Company)

## Balance Sheets

## December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash | $ 19,891 | $ 295,630 |
| Accounts receivable | 159,046 | 295,962 |
| Prepaid expenses and other current assets | 13,049 | 16,998 |
| Deferred charges, current | 14,335 | 12,072 |
| **Total current assets** | 206,321 | 620,662 |
| Property and equipment, net | 11,688 | 17,493 |
| Operating lease right-of-use asset | 182,801 | 228,441 |
| **Other assets** | | |
| Website development costs, net | - | 146 |
| Deferred charges, net of current portion | 19,766 | 40,082 |
| Security deposits | 9,279 | 15,297 |
| **Total other assets** | 29,045 | 55,525 |
| **Total assets** | $ 429,855 | $ 922,121 |
| **Liabilities and member's deficit** | | |
| **Current liabilities** | | |
| Accounts payable | $ 73,986 | $ 53,945 |
| Accrued expenses and other current liabilities | 63,160 | 70,843 |
| Due to affiliates | 7,769 | - |
| Deferred revenues, current (opened) | 42,421 | 52,837 |
| Deferred revenues, current (unopened) | 16,237 | 19,885 |
| Current maturities of long-term debt | 32,385 | 224,984 |
| Current portion of Economic Injury Disaster Loan | 3,570 | - |
| Current portion of operating lease liability | 49,930 | 46,593 |
| **Total current liabilities** | 289,458 | 469,087 |
| **Long-term liabilities** | | |
| Deferred revenues, net of current portion (opened) | 177,314 | 197,673 |
| Deferred revenues, net of current portion (unopened) | 46,676 | 62,913 |
| Long-term debt, net of current maturities | 99,767 | 132,147 |
| Economic Injury Disaster Loan, net of current portion | 146,330 | 149,900 |
| Operating lease liability, net of current portion | 145,747 | 195,677 |
| **Total long-term liabilities** | 615,834 | 738,310 |
| **Total liabilities** | 905,292 | 1,207,397 |
| Commitments and contingencies (Notes 5, 6, and 8) | | |
| Member's deficit | (475,437) | (285,276) |
| **Total liabilities and member's deficit** | $ 429,855 | $ 922,121 |

See accompanying notes to the financial statements.

**Fit Franchise Brands, LLC**

(A Limited Liability Company)

Statements of Operations

For the years ended December 31, 2025, 2024 and 2023

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Revenues** | | | |
| Royalties | $ 1,447,325 | $ 1,496,254 | $ 713,850 |
| ENE fees | 502,601 | 411,381 | 278,200 |
| Technology fees | 383,791 | 415,333 | 150,531 |
| Call center fees | 241,386 | 410,563 | 20,881 |
| Brand fund fees | 373,717 | 289,059 | 246,390 |
| Transfer and termination fees | 22,500 | 246,271 | 64,295 |
| Franchise fees | 103,160 | 139,920 | 230,244 |
| Other franchise related fees and services | 194,394 | 109,874 | 136,500 |
| Rebate income | 126,410 | 98,922 | 95,914 |
| **Total revenues** | 3,395,284 | 3,617,577 | 1,936,805 |
| Selling, general and administrative expenses | 2,964,148 | 2,817,799 | 1,907,900 |
| **Income from operations** | 431,136 | 799,778 | 28,905 |
| **Other income (expense)** | | | |
| Interest expense | (96,248) | (49,711) | (52,184) |
| Other income | 24 | - | 535 |
| **Other expense, net** | (96,224) | (49,711) | (51,649) |
| **Net income (loss)** | $ 334,912 | $ 750,067 | $ (22,744) |

See accompanying notes to the financial statements.

**Fit Franchise Brands, LLC**

(A Limited Liability Company)

Statements of Changes in Member's Deficit

For the years ended December 31, 2025, 2024 and 2023

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| Member's deficit at beginning of year | $ (285,276) | $ (742,604) | $ (635,161) |
| Net income (loss) | 334,912 | 750,067 | (22,744) |
| Contributions | - | 278,994 | 456,076 |
| Distributions | (525,073) | (571,733) | (540,775) |
| **Member's deficit at end of year** | $ (475,437) | $ (285,276) | $ (742,604) |

See accompanying notes to the financial statements.

**Fit Franchise Brands, LLC**

(A Limited Liability Company)

Statements of Cash Flows

For the years ended December 31, 2025, 2024 and 2023

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income (loss) | $ 334,912 | $ 750,067 | $ (22,744) |
| **Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities** | | | |
| Depreciation and amortization | 5,951 | 11,334 | 25,902 |
| Non-cash lease expense | 55,553 | 57,969 | 59,719 |
| Gain on lease termination | - | (34,097) | - |
| Bad debt expense | - | 3,740 | - |
| **Changes in operating assets and liabilities** | | | |
| Accounts receivable | 136,916 | (164,735) | (12,165) |
| Prepaid expenses and other current assets | 3,949 | (10,250) | 22,440 |
| Deferred charges | 18,053 | 21,139 | 45,220 |
| Security deposits | 6,018 | 4,310 | (360) |
| Accounts payable | 20,041 | (34,768) | 53,044 |
| Accrued expenses and other current liabilities | (7,683) | 34,626 | (21,302) |
| Advertising funds payable | - | (40,468) | (5,485) |
| Deferred revenues | (50,661) | (67,420) | (163,245) |
| Due to/from affiliates | 7,769 | 6,570 | 5,931 |
| Operating lease liability | (56,506) | (44,980) | (59,330) |
| **Net cash provided by (used in) operating activities** | 474,312 | 493,037 | (72,375) |
| **Cash used in investing activities** | | | |
| Website development costs | - | - | (2,978) |
| **Cash flows from financing activities** | | | |
| Distributions to member | (525,072) | (571,733) | (512,675) |
| Repayments of long-term debt | (224,979) | (61,592) | (56,468) |
| Contributions from member | - | 278,994 | 456,076 |
| **Net cash used in financing activities** | (750,051) | (354,331) | (113,067) |
| **Net increase (decrease) in cash** | (275,739) | 138,706 | (188,420) |
| Cash at beginning of year | 295,630 | 156,924 | 345,344 |
| **Cash at end of year** | $ 19,891 | $ 295,630 | $ 156,924 |

See accompanying notes to the financial statements.

**Fit Franchise Brands, LLC**
(A Limited Liability Company)

Statements of Cash Flows

For the years ended December 31, 2025, 2024 and 2023

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Supplemental disclosures of cash flow information** | | | |
| Interest paid | $ 96,248 | $ 53,261 | $ 57,555 |
| **Supplemental schedules for non-cash investing and financing activities** | | | |
| Operating lease liability and right-of-use asset recognized in connection with new lease entered into during the year ended December 31, 2024 | $ - | $ 261,366 | $ - |
| Reclassifications of due from affiliates to distributions | $ 359,815 | $ 8,600 | $ 28,100 |

See accompanying notes to the financial statements.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Organization

Fit Franchise Brands, LLC (the Company), a wholly-owned subsidiary of Max Transformation Holdings, LLC (the Parent), was formed on January 3, 2013, as a New Jersey limited liability company. The Company offers and sells franchises for multi concept fitness studios under the trade names "The Max Challenge" and "Farrell's Extreme Body Shaping" (the Franchise System). The Franchise System operates fitness studios that offer a comprehensive approach to wellness, combining kickboxing, strength training, nutrition, and personal coaching all under one roof. The Company primarily operates in the United States of America.

On January 2, 2024, the Parent consummated a transaction (the FXB Acquisition), whereby it acquired substantially all of the assets of Farrell's eXtreme BodyShaping, Inc., the former franchisor of the FARRELL'S EXTREME BODYSHAPING® franchise system. Effective January 2, 2024, the Parent assigned substantially all of the assets, except for intellectual property, included in the FXB Acquisition to the Company. Such assets primarily consisted of accounts receivable and assumed franchise contracts.

Fit Franchise Brands, LLC was formerly known as Max Franchising, LLC until it changed its name on May 31, 2024.

As a limited liability company, the member is not liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

### b. Basis of presentation

The accompanying financial statements are presented in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

### c. Use of estimates

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

### d. Revenue recognition

The Company derives its revenues from royalties, franchise fees, advertising fund fees, transfer fees, and other franchise related fees and services.

*Franchise fees, royalties and advertising brand fund fees* - Contract consideration from franchising primarily consists of initial or renewal franchise fees, sales-based royalties, sales-based brand fund fees, and transfer fees payable by a franchisee for the transfer of a franchise unit to another franchisee. The Company also enters into area development franchise agreements (ADAs) which grant a franchisee with the right to develop two or more franchise units. The Company collects upfront fees for the grant of such rights. The initial franchise fees and upfront ADA franchise fees are nonrefundable and collected when the initial franchise agreement or ADA is signed by the franchisee. Sales-based royalties, advertising fund fees and certain fixed fees are payable monthly. Renewal fees and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including site selection, training and other such activities commonly referred to collectively as "pre-opening activities." Certain pre-opening activities are deemed to be distinct as they provide a benefit to the franchisee and are not highly interrelated or interdependent to access to the Company's intellectual property. For all other pre-opening activities, if any, the Company will determine if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a company-branded franchise unit. The portion of pre-opening activities that is not brand specific will be deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property and therefore accounted for as a separate performance obligation.

All other pre-opening activities have been determined to be highly interrelated to the use of the Company's intellectual property and therefore accounted for as a single performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities that are distinct using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities that are distinct are recognized when the franchisee location opens.

Initial and renewal franchise fees and pre-opening activities that are not distinct allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. ADAs generally consist of an obligation to grant the right to open two or more units. These territorial rights are not distinct from franchise agreements; therefore, upfront fees paid by franchisees for territorial rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fees.

Royalties are earned based on a percentage of franchisee gross revenues, or are a fixed monthly fee, as defined in each respective franchise agreement. Franchise royalties are related entirely to the use of the Company's intellectual property. Sales derived are recognized as franchisee sales occur and the royalty is deemed collectible.

*Brand fund* - The Company maintains a brand fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Brand fund fees are collected from franchisees based on a percentage of franchisee gross revenues. The Company has determined that it acts as a principal in the collection and administration of the advertising fund and therefore recognizes the revenues and expenses related to the advertising fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the advertising fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the advertising fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur. When advertising fund fees exceed the related advertising fund expenses in a reporting period, advertising costs are accrued up to the amount of advertising fund revenues recognized.

*Technology fees* - The Company charges a technology fee established to collect reimbursements for applications paid for by the Company on behalf of participating franchisees, in accordance with the provisions of the franchise agreements. The Company has determined that it acts as a principal in the collection and administration of the technology fees and therefore recognizes the revenues and expenses related to the technology fees on a gross basis. Technology fees are recognized as franchisee sales occur and the technology fee is deemed collectible.

*Call center fees* - The Company offers an optional call center service to its franchisees to support new member sales and member reactivation efforts at franchise locations. Under this program, the Company provides sales assistants who handle new leads generated by each participating franchise location, book appointments on behalf of the franchise, and conduct periodic call drives to re-engage existing leads and inactive members. Franchisees who elect to participate in this service enter into a Call Center Agreement with the Company. Participation is voluntary and subject to the terms and conditions outlined in the agreement. Revenues are earned and charged on a monthly basis when the sales assistant performs such services.

The Company earns a flat fee commission for each successful new membership sale or membership reactivation that results from the call center's efforts. Revenue is recognized at the point in time when the qualifying event (i.e., the new membership sign-up or reactivation) occurs, as this represents the completion of the performance obligation.

*ENE fees* - The Company provides digital marketing management services to franchisees under its "ENE" program. Through this program, the Company's in-house marketing agency manages the digital marketing efforts of participating franchisees in accordance with a marketing budget determined by each franchisee. The ENE services include campaign planning, execution, and performance monitoring designed to support local brand awareness and customer acquisition. Revenues are earned and charged on a monthly basis when the agency performs such services. The Company has determined that it acts as a principal in the collection and administration of the ENE fees and therefore recognizes the revenues and expenses related to the ENE fees on a gross basis.

*Vendor rebates* - The Company has entered into certain preferred vendor arrangements for which it earns a rebate payable by the vendor based on a percentage or volume of purchases made by its franchisees. Vendor rebates are recognized in the period purchases are made and reported to the Company.

*Other franchise related fees and services* - The Company provides bookkeeping and other marketing services to franchisees. Other fees for services performed by the Company are fixed fees payable monthly, and earned at a point in time.

**e. Incremental costs of obtaining a contract**

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and are amortized over the term of the franchise agreement. These costs are classified as "Deferred charges" in the accompanying balance sheets.

**f. Accounts receivable**

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for credit losses for estimated losses resulting from the inability of some of its franchisees to make required payments. The Company assesses collectibility by reviewing accounts receivable on a collective basis where similar risk characteristics exist. In determining the amount of the allowance for credit losses, management considers historical collectibility and make judgments about the creditworthiness of the pool of franchisees based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for doubtful accounts. Uncollectible accounts are written off when all collection efforts have been exhausted. At December 31, 2025, 2024, and 2023, accounts receivable were $159,046, $295,962, and $134,967, respectively. The Company determined the allowance for credit losses was not significant as of December 31, 2025 and 2024, and therefore no amounts have been recognized.

**g. Website development costs**

In accordance with the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 350, *Intangibles - Goodwill and Other - Website Development Cost*, the Company has classified its website development costs as stage two, which encompass costs for web application and graphic design, among other development costs. Website development costs classified as stage two are capitalized and amortized over the site's estimated life once the site is ready for the intended use. The Company capitalized stage two costs amounting to $- during each of the years ended December 31, 2025 and 2024. The amortization expense attributable to the website for the years ended December 31, 2025, 2024 and 2023, amounted to $146, $3,952 and $13,476, respectively.

**h. Property and equipment**

Property and equipment are carried at cost, less accumulated depreciation. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The costs of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Vehicles and equipment | 5 years |
| Furniture and fixtures | 7 years |
| Leasehold improvements | Shorter of lease-term or 15 years |

For the years ended December 31, 2025, 2024 and 2023, depreciation expense on property and equipment amounted to $5,805, $7,382 and $12,426, respectively.

**i. Leases**

The Company has an operating lease agreement for an office space through July 2029. The Company determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less (a "short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized in the balance sheets.

Lease terms include the non-cancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Company has lease agreements with lease and nonlease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. The Company uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

**j. Income taxes**

The Company is a single-member limited liability company and therefore is a disregarded entity for income tax purposes. The Company's assets, liabilities and items of income, deductions and credits are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There are no uncertain income tax positions recognized as of and for the years ended December 31, 2025, 2024 and 2023, respectively.

**k. Advertising costs**

Advertising costs are expensed as incurred or committed to be spent as part of the advertising fund and are included in "Selling, general and administrative expenses" in the accompanying statements of operations. Advertising costs amounted to $262,322, $492,350 and $285,040 for the years ended December 31, 2025, 2024 and 2023, respectively.

**l. Variable interest entities**

In accordance with FASB issued Accounting Standards Update No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*, nonpublic companies are not required to apply variable interest entity guidance to certain common control arrangements, including leasing arrangements under common control. The Company has applied these provisions to the accompanying financial statements and determined that related parties, as described in Note 5, meet the conditions under the standard, and accordingly, it is not required to include the accounts of related parties in the Company's financial statements.

### m. Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through April 23, 2026, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

## 2. REVENUES AND RELATED CONTRACT BALANCES

### a. Disaggregated revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States, and its ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors.

Revenues by timing of recognition were as follows:

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Point in time** | | | |
| Royalties | $ 1,447,325 | $ 1,496,254 | $ 713,850 |
| ENE fees | 502,601 | 411,381 | 278,200 |
| Technology fees | 383,791 | 415,333 | 150,531 |
| Call center fees | 241,386 | 410,563 | 20,881 |
| Brand fund fees | 373,717 | 289,059 | 246,390 |
| Transfer and termination fees | 22,500 | 246,271 | 64,295 |
| Other franchise related fees and services | 194,394 | 109,874 | 136,500 |
| Rebate income | 126,410 | 98,922 | 95,914 |
| Franchise fees | - | - | 3,709 |
| **Total point in time** | 3,292,124 | 3,477,657 | 1,710,270 |
| **Over time** | | | |
| Franchise fees | 103,160 | 139,920 | 226,535 |
| **Total revenues** | $ 3,395,284 | $ 3,617,577 | $ 1,936,805 |

**b. Contract balances**

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, which are presented as "Deferred revenues" in the accompanying balance sheets. A summary of significant changes in deferred revenues as of December 31, 2025 and 2024, is as follows:

| | 2025 | 2024 |
|---|---|---|
| Deferred revenues at beginning of year | $ 333,308 | $ 400,728 |
| Additions for initial/transfer franchise fees received | 52,500 | 72,500 |
| Franchise fee refunds | - | - |
| Revenue recognized during the year | (103,160) | (139,920) |
| **Deferred revenues at end of year** | $ 282,648 | $ 333,308 |

At December 31, 2025, deferred revenues are expected to be recognized as revenue over the remaining terms of the associated franchise agreements as follows:

| **Year Ending December 31:** | **Amount** |
|---|---|
| 2026 | $ 58,658 |
| 2027 | 51,775 |
| 2028 | 47,361 |
| 2029 | 37,487 |
| 2030 | 23,808 |
| Thereafter | 63,559 |
| **Total** | $ 282,648 |

The direct and incremental costs, principally consisting of commissions, are included in "Deferred charges" in the accompanying balance sheets. The direct and incremental costs expected to be recognized over the remaining term of the associated franchise agreements, are as follows:

| **Year Ending December 31:** | **Amount** |
|---|---|
| 2026 | $ 9,517 |
| 2027 | 9,142 |
| 2028 | 8,370 |
| 2029 | 6,076 |
| 2030 | 695 |
| Thereafter | 301 |
| **Total** | $ 34,101 |

## 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Vehicles | $ 30,474 | $ 30,474 |
| Equipment | 46,731 | 46,731 |
| Furniture and fixtures | 41,616 | 41,616 |
| Leasehold improvements | 19,448 | 19,448 |
| | 138,269 | 138,269 |
| Less: accumulated depreciation | (126,581) | (120,776) |
| **Property and equipment, net** | $ 11,688 | $ 17,493 |

## 4. CONCENTRATIONS OF CREDIT RISK

### a. Cash

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash. The Company's cash is placed with a major financial institution. At times, amounts held with this financial institution may exceed federally- insured limits.

### b. Accounts receivable

Concentration of credit risk with respect to receivables is limited due to the number of franchisees in the Company's customer base and their geographic dispersion. The Company provides an allowance for doubtful accounts, as needed, equal to the estimated collection losses based on historical experience coupled with a review of the current status of existing receivables.

## 5. RELATED-PARTY TRANSACTIONS

### a. Trademark license agreement

On January 25, 2013, the Company entered into a 50-year exclusive license agreement with Max IP, LLC (the Licensor), which is related to the Company through common ownership. The Licensor granted the Company a non-exclusive, non-assignable right and license for the use of certain trademarks, service marks, trade names, trade dress designs and logos, and all goodwill symbolized thereby (collectively, the Marks), which have been used in connection with the development, expansion, advertisement and administration of a franchise system of businesses offering discount fitness programs. The license agreement includes automatic renewals for additional terms of 10 years each unless one party notifies the other party of its intention not to renew at least 60 days prior to the expiration of the then-current term.

**b. Due from affiliates**

In the ordinary course of business, the Company periodically pays expenses on behalf of entities related through common ownership. No interest is charged on these advances. Advances to the related parties are unsecured and have no specific repayment terms. During the year ended December 31, 2025, management determined certain balances were unlikely to be recovered. The affiliate loans in the amount of $359,815 were reclassified as a member distribution in the year ended December 31, 2025. The balance due from these affiliates amounted to $- at December 31, 2025 and 2024.

**c. Due to affiliates**

In the ordinary course of business, the Company periodically receives funds from entities related through common ownership. No interest is charged on these advances. Advances from the related parties are unsecured and have no specific repayment terms. Management expects these balances to be settled within the next year. The net balance due to these affiliates amounted to $7,769 and $- at December 31, 2025 and 2024, respectively.

**d. Management services agreement**

The Company and UTA Martial Arts, an entity related through common ownership, entered into a management services agreement in January 2017, whereby UTA Martial Arts agreed to perform certain management functions on behalf of the Company. Management service fees for the years ended December 31, 2025, 2024 and 2023, amounted to $288,000, $288,000 and $315,301, respectively, and are included in "Selling, general and administrative expenses" in the accompanying statements of operations.

**e. Affiliate-owned franchise locations**

The Company recognized revenues from affiliate-owned franchises for the years ended December 31, 2025, 2024 and 2023, amounting to $38,047, $88,167 and $105,400, respectively.

## 6. COMMITMENTS AND CONTINGENCIES

**a. Operating lease**

In October 2020, the Company entered into a non-cancelable operating lease agreement for office space, with an original expiration date of September 2028. In March 2024, this lease was mutually terminated by the Company and the landlord. Subsequently, the Company entered into a new operating lease for office space with a different landlord. This lease commenced in April 2024 and expires in July 2029. Total operating lease expense for the years ended December 31, 2025, 2024 and 2023, amounted to $55,553, $57,034 and $67,424, respectively.

Maturities of lease liabilities as of December 31, 2025, are as follows:

| **Year Ending December 31:** | **Amount** |
|---|---|
| 2026 | $ 57,636 |
| 2027 | 58,789 |
| 2028 | 59,965 |
| 2029 | 35,553 |
| **Net minimum lease payments** | 211,943 |
| Less: interest | (16,266) |
| **Present value of lease liabilities** | 195,677 |
| Less: current portion | (49,930) |
| **Lease liabilities, net of current portion** | $ 145,747 |

Supplemental cash flow information related to leases was as follows:

| | **2025** | **2024** |
|---|---|---|
| **Cash paid for amounts included in the measurement of lease liabilities** | | |
| Operating cash flows from operating leases | $ 56,506 | $ 44,980 |

Average lease terms and discount rates were as follows:

| | | |
|---|---|---|
| **Weighted-average remaining lease term (in years)** | | |
| Operating lease | 3.51 | 4.51 |
| **Weighted-average discount rate (%)** | | |
| Operating lease | 4.58 | 4.58 |

**b. Legal matters**

The Company is subject to various legal matters which may arise during the ordinary course of business. At December 31, 2025, 2024, and 2023, the Company was unaware of any such matters which would have a material effect on the Company's financial statements.

## 7. RETIREMENT PLAN

The Company maintains a 401(k) plan which covers substantially all employees. The Company currently provides a match equal to 25% of an employee's elective deferrals, up to 4% of their eligible earnings. The Company's matching contributions to the plan amounted to $3,132, $1,894 and $2,137 for the years ended December 31, 2025, 2024 and 2023, respectively, and are included in "Selling, general and administrative expenses" in the accompanying statements of operations.

## 8. LONG-TERM DEBT

### a. Term notes

During the year, the Company was party to two term notes. One note was originally scheduled to mature in March 2029, but was paid in full in January 2025. Accordingly, the entire balance is presented as current for the year ended December 31, 2025. This loan bore an interest rate of 11.99%.

The remaining term note, maturing in August 2029, bears interest at 6.00%. At December 31, 2025, the total balance outstanding under this term note was $132,152.

The aggregate annual maturities of the term notes payable for years subsequent to December 31, 2025, are as follows:

| **Year Ending December 31:** | | **Amount** |
|---|---|---|
| 2026 | $ | 32,385 |
| 2027 | | 34,400 |
| 2028 | | 36,521 |
| 2029 | | 28,846 |
| **Total** | $ | 132,152 |

### b. Economic Injury Disaster Loan

On May 29, 2020, the Company received Economic Injury Disaster Loan (EIDL) proceeds of $149,900 under Section 7(b) of the Small Business Act, which was established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and provided loans to qualifying businesses to be used solely as working capital to alleviate economic injury caused by disaster. The EIDL loan matures 30 years from the effective date of the loan and accrues interest at a fixed rate of 3.75%.

Effective March 2022, the Small Business Administration announced the first payment due date was extended from 12 months to 30 months from the initial date of the loan. Payments are payable in equal consecutive monthly installments of $731. Each payment will be applied first to interest accrued to the date of receipt of payment, and the balance, if any, will be applied to principal.

The aggregate annual maturities of the EIDL loan for years subsequent to December 31, 2025, are as follows:

| **Year Ending December 31:** | | **Amount** |
|---|---|---|
| 2026 | $ | 3,570 |
| 2027 | | 4,036 |
| 2028 | | 4,190 |
| 2029 | | 4,350 |
| 2030 | | 4,516 |
| Thereafter | | 129,238 |
| **Total** | $ | 149,900 |

| | | | | |
|---|---|---|---|---|
| Blue J LLC | Kane Kang; Melissa Kang | 800 Lacey Road Lacey Township, NJ 08731 | 609-994-5249 | Open |
| PLS For Life, Inc. | Paul Albert | 25 Route 31S, Pennington, NJ 08534 | 609-303-3012 | Open |
| Upmax, LLC | Oded Segev | 321 Changebridge RD Pine Brook, NJ 07058 | 973-521-8001 | Open |
| Manalapan Maxfit LLC | Eric Williamson | 285 Gordons Corner Road Manalapan, NJ 07726 | 732-446-4382 | Open |
| TammyCore LLC | Daniel James Wright | 148 State Route 31, Suit 103 Flemington, NJ 08822 | 908-524-0239 | Open |
| Marlboro MAX Fit LLC | Eric Williamson | 460 County Road 520, Marlboro Township, NJ | 732-446-4382 | Open |
| Next Phase Fitness, LLC. | Carrie & Patrick Dyrness | 777 Walnut Ave, Cranford, NJ 07016 | (908) 838-5331 | Open |
| LM MAX Fitness, LLC. | Laurie Arevalo | 86 Atlantic City Blvd, Bayville, NJ 08721 | 917-744-8805 | Open |
| Tammyverse, LLC. | Daniel James Wright | 1802 NJ-31, Clinton, NJ 08809 | (917) 854-3445 | Open |

**NEW YORK**

| COMPANY NAME (If Applicable) | CONTACT | ADDRESS | PHONE NUMBER | NOTES |
|---|---|---|---|---|
| MAX Mommas LLC | Deb Mirabella & Lorraine Marin | 971 Rossville Ave Staten Island, NY 10309 | (917) 854-3445 | Open |
| Richmond Fit LLC | Roseann Camarda | 1300 Hylan Blvd Staten Island, NY 10305 | 646-529-6902 | Closed |
| DGM Maxers Inc | Debra Mirabella | 526 86th St Brooklyn, NY 11209 | 718-619-2818 | Open |
| Lisa's Good For You Fitness, LLC | Lisa Cartolano | 15 Storer Avenue Staten Island, NY 10309 | 718-612-5416 | Open |

**DELAWARE**

| COMPANY NAME (If Applicable) | CONTACT | ADDRESS | PHONE NUMBER | NOTES |
|---|---|---|---|---|
| Sassy Sandpiper, Inc. | Robin Carmody<br>Gerald Carmody | 17437 Ocean One Plaza<br>Suite 1<br>Lewes, DE 19958 | 302-703-1188 | Open |

## CONNECTICUT

| COMPANY NAME (If Applicable) | CONTACT | ADDRESS | PHONE NUMBER | NOTES |
|---|---|---|---|---|
| Kim Lachapelle Professional Coaching, LLC | Kim Lachapelle | 1735 Ellington Rd Store 9<br>South Windsor, CT 06074 | 860-327-8340 | Open |

## OHIO

| COMPANY NAME (If Applicable) | CONTACT | ADDRESS | PHONE NUMBER | NOTES |
|---|---|---|---|---|
| The MAX of Ohio, Inc. | Maria Rademaker | New Albany, OH | 937-609-2609 | Open |

# Exhibit E

# List of Former Franchisees

This Exhibit lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had a Transformation Center terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

| COMPANY NAME | CONTACT | CITY/STATE | PHONE NUMBER |
|---|---|---|---|
| A&A Fitness, Inc | Allison DiMarzio | New Providence, NJ 07974 | 908-516-1986 |
| MTEK Fitness Corp | Michael Keogh | Howell, NJ | 908-447-6758 |
| Doshi & Family, LLC | Parul Doshi | Bridgewater, NJ 08836 | 732-943-3336 |
| SAM Fitness LLC | Suzanny Mendola | Fair Lawn NJ | 551-580-3682 |
| Richmond Fit LLC | Roseann Camarda | Staten Island, NY | 646-529-6902 |
| Gregory Roberts | Greg Roberts | Barrington, RI | 860-490-8749 |
| Radwa Elhadidy | Radwa Elhadidy | Robbinsville, NJ | 732-789-7700 |
| OurSixBoys, LLC | Marlo Larsen | Jupiter, FL | 718-702-5631 |
| Yolo Fitness, Inc, | Marc Naparstek | Middletown, NJ | 732-526-2191 |

**Transfers in 2025**

The below franchisees sold or transferred ownership control of their Center during the 2025 calendar year.

| COMPANY NAME | CONTACT | CITY/STATE | PHONE NUMBER | |
|---|---|---|---|---|
| CKA MAX of Cranford | Mario Cesario | 777 Walnut Ave Cranford, NJ 07016 | 908-514-4099 | Open |
| MTEK Fitness Corp | Michael Keogh | 86 Atlantic City Blvd, Berkeley Twp NJ | 908-447-6758 | Transferred |
| KalEl Fitness, LLC. | Mark Larose | 1802 NJ-31, Clinton, NJ 08809 | 201-647-0054 | Transferred |

# Exhibit F

## State Administrators/Designation of Agent for Service of Process

***State Administrators***

**California**
California Department of Financial Protection & Innovation
Department of Financial Protection & Innovation
1515 K Street
Sacramento, CA 95814
(916) 445-7205
(Toll Free) (866) 275-2677

**Hawaii**
Hawaii Securities Examiner
1010 Richards Street
Honolulu, HI 96813
(808) 586-2722

**Illinois**
Illinois Franchise Development
Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

**Indiana**
Indiana Chief Deputy Commissioner
Secretary of State
Franchise Section - Securities Division
301 W. Washington Street, Room E111
Indianapolis, IN 46204
(317) 232-6681

**Maryland**
Office of the Attorney General
Securities Division
200 Saint Paul Place,
Baltimore, MD 21202
(410) 576-6360

***State Agents For Service of Process***

**California**
California Commissioner
Department of Financial Protection & Innovation
1515 K Street
Sacramento, CA 95814
(916) 445-7205
(Toll Free) (866) 275-2677

**Hawaii**
Director, Department of Commerce and Consumer Affairs
Business Registration Division
1010 Richards Street
Post Office Box 40
Honolulu, HI 96810

**Illinois**
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

**Indiana**
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, IN 46204

**Maryland**
Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, MD 21202-2020

***State Administrators***
***(Continued)***

**Michigan**
Michigan Franchise Administrator
Consumer Protection Division
Attention: Franchise Examiner
670 Law Building
Lansing, MI 48913
(517) 373-7117

**Minnesota**
Minnesota Franchising Examiner
Minnesota Department of Commerce
85 7th Place, East, Suite 500
St. Paul, MN 55101
(651) 539-1571

**New York**
Special Deputy Attorney General
Bureau of Investigation
New York State Department of Law
120 Broadway
New York, NY 10271
(212) 416-8222

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

**Rhode Island**
Rhode Island Securities Examiner
Division of Securities
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9500

**South Dakota**
South Dakota Franchise Administrator
Division of Securities
Department of Labor & Regulation
124 S Euclid, Suite 104
Pierre, SD 57501
(605) 773-4013

***State Agents For Service of Process***
***(Continued)***

**Michigan**
Not Applicable

**Minnesota**
State of Minnesota
Department of Commerce
Securities Division
85 7th Place East, Suite 500
St. Paul, MN 55101

**New York**
Secretary of State of New York
99 Washington Avenue
Albany, NY 12231

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

**Rhode Island**
Rhode Island Department of Business Regulation
1511 Pontiac Avenue
Cranston, RI 02920

**South Dakota**
Director, Division of Securities
State Capitol Building
124 S Euclid, Suite 104
Pierre, SD 57501
(605) 773-4013

***State Administrators***
***(Continued)***

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

**Washington**
Washington Securities Administrator
Business License Service
P. O. Box 9033
Olympia, WA 98507-9033
(360) 902-8760

**Wisconsin**
Wisconsin Commissioner of Securities
Registration Division
P. O. Box 1768
Madison, WI 53101
(608) 266-8559

***State Agents For Service of Process***
***(Continued)***

**Virginia**
Clerk of the State Corporation Commission
1st Floor
1300 East Main Street
Richmond, VA 23219
(804) 371-9733

**Washington**
Director of Licensing
Securities Division
150 Israel Road
Turnwater, WA 98501

**Wisconsin**
Wisconsin Commissioner of Securities
Office of the Commissioner of Securities
101 East Wilson Street
Madison, WI 53702

# Exhibit G

**Operations Manual – MAXConnect**

Resources:
Vendors
Assets:
- Logos
- Photos
- Videos
- Apparel

Hiring:
- Tutorials
- Job Descriptions
- Offer Letters

Onboarding
Marketing:
- 2024 Calendar
- Challenge Marketing
- Promotions
- Grassroots Marketing
- Retail Marketing
- Referral Marketing
- Submit Art Requests

Member Experience:
- New Members
- Milestones
- Class Programming
- Nutrition

Operations:
- Getting Started
- Policies
- Reports
- Facility Standards

Training:
- ENE
- Sales
- Club Ready
- The MAX Challenge App
- Instructor Training
- Other Platforms

Webinars:
- 12:34 Webinars
- Sales Training

Interviews

***Total page count and page numbers are not available as all Operations Manual and other content is housed in an online portal.***

# Exhibit H

# Form of General Release

# General Release

THIS GENERAL RELEASE (the "**Release**") is made and entered into on this _____day of _____, 20___ (the "**Effective Date**"), by and between:

- FIT FRANCHISE BRANDS, LLC a New Jersey limited liability company with its principal place of business at 285 Gordons Corner Road, Manalapan, New Jersey ("**Franchisor**"); and

- _____a [resident of] [corporation organized in] [limited liability company organized in] _____and having offices at _____ [("**Franchisee**")] [("**Transferor**")].

BACKGROUND:

A. Franchisor and [Franchisee][Transferor] are parties to a Franchise Agreement dated _____ (the "**Franchise Agreement**"); and

B. Franchisor and Franchisee have agreed, pursuant to the Franchise Agreement, [to renew or extend Franchisee's rights under the Franchise Agreement (the "**Renewal Transaction**")] [to permit a transfer pursuant to Section 9 of the Franchise Agreement (the "**Transfer Transaction**")] [to permit a relocation pursuant to Section 4.5.1 of the Franchise Agreement (the "**Relocation Transaction**")], [to permit a conversion pursuant to Section 4.5.2 of the Franchise Agreement (the "Conversion Transaction") and in connection with the [Renewal Transaction] [Transfer Transaction] [Relocation Transaction] [Conversion Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction] [Relocation Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. Release. [Franchisee] [Transferor], its officers and directors and Principals, and their respective agents, heirs, administrators, successors and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the "**Franchisor Group**") from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership or operation of THE MAX CHALLENGE ® franchised center. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation,

reasonable attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or MAX FITNESS AND WELLNESS CENTER® franchise. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

2. General Terms.

2.1. This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release shall take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof.

2.5. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.6. No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto.

**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

**FIT FRANCHISE BRANDS, LLC**
Franchisor

By:_____ By:_____

Name:_____ Name:_____

Title:_____ Title:_____

# Exhibit I

# State Specific Addenda

**NASAA REQUIRED MODIFICATIONS TO ITEM 22 OF THE FDD –**

**IN ADDITION TO CERTAIN STATE SPECIFIC ADDENDA THAT FOLLOW, THE FOLLOWING LANGAUGE SHALL BE APPLICABLE IN CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

**No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.**

**Maryland Disclosure**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the Franchise Disclosure Document for Fit Franchise Brands, LLC for use in the State of Maryland shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

The general releases required for renewal or transfer will not apply with respect to any claim you may have which arises under the Maryland Franchise Registration and Disclosure Law.

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

The Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language to the summary of Provision "h":

Termination upon bankruptcy may not be enforceable under federal bankruptcy law, 11 U.S.C. Section 101 et seq.

3. Item 5 shall be amended to include the following language:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

5. 4. The FDD shall be amended to add the following:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE FIT FRANCHISE BRANDS, LLC**
**FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND**

This Amendment shall pertain to franchises sold in the State of Maryland and shall be for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Fit Franchise Brands, LLC Franchise Agreement (the "Agreement") to the contrary, the Agreement shall be amended as follows:

Notwithstanding anything contained in the Agreement to the contrary:

1. Any 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. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law (the "Franchise Law").

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

4. 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.

5. Section 6.1 of the Franchise Agreement is hereby amended to include the following provision:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

6. Section 12.4 ("Disclaimer of Representations") and 12.6 ("Opportunity for Review by Your Advisors") shall be deleted in their entirety from the Agreement.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

FRANCHISOR:
FIT FRANCHISE BRANDS, LLC

By: _____

Title:_____
Signature:_____

FRANCHISEE:
By:_____
Title:_____
Signature:_____
Address:_____

**ADDENDUM TO THE FIT FRANCHISE BRANDS, LLC**
**DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF MARYLAND**

This Amendment shall pertain to franchises sold in the State of Maryland and shall be for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Fit Franchise Brands, LLC Development Agreement (the "Agreement") to the contrary, the Agreement shall be amended as follows:

Notwithstanding anything contained in the Agreement to the contrary:

1. Any 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. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law (the "Franchise Law").

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

4. 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.

5. Section 2.1 of the Development Agreement is hereby amended to include the following provision:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

6. Recital (C) in the Background Section of the Agreement and Section 9 ("Acknowledgements") shall be deleted in their entirety from the Agreement.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this

Maryland Development Agreement Amendment on the same date as the Franchise Agreement was executed.

FRANCHISOR:
FIT FRANCHISE BRANDS, LLC

By: _____
Title: _____
Signature: _____

DEVELOPER:

By: _____
Title: _____
Signature: _____
Address: _____

**New York Disclosure**

ADDITIONAL RISK FACTORS:

1. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN **EXHIBIT F** 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

2. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. 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 PROSPECTUS.

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Franchise Disclosure Document for Fit Franchise Brands, LLC for use in the State of New York shall be amended as follows:

1. **Item 3**, "Litigation," shall be supplemented by the addition of the following at the beginning of the Item:

> Except as described below, neither we, nor any of our predecessors, nor any person identified in **Item 2** above, nor any affiliate offering franchises or licenses under our trademark, 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.
>
> Except as described below, neither we, nor any of our predecessors, nor any person identified in **Item 2** above, nor any affiliate offering franchises or licenses under our trademark, has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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.
>
> Except as described below, neither we, nor any of our predecessors, nor any person identified in **Item 2** above, nor any affiliate offering franchises or licenses under our trademark, 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.
>
> Accordingly, other than the actions described below, no litigation is required to be disclosed in this Disclosure Document.

2. **Item 4**, "Bankruptcy" shall be supplemented by the addition of the following at the beginning of the Item:

> Except as disclosed in Item 4 of the FDD, Neither we, nor our predecessor or affiliate, nor any of our or their officers or general partners, during the 10-year period immediately before the date of the Disclosure Document: (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 the officer or general partner of the franchisor held this position in the company or partnership.

3. **Item 5**, "Initial Fees," shall be amended by adding the following language:

Franchise Fee:

We incur administrative and other expenses in granting your franchise, including training costs, attorneys' fees for preparing your Franchise Agreement and expenses related to our lost or deferred opportunities to franchise others. As a result, the Initial Franchise Fee is non-refundable.

Training

If you elect to bring more than two members of your management team to training, we may charge you an additional training fee of $500 per additional person. This fee is used to compensate us for time and expense incurred in connection with the provision of the initial training.

4. **Item 17**, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by deleting "d", "j", "w" and the following new "d", "j", "w" shall be substituted in lieu thereof:

| Provision | Section in Franchise or other agreement | Summary |
|---|---|---|
| d. Termination by franchisee | Section 10.1 | Material default by us and compliance with post-termination obligations. Pursuant to New York General Business Law, the franchisee may terminate the Franchise Agreement upon any grounds available by law. |
| j. Assignment of contract by us | Section 9.7, 10.2 | No restriction on our right to assign so long as assignee: (i) is financially responsible; (ii) capable of performing under the Franchise Agreement; and (iii) expressly assume obligations under the Franchise Agreement.<br><br>No assignment will be made except to an assignee that, in Franchisor's judgment, is willing and able to assume the Franchisor's obligations under the Franchise Agreement. |
| w. Choice of law | Section 11.2 | New Jersey law applies.<br><br>The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by the General Business Law of the State of New York, Article 33. |

5. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in New York or the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

**New York Franchise Agreement Amendment**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Fit Franchise Brands, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Under **Section 4** of the Agreement, under the heading "Term And Renewal," the **Subsection 4.6.2(f)** shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

> (f) You and any Related Parties that are parties to this Agreement have signed a mutual general release of claims in a form satisfactory to Fit Franchise Brands, LLC with respect to past dealings with Fit Franchise Brands, LLC and its Related Parties; provided, however, that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the nonwaiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied; and

2. Under **Section 9** of the Agreement, under the heading "Conditions for Consent to transfer," the **Subsection 9.4 (i)** shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

> (i) You and your Related Parties' signing of a mutual general release of claims with Fit Franchise Brands, LLC and its Related Parties; provided, however, that all rights enjoyed by you/the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the nonwaiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. **Section 11** of the Agreement, under the heading "Miscellaneous Provisions," shall be supplemented by the addition of the following new **Subsection**:

> 11.2.3 Nothing in this Agreement should be considered a waiver of any right conferred upon you by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by Fit Franchise Brands, LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Center will be opening in New York. Fit Franchise Brands, LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

FRANCHISOR:
FIT FRANCHISE BRANDS, LLC

By: _____
Title: _____
Signature: _____

FRANCHISEE:

By: _____
Title: _____
Signature: _____

Address: _____
_____

**ADDENDUM TO FIT FRANCHISE BRANDS, LLC**
**FRANCHISE DISCLOSURE DOCUMENT & FRANCHISE AGREEMENT REQUIRED BY THE STATE OF VIRGINIA**

This Amendment shall pertain to franchises sold in the State of Virginia and shall be for the purpose of complying with the Virginia Retail Franchising Act.

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

Item 5 of the FDD and Section 6 of the Franchise Agreement are hereby amended to include the following disclosure:

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement."

Item 17(h) of the Franchise Disclosure Document shall be amended to include the following disclosure:

"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 grounds 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."

# EXHIBIT J

## PRE-CLOSING QUESTIONNAIRE

# PRE-CLOSING QUESTIONNAIRE

**[*To be completed by Franchisee and all Owners before signing Franchise Agreement*]**

**DO NOT COMPLETE IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS WILL BE LOCATED IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

As you know, you and Fit Franchise Brands, LLC (the "Franchisor") are about to enter into a franchise agreement for the development, opening and operation of a **MAX Fitness and Wellness Center®** franchised outlet (the "Outlet"). The purpose of this Questionnaire is to determine if any improper sales practices have occurred, including, whether any statements or promises were made to you Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question. **The answers you provide in this Questionnaire are material to Franchisor and Franchisor is relying on all such answers in agreeing to enter into a franchise relationship with you.**

1. Have you received and personally reviewed Franchisor's Franchise Disclosure Document?

Yes____ No____

2. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

Yes____ No____

3. Have you received and personally reviewed the Fit Franchise Brands, LLC Franchise Agreement and all accompanying Exhibits?

Yes____ No____

4. Has any employee or other person speaking on behalf of Franchisor made any statement, representation or promise concerning the revenue, profits or operating costs of a **MAX Fitness and Wellness Center®** Outlet operated by Franchisor or any of its affiliates?

Yes____ No____

5. Has any employee or other person speaking on behalf of Franchisor made any statement, representation (aside from the disclosure provided in Item 19 of the FDD) or promise concerning the revenue, profits or operating costs of a **MAX Fitness and Wellness Center®** Outlet operated by a franchisee?

Yes____ No____

6. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning any MAX Fitness and Wellness Center® Outlet that is contrary to, different from, or in addition to, the information contained in the Disclosure Document?

Yes____ No____

7. Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the amount of money you may earn or revenue you may derive in operating a MAX Fitness and Wellness Center® Outlet?

Yes____ No____

8. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the amount of revenue a MAX Fitness and Wellness Center® Outlet will generate?

Yes____ No____

9. Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the costs you may incur in operating a MAX Fitness and Wellness Center® Outlet that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No____

10. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a The MAX Challenge® Outlet?

Yes____ No____

11. Has any employee or other person speaking on behalf of Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No____

12. Do you understand that Franchisor's approval of a location for the Outlet does not constitute an assurance, representation or warranty of any kind as to the successful operation or profitability of the Outlet at the location?

Yes____ No____

13. Do you understand that the approval of Franchisor of a financing plan for operation of the Outlet does not constitute any assurance that such financing plan is favorable, or not unduly burdensome, or that the Outlet will be successful if the financing plan is implemented?

Yes____ No____

14. Do you understand that in all dealings with you, the officers, directors, employees and agents of Franchisor act only in a representative capacity and not in an individual capacity and such dealings are solely between you and Franchisor?

Yes____ No____

If you have answered "Yes" to any of questions 4 through 11, please provide a full explanation by attaching an additional page. You understand that your answers are important to us and that we will rely on them.

**By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.**

PROSPECTIVE FRANCHISEE/APPLICANT:

By:_____
Print Name:_____
Date:_____

By:_____
Print Name:_____
Date:_____

# Exhibit K

# 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 |
|---|---|
| Maryland | |
| New York | |
| Rhode Island | |
| Virginia | |

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

# Receipts

## Item 23 – Receipt

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

If FIT FRANCHISE BRANDS, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. New York State Law requires a 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 or other agreement or the payment of any consideration that relates to the franchise relationship.

If FIT FRANCHISE BRANDS, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in **Exhibit F**.

The franchisor is FIT FRANCHISE BRANDS, LLC, located at Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726. Its telephone number is (732) 520-4475.

Date of Issuance: April 24, 2026
The franchise seller for this offering is: [*Check all that apply.*]

| | |
|---|---|
| ☐ Bryan Klein<br>Justin Corporate Center (Bldg. 2, #400)<br>200 Route 9 North<br>Manalapan, New Jersey 07726<br>(732) 520-4475 | ☐ Hayley Guerra<br>Justin Corporate Center (Bldg. 2, #400)<br>200 Route 9 North<br>Manalapan, New Jersey 07726<br>(732) 520-4475 |
| ☐ _Kim Lachapelle<br>13 Michele Drive<br>Portland CT 06480<br>(203) 231-0051 | ☐ _Lance Farrell<br>Justin Corporate Center (Bldg. 2, #400)<br>200 Route 9 North<br>Manalapan, New Jersey 07726<br>(732) 520-4475 |

FIT FRANCHISE BRANDS, LLC authorizes the respective state agencies identified on **Exhibit E** to receive service of process for it in the particular state.

I have received a disclosure document dated April 24, 2026that included the following Exhibits:

| | | | |
|---|---|---|---|
| A | Franchise Agreement | G | Table of Contents of Operations Manual |
| B | Development Agreement | H | Form of General Release |
| C | Financial Statements | I | State Specific Addenda |
| D | List of Franchisees | J | Pre-Closing Questionnaire |
| E | List of Former Franchisees | K | State Effective Dates |
| F | State Administrators/Designation of Agent for Service of Process | L | Receipts |

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

KEEP THIS COPY FOR YOUR RECORDS.

## Item 23 – Receipt

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

If FIT FRANCHISE BRANDS, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. New York State Law requires a 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 or other agreement or the payment of any consideration that relates to the franchise relationship.

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| E | List of Former Franchisees | K | State Effective Dates |
| F | State Administrators/Designation of Agent for Service of Process | L | Receipts |

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

Please sign this copy of the receipt, date your signature, and return it to FIT FRANCHISE BRANDS, LLC at

Justin Corporate Center (Bldg. 2, #400), 200 Route 9 North, Manalapan, New Jersey 07726.