

FRANCHISE DISCLOSURE DOCUMENT

MAXSTRENGTH FITNESS

MaxStrength Fitness Franchising LLC
an Ohio limited liability company

2211 Crocker Road #120

Westlake, Ohio 44145

833-242-2050

Email: franchise@maxstrengthfitness.com

www.maxstrengthfitness.com

MaxStrength Fitness Franchising LLC offers franchises that provide individualized one-on-one personal strength training sessions by appointment only in a precisely controlled training studio environment, together with carefully selected health and fitness products to enhance the training program for our clients.

The total investment necessary to begin operation of a single Studio franchise ranges from \$349,347-\$549,442 for each franchise purchased. This includes the initial franchise fee of \$54,900 for the first franchise purchased which must be paid to the franchisor, and an initial franchise fee range of \$33,000 to \$47,000 for each additional franchise which must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Jeff Tomaszewski at jeff@maxstrengthfitness.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW,

Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 1, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
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 E 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 MaxStrength 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 MaxStrength franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Ohio. 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 Ohio than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
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. **Mandatory Minimum Payments.** You must make minimum royalty, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE
MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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

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

- (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

Should the prospective franchisee have any questions regarding the notice of this filing with the attorney general, such questions should be addressed to the Department of Attorney General, Consumer Protection Division, Antitrust and Franchise Section, P.O. Box 30213, Lansing, MI 48909. (517) 373-7117.

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Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The franchisor is MaxStrength Fitness Franchising LLC. For ease of reference in this Disclosure Document, MaxStrength Fitness Franchising LLC will be referred to as “MaxStrength,” “we,” or “us.” “You” means the franchisee, person, or legal business entity (including a corporation, partnership, limited liability company, or other legal entity (collectively, “legal entity”)) and its owners, officers, and directors, that is buying the franchise.

We are an Ohio limited liability company formed on January 25, 2021. We began offering MaxStrength franchises in May 2021. Our principal business address is 2211 Crocker Road #120, Westlake, Ohio 44145. We operate under our LLC name, MaxStrength Fitness Franchising LLC, the names “MaxStrength” and “MaxStrength Fitness,” and no other name. See Exhibit A for our agents for service of process.

We offer and sell the MaxStrength franchises described in this Disclosure Document, and have not conducted any other types of business. We currently own and operate three MaxStrength Studios through our affiliates. We have not offered, nor do we currently offer, franchises in any other line of business.

Our Predecessors, Parents and Affiliates

We have three affiliates. Overload of Westlake, Ltd. began doing business under the MaxStrength Fitness name on May 1, 2007 (“Overload”). Overload’s principal business address is 2211 Crocker Rd., Suite 120, Westlake, OH 44145.

MaxStrength Fitness of Willoughby, LLC began doing business on April 17, 2017 (“MaxStrength Willoughby”). MaxStrength Willoughby’s principal business address is 4212 OH-306, Suite 120, Willoughby, OH 44094.

MaxStrength Fitness of Strongsville, LLC began doing business in October 2023 (“MaxStrength Strongsville”). MaxStrength Strongsville’s principal business address is 13500 Pearl Rd., Suite 101, Strongsville, OH 44136.

Overload, MaxStrength Willoughby and MaxStrength Strongsville each operate a MaxStrength Studio.

Overload, MaxStrength Willoughby and MaxStrength Strongsville have not offered or sold, and do not currently offer or sell, the MaxStrength franchises described in this Disclosure Document or franchises in any other line of business, but reserve the right to do so in the future. Overload, MaxStrength Willoughby and MaxStrength Strongsville do operate a business similar to the type being franchised by us.

We have no parents or predecessors.

The Business

We grant to each franchisee a license to use our names, marks, and systems to provide individualized one-on-one personal strength training sessions that are 20 minutes long, once or twice per week, by appointment only in a precisely controlled training studio environment (each, a “Studio”). Our Studios are distraction-free (e.g., no mirrors, music or socializing among clients), temperature controlled at approximately 67° F to prevent excessive overheating and sweating, and specifically designed and equipped to facilitate our unique training programs. We utilize a high-intensity/low-force protocol to ensure results, and most importantly, safety, for our clients. Each client’s program is specifically designed for him or her based on the client’s own goals, needs and physical capabilities, and is designed to efficiently use the client’s available time. In other words, we do not use a cookie-cutter, one-size-fits-all program. Our trainers dress and act professionally while providing an expert eye and motivation during the entire training experience. Our Studios also offer carefully selected health and fitness products to enhance the training program for our clients.

MaxStrength Studios can succeed in both urban and suburban areas, and can be located in strip malls, office developments and even industrial settings. Regardless of location, the Studio facility must have ample parking for patrons and be in an environment where surrounding businesses are not loud or disruptive in nature with noise.

The Franchises Offered

We currently offer one type of franchise: Studio franchises. We have offered these franchises since May 2021. We franchise the right to operate a single Studio that must be physically located in a designated geographic area (the “Protected Territory”) under the “MaxStrength Fitness” name and other authorized names and marks (the “Marks”), using a system of distinctive operating procedures, methods, and standards that we have developed (the “System”). You will sign our standard franchise agreement attached as Exhibit B (the “Franchise Agreement”) when you purchase your Studio franchise.

If you purchase multiple franchises, you will also sign our Multi-Unit Agreement (attached as Exhibit H) at the same time that you sign the Franchise Agreement for your first Studio franchise, and at that time you will pay the initial franchise fee payable for each MaxStrength Fitness Studio required to be opened by you pursuant to the Multi-Unit Agreement. No portion of the total initial franchise fees will be refundable for any Studio franchises that you fail to open under the Multi-Unit Agreement. For any additional franchises opened under the Multi-Unit Agreement, you will submit to us a proposed site for the MaxStrength Fitness Studio, which shall be subject to the site approval provisions in our then-current form of Franchise Agreement. See Items 11 and 12. If we accept the proposed site, and you have not been in default under the Multi-Unit Agreement or any other Franchise Agreements, we will offer you a franchise to operate a MaxStrength Fitness Studio franchise at the proposed site by delivering to you our then-current Franchise Disclosure Document, which will include our then-current standard Franchise Agreement, together with all standard ancillary documents (including exhibits, Principal Owner guarantees and other related documents). The form of the Franchise Agreement for subsequent Studio franchises may be different than the first Franchise Agreement you sign.

MaxStrength Fitness Franchising LLC will be the contracting party under the Franchise Agreement and Multi-Unit Agreement.

The Market and Competition

Your MaxStrength Studio franchise must operate at a site we approve and according to our standards, specifications, operating procedures, and rules (the “System Standards”). While you will provide your products and services to the general public, your target market will be families and individuals, both male and female, with substantial household incomes, including professionals and executives who are typically 45 years or older, stay at home parents typically 45 years and older, and baby boomers who are typically 65 years and older, retired and looking to live life to its fullest.

Your Studio will compete with other businesses offering personal training and fitness services, which may include personal training, fitness and wellness facilities and franchises. The personal training and fitness sector is competitive in most markets, with numerous businesses offering fitness facilities with personal training programs. These competing facilities may be independently owned and operated or may consist of regional or national chains or franchise systems.

Despite this competition, we believe that MaxStrength Studios will appeal to clients because of the one-on-one services offered, the unique training environment, our targeted client base, our proprietary training techniques, our essential products, and other distinctive characteristics.

Industry-Specific Laws and Regulations

Many states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your MaxStrength franchise and generally to all businesses, including those that (1) establish licensing and certification requirements for businesses in general, (2) establish general standards, specifications and requirements for the construction, design and maintenance of the Studio location; (3) establish licensing and certification requirements for personal fitness trainers or coaches, (4) regulate matters affecting the health, safety and welfare of your clients, such as general health and sanitation requirements for health and fitness clubs; (5) set standards pertaining to employee health and safety, (6) set standards and requirements for fire safety and general emergency preparedness, (7) regulate the proper use, storage and disposal of waste and other hazardous materials, (8) require statements concerning steroid and other drug use, (9) require certain medical equipment in the Studio (such as automated external defibrillators), (10) limit the supplements that health and fitness clubs can sell, (11) require bonds if a health or fitness club sells memberships valid for more than a specified period of time, (12) require club owners to deposit into escrow certain amounts collected from members before the club opens, and (13) impose other restrictions on memberships that health or fitness clubs sell.

You must also comply with all other local, state, and federal laws that apply to your operations, including health, sanitation, smoking, EEOC, OSHA, the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations

for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits, licenses, and operational licenses for your business and employees and fitness trainers.

You must comply with Payment Card Industry Data Security Standards (“PCI-DSS”) and applicable state and federal laws regulating the privacy and security of sensitive consumer and employee information in connection with the operation of your Franchise. PCI-DSS standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data.

You are solely responsible for investigating the license/permit requirements in your state - you should investigate these laws and consult with a legal advisor about whether these and/or other requirements apply to your franchise. Violations of these laws and regulations may result in substantial civil or criminal penalties for individuals or entities.

Item 2

BUSINESS EXPERIENCE

Chief Executive Officer and Founder: Jeff Tomaszewski

Jeff Tomaszewski has been our Chief Executive Officer since our inception in January 2021. Mr. Tomaszewski is also the Founder and Chief Executive Officer of Overload of Westlake, Ltd., in Westlake, Ohio, and has served in those capacities since May 2007, and the Founder and Chief Executive Officer of MaxStrength Fitness of Willoughby, LLC, in Willoughby, Ohio, serving in those capacities since April 2017.

Vice President of Franchise Development: Colleen Donahue

Colleen Donahue was our Director of Operations since our inception in January 2021 until January 1, 2023, when she became Director of Franchise Development. As of January 1, 2024, Ms. Donahue became our Vice President of Franchise Development. Ms. Donahue has served as Chief Experience Officer with Overload of Westlake, Ltd., in Westlake, Ohio, since September 2014.

Director of Personal Training: Brian Stroh

Brian Stroh has been our Director of Personal Training since our inception in January 2021. Mr. Stroh has served as the Director of Personal Training with Overload of Westlake, Ltd., in Westlake, Ohio, since July 2010.

Director of Franchise Onboarding and Support: Sarah Holub

Ms. Holub was our Chief Xperience Officer from July 2021 until March 1, 2024, when she became our Director of Franchise Onboarding and Support. Ms. Holub was previously employed by Case Western Reserve University in Cleveland, OH as an Assistant Manager, Member & Guest

Services from October 2020 to June 2021. Prior to that position, Ms. Holub was employed by Ohio University in Ironton, OH as an Administrative Assistant from May 2018 to July 2019.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5

INITIAL FEES

You must pay to us a lump sum initial franchise fee upon signing your Franchise Agreement. The initial franchise fee is \$54,900.00 if you are purchasing 1 franchise. The initial franchisee fee for each Studio franchise if you are purchasing more than 1 franchise is set forth below:

Number of Studio Franchises	Initial Franchise Fee	Total Initial Franchise Fee for all Franchises
2	\$47,000 (for unit 2)	\$101,900
3	\$42,000 (for unit 3)	\$143,900
4	\$40,000 (for unit 4)	\$183,900
5	\$38,000 (for unit 5)	\$221,900
6	\$35,000 (for unit 6)	\$256,900
7	\$33,000 (for unit 7)	\$289,900

You must pay your initial franchise fee for all franchises being purchased in a lump sum upon signing the first Franchise Agreement (if you purchase multiple franchises, you will sign the Multi-Unit Agreement attached to this FDD as Exhibit H at the same time). The initial franchise fee does not include the fee to purchase any optional programs that may become available for your franchise. The initial franchise fee is fully earned by us when paid, and is not refundable in whole or in part under any circumstances, even for additional franchises that are not opened as intended under any Multi-Unit Agreement.

State-Specific Disclosures

See Exhibit I for any state-specific disclosures about your initial franchise fee.

Item 6

OTHER FEES

<u>Type of Fee (1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Continuing Franchise Fee	6% of gross revenues; but with a minimum of \$500.00 per month. (2)	Due on the day of each month we specify. (3)	Based on gross revenues during the previous month (2). If you do not open for business within 180 days, you will be assessed a \$500.00 monthly fee until you open.

<u>Type of Fee (1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Advertising Fee	Up to 2% of gross revenues (currently 1% of gross revenues).	Due on the day of each month we specify. (3)	We can increase or decrease the fee at any time. However, your contribution will not exceed 2% of your gross revenues. See Item 11 for additional information.
Local and Regional Advertising Cooperatives	Currently not assessed.	As required by the cooperative.	See Item 11 for information about advertising cooperatives. There are currently no advertising cooperatives. (4)
Technology Fee	\$199.00 per month.	Due on the date of the month we specify	For website design, maintenance, hosting, and search engine optimization and certain technology-related administrative expenses. See Item 8 for additional information.
Annual Conference Expenses	Amounts charged by third parties.	As incurred	For fees imposed by third parties for your attendance at the annual conference, such as food and beverage charges (see Item 11).

<u>Type of Fee (1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Interest	Lesser of 15% per annum, and the highest commercial contract interest rate permitted by law.	From the date payments are due, and continues until outstanding balance and accrued interest are paid in full	Charged on any late payments of Continuing Franchise Fees, Advertising Fees, amounts due for product purchases, or any other amounts due us or our affiliates.
Audit Expenses	Cost of audit and inspection (currently \$1,200), plus any accounting and legal expenses.	On demand	Payable if Continuing Franchise Fee or Advertising Fee is understated by 2% or more, or you fail to submit required reports or financial statements.
Late Reporting Fee	\$100 per week	10th day of the month following any month for which any required report is not timely submitted	Payable if any report or other information required to be submitted to us is received by us after the established deadline.
Returned Check Fee	\$100	As incurred	Due each time a check you write to us is dishonored.
Product and Service Purchases	Actual costs (See Item 8 for additional information).	See Item 8	Payable for products and services you purchase from us and/or our affiliates (see Item 8).
Supplier and Product Evaluation Fee	Cost of inspection and test of product sample (currently \$500-\$700)	On demand	Payable if we inspect or test product samples from any proposed supplier nominated by you (see Item 8).
Insurance Reimbursement	Actual costs.	On demand	Payable if you fail to maintain required insurance coverage and we obtain coverage for you.

<u>Type of Fee (1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Replacement of Operations Manual	An amount set by us; currently \$250.	As incurred	Payable if you request and are given a paper copy of the Operations Manual and it is lost, destroyed, or significantly damaged.
Renewal Fee	\$100.00	Upon renewal	Payable upon signing the renewal Franchise Agreement.
Transfer Fee	\$5,000.00	Before transfer completed	Applies to any transfer of the Franchise Agreement, the franchise, or a controlling interest in the franchise. You must pay this fee to us concurrently with the execution of a transfer agreement, including a general release in favor of us, our affiliates, and our and their officers, directors, employees and agents (see Exhibit G).
Legal Costs and Attorney's Fees	All legal costs and attorneys' fees incurred by us.	As incurred	Payable if we must enforce the Franchise Agreement, or defend our actions related to, or against your breach of, the Franchise Agreement.
Injunction or Order of Specific Performance	All amounts incurred by us in obtaining an injunction or specific performance.	As incurred	Payable if we obtain an injunction or order of specific performance against you to enforce the provisions of the Franchise Agreement or to prohibit any act or omission by you or your employees that constitutes a violation of any applicable law or prevent any other irreparable harm to our interests.

<u>Type of Fee (1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Indemnification	All amounts (including attorneys' fees) incurred by us or otherwise required to be paid.	As incurred	Payable to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses, whether asserted by third parties or us, related to your acts, omissions, ownership and operation of your franchise.
Computer Software/ Hardware Installation Fee	All costs and expenses we incur on your behalf.	As incurred	Payable if we (i) install, provide, support, modify or enhance software or hardware we develop and license to you or (ii) provide computer system maintenance and support services that we or our affiliates provide to you.
Electronic or Hard Copies of Marketing Materials	All costs and expenses we incur.	As incurred	There may be a charge for electronic or hard copies of marketing materials in order to reimburse us for creative costs and expenses.
Franchise Maintenance and Refurbishing	All costs and expenses we incur.	As incurred	Payable if we repair, maintain, or refurbish the franchise after you fail to correct deficiencies of which we give notice to you.
De- Identification	All costs and expenses we incur.	As incurred	Payable if we de-identify the franchise upon its termination or expiration.
Termination Fee	Liquidated damages equal to your average monthly Continuing Franchise Fee and Ad Fund contribution, multiplied by lesser of (i) 24 or (ii) the number of months remaining in your franchise term.	On demand	If you or we terminate your franchise before your franchise term expires, unless such termination is made by you for our default in accordance with the provisions of the Franchise Agreement or applicable law. (5)

Explanatory Notes:

- (1) This table and the accompanying notes describe the nature and amount of all other payments that you must pay to us or our affiliates or that we or our affiliates collect on behalf of third parties, on a recurring basis, whether on a regular periodic basis or as infrequent anticipated expenses, in carrying on your MaxStrength Studio. Except for some product and service purchases (see Item 8) and advertising cooperative payments (see Item 11) or as otherwise noted in this FDD, all fees are uniform, and are imposed by, collected by, and payable to us. All fees are non-refundable unless otherwise expressly noted.
- (2) “Gross revenues” means the total of all revenue and receipts derived from the operation of the franchise, including all amounts received at or away from the Studio, or through the business the Studio conducts; and excludes only sales taxes collected from clients and paid to the appropriate taxing authority, and all client refunds and credits the franchise actually makes. The Continuing Franchise Fee is 6% of Gross Revenues.
- (3) You must pay all amounts due by automatic debit, but we have the right to require you to pay all amounts due us or our affiliates by certified or cashier’s check or wire transfer. After you sign the documents, we require to debit your business checking account automatically for the amounts due (see Exhibit 5 to Franchise Agreement), we will debit your bank account for the Continuing Franchise Fees, Advertising Fees, and other amounts you owe us. You must make funds available for withdrawal from your account before each due date.
- (4) If we create an advertising cooperative that includes your franchise, the voting power of any Studios owned by us or our affiliates that belong to the cooperative will be the same as yours. Further, if we create an advertising cooperative that includes your franchise, the fees will be an amount set by the cooperative, but not more than 5% of gross revenues.
- (5) You must pay the termination fee, plus any costs and attorneys’ fees incurred by us, if you improperly attempt to terminate or close your Studio or franchise before your term expires, or we terminate your Franchise Agreement for any reason set forth in the Franchise Agreement. Termination fees may be unenforceable in certain states. See Item 17 for additional information.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	\$54,900	Lump sum, unless otherwise agreed	When you sign the Franchise Agreement	Us
Site Selection Assistance	\$2,000-\$3,000	As incurred	As agreed	Required Supplier
Lease and Utility Security Deposits (2)	\$2,000-\$6,000	Before opening	Before opening	Landlord and /or utility companies
Real Estate (3)	(See Note 3)	As agreed	As agreed	Landlord
Construction Project Management and Architectural Design Fees (4)	\$15,000-\$18,000	As agreed	As agreed	Required Supplier
Leasehold Improvements (5)	\$100,000-\$220,000	As agreed	Before opening	Landlord or construction contractors
Signage (6)	\$3,000-\$13,000	As agreed	Before opening	Approved vendor
Fitness Equipment (7)	\$85,000-\$110,000	As agreed	Before opening	Approved vendors
Misc. Supplies & Equipment (8)	\$1,200-\$3,920	As agreed	Before opening	Suppliers
Procurement Fee (9)	\$25,000-\$32,000	As agreed	Before opening	Required Supplier
Computers; iPads, Management System and Designated Software	\$1,500-\$2,800	As agreed	Before opening	Suppliers and approved vendors
Business Licenses and Permits; Professional Fees	\$3,000-\$3,500	As required	Before opening	Governmental agencies; legal/accounting professionals
AED and First Aid Kits	\$700-\$1,000	As agreed	Before opening	Suppliers
Initial Inventory (10)	\$500-\$1,200	As agreed	Before opening	Approved vendors (see Item 8)
Insurance (11)	\$2,000-\$3,000	As agreed	Before opening	Insurer
Initial Training Expenses (12)	\$500-\$1,500	As incurred	As incurred	Third parties

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Telecommunications Services (13)	\$500-\$1,500	As agreed	As incurred	Telephone/internet company
Opening Advertising and Promotion (14)	\$15,000-\$25,000	As agreed	Between 1 month before and 1 month after opening	See note 13
Additional Funds– 3 months (15)	\$37,547-\$49,122	As agreed	As incurred	Third parties; employees
TOTAL ESTIMATED INITIAL INVESTMENT (16)	\$349,347-\$549,442			

Explanatory Notes:

- * The preceding chart and accompanying notes describe the estimated total initial investment expenses to obtain and commence business for a single MaxStrength Studio franchise. Our estimates are based on the experience with our affiliates and existing franchisee in operating Studios using the MaxStrength System, and include our current requirements for Studios. The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your MaxStrength Studio franchise may be greater or less than the estimates given depending on such variables, including the size and location of your Studio, and current relevant market conditions. Unless otherwise specified, the amounts described in this Item 7 are not refundable under any circumstances, except in situations where you directly successfully negotiate for a refund with a third-party supplier.
- (1) The amount stated here is applicable for the purchase of your first franchise, but will be less for additional franchises. See Item 5 for additional information about your initial franchise fee.
- (2) This estimate includes security deposits required by the landlord and utility companies, but not your telecommunications service.
- (3) We require that Studios be a minimum of 1,600 square feet in size. Studios can be located in strip malls, office developments, and industrial settings; provided that the location has ample parking and the surrounding businesses do not produce loud or disruptive noise that is audible from within your Studio. We estimate that rent for your Studio will be approximately \$1.66 per square foot to \$3.13 per square foot per month. If you purchase instead of lease the premises for your Studio, then the purchase price, down payment,

interest rates, and other financing terms will determine the amount of your monthly mortgage payments to be made in lieu of rent.

- (4) This estimate includes architectural, engineering, and bid assistance fees. You must use our required supplier for all architectural/design services for your Studio. Architectural/design services include all architectural design documents and all mechanical, electrical, and plumbing plans. This service also includes coordination with the architect teams, coordinating with permit expeditors, and working with the general contractor to obtain required building permits. The costs for architectural, design and engineering services vary depending on your location. You also must use our required supplier for procurement assistance, which will manage a number of aspects of the Studio buildout process (see Note 9).
- (5) This estimate does not include any construction allowances that may be offered by your landlord, which could reduce your initial investment. Building and construction costs will vary depending upon the condition of the premises for the Studio, the size of the premises, and local construction costs. Building permit fees are fees required to obtain a building permit and to commence construction, and the cost will vary depending on your location.
- (6) The type, size and cost of the signage you install will be based upon the zoning and property use requirements and restrictions.
- (7) This estimate is for all fitness equipment required to outfit your MaxStrength Fitness Studio.
- (8) This includes cleaning and office supplies, tools, and equipment.
- (9) This is a fixed fee paid to a required third party supplier for its services in negotiating prices and terms for your Studio buildout. See Item 8 for additional information.
- (10) This estimate includes dietary supplements, drinks, and other retail products.
- (11) You must obtain and maintain, at your own expense, the insurance coverage that we periodically require (including but not limited to comprehensive commercial general liability and motor vehicle insurance, worker's compensation and employer's liability insurance and any other insurance required by applicable law, rule, regulation, ordinance, or licensing requirement), and satisfy other insurance-related obligations. You must buy insurance only from carriers in good standing in the state where your Studio is located.
- (12) This estimate includes the travel and living expenses, including airfare, that you will incur when you and your employees attend the initial training program for Studios described in Item 11. It does not include any wages or salary for you or your employees during this training.
- (13) This estimate includes the security deposits and service fees for your telecommunications system, and telephone and internet directory advertising fees. See Item 11 for additional information about our advertising requirements.

- (14) See Items 8 and 11 for our advertising-related requirements. This amount includes the \$15,000.00 you are required to spend for pre-opening marketing and advertising.
- (15) In compiling these estimates, we relied on our predecessors 17+ years of experience in operating MaxStrength Studios similar to the Studio franchise being offered herein. This estimate includes your initial start-up expenses (other than the items identified separately in the table) during the Studio's first 3 months of operation. This 3-month period is not intended, and should not be interpreted, to identify a point at which your business will achieve break-even cash flow. These expenses include payroll costs during the Studio's operation, but not any draw or salary for you. These expenses include \$500 per month that you will pay to third party software vendors for required billing, appointment and customer relations management software, and 3 months of required post-opening marketing at \$2,000 per month. These expenses also include estimated rent for 3 months. Note that your actual rent payments may vary, depending upon your location and your market's retail lease rates. Finally, the estimates also include the Technology Fee charged by us for the first three months of operation. See Item 8 for additional information on the Technology Fee. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your actual costs for initial start-up expenses during this 3-month period will depend on how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; your competition; and the sales level you reach during this initial period.
- (16) You should review these figures with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing to franchisees for any items.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Lease and Purchase Specifications and Requirements

You must lease or purchase your Studio location, leasehold improvements, exercise equipment, computer and office equipment, fixtures, furnishings and decor, signage, insurance, inventory (including, without limitation, dietary supplements), clothing, advertising and marketing materials and services, training, supplies, programs and other items and services under our specifications as set forth in our Operations Manual for Studios – see Items 7 and 11. These specifications include standards for appearance, delivery, performance, quality control, and/or design.

You must lease or purchase your leasehold improvements, exercise equipment, computer and billing system, inventory, marketing materials, supplies, services, products, and other items only from suppliers or designees approved by us. Our Operations Manual lists our approved suppliers. There may be items for which we or our affiliates are approved suppliers (see below).

You must obtain and maintain, at your own expense, the insurance coverage that we periodically require and satisfy other insurance-related obligations. You must purchase (1) comprehensive commercial general liability and motor vehicle liability insurance containing minimum liability coverage of not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate, (2) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by law, and (3) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements. Deductibles must be in reasonable amounts and are subject to review and written approval by us. Your commercial general liability insurance policy must be an "occurrence" policy. If any policy is written on a "Claims Made" basis, you must purchase and maintain unlimited tail coverage that shall remain in effect following the termination or expiration of the Franchise Agreement and/or such policy. All commercial general liability insurance policies you purchase must name us (and, if we so request, our members, directors, employees, agents, and affiliates) as additional insureds. If you fail to obtain or maintain the insurance we specify, we may (but need not) obtain the insurance for you and the Studio on your behalf (see Item 6). You should consult with your own insurance agents, brokers, and attorneys to determine what types of coverages and what level of insurance protection you may need or desire, in addition to the coverages and minimum limits specified by us. The cost of your premiums will depend on the insurance carrier's charges, terms of payment, and your insurance and payment histories.

We also require you to maintain dedicated high speed internet services for communications and for remote access and information retrieval by us, as we may specify from time to time in the Operations Manual or otherwise in writing. We do not specify a specific internet supplier.

We may contract with third parties to provide web site design, maintenance, hosting, and search engine optimization for our franchises, and certain technology-related administrative expenses. You will be required to use all such services. You will pay us a fee for such services, and we will pay the third-party providers directly. The amount you pay us may be less or more than the amount we pay to the third-party providers and may be used to offset internal costs related to the stated purposes of this fee.

You are required to purchase billing and appointment software and customer relationship management software from our designated suppliers. You are also required to purchase construction project management and architectural design services and Studio buildout procurement services from our designated suppliers. You are required to purchase at least one year of payroll and human resources services from our designated supplier. (See Item 7).

We estimate that your total expenditures in leasing or purchasing real estate, equipment, fixtures, products, marketing materials, services, and computer hardware and software from our approved suppliers will represent approximately 70% to 90% of your total purchases in establishing the business and 25% to 45% of your total purchases during operation of the business. Virtually all of the goods and services that you must lease or purchase in establishing and operating your franchise must comply with our standards and specifications.

Issuance and Modification of our Specifications

Our Operations Manual sets forth our specifications, standards, and guidelines for all real estate, goods, and services that you are required to obtain in establishing and operating your franchise, and additional guidelines and requirements for operating your franchise (including the optional programs). We will make available new or modified specifications, standards, and guidelines to you through periodic amendments or supplements to the Operations Manual or other written materials. See Item 11 for additional information about our Operations Manual.

We will make available written copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information (see Item 14).

Approved Products, Distributors and Suppliers

We have developed standards and specifications for the leasehold improvements of your Studio, the equipment and materials used to perform services at your Studio, and products authorized for sale at your Studio. We have approved, and will continue to periodically approve, specifications and/or suppliers and distributors of the above items, services and products, which may include us or our affiliates, that meet our standards and requirements. These specifications include standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and client relations. You must (1) purchase products for sale by your Studio in the quantities we designate; (2) use those formats, formulae, and containers for products that we prescribe; and (3) purchase all products, services and other materials only from distributors and other suppliers we have approved. We attempt to negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees, and we require that you pay a fixed procurement fee of \$25,000 to \$32,000 to a third-party supplier we require for its services in negotiating prices and terms for your Studio buildout.

We may approve a single distributor or other supplier (collectively, "supplier") for any product or service, and may approve a supplier only as to certain products or services. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Studios franchised or operated by us. Our approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and other similar criteria, and may be temporary, pending our continued evaluation of the supplier.

If you would like to purchase or lease any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier or the proposed supplier may submit its own request. We may inspect the proposed supplier's facilities, and require that product samples from the proposed supplier be delivered for testing either directly to us or any independent certified laboratory that we designate. We also may require you (or the proposed supplier requesting the evaluation) to pay us an evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test (see Item 6) to make the evaluation. We will approve or disapprove your proposed supplier within 60 days of receiving all of the information that we require for the evaluation. We reserve the right to periodically re-inspect the facilities and

products or services of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria.

MaxStrength and Our Affiliates as Approved Suppliers

We may designate us and/or our affiliates as an approved supplier, or the only approved supplier, from which you may or must lease or purchase certain products or services in developing and operating your MaxStrength franchise. We and our affiliates may derive revenue from these sales and may sell these items at prices exceeding our or their costs in order to make a profit on the sale.

We reserve the right to designate us and/or our affiliates as approved suppliers, or the exclusive supplier(s), from whom you may purchase or lease certain other categories of products, services, and equipment.

We are currently not an approved supplier for any other product, service, or equipment. No franchisor officer owns an interest in any supplier.

Our Involvement with Suppliers

We and our affiliates and designees reserve the right to receive revenue or other material consideration from suppliers in consideration for other goods or services that we require or advise you to obtain from approved suppliers. We anticipate that any revenue or other consideration received would probably include promotional allowances, rebates, volume discounts, and other payments, and would probably be equal to zero to thirty percent of the amount of the goods or services you purchase from the supplier. We expect that at least some of these arrangements will generally allow us to obtain discounts off standard pricing and pass at least a portion of the savings on to you. In fiscal year 2023, we derived no revenue from franchisee purchases or leases.

There currently are no purchasing and distribution cooperatives.

Effects of Compliance and Noncompliance

You must comply with our requirements to purchase or lease real estate, goods, and services according to our specifications and/or from approved suppliers to be eligible to renew your franchise. Failure to comply with these requirements will render you ineligible for renewal, and may be a default allowing us to terminate your franchise and/or withhold performance (including but not limited to removing your access to our website or any intranet, removing any information about your Franchise on our website, removing you from any lists for which inquiries for services are made, removing you from any lists of approved Franchises for which any of our approved suppliers provide discounts or from any lists that you are approved to participate in national or other alliance programs). We do not provide any other benefits to you because of your use of designated or approved services and products, or suppliers.

Item 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 3.1 of FA, Exhibit 1 of FA	Items 7, 8, and 11
b. Pre-opening purchases/leases	Sections 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6 of FA	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 3.2, 3.3, 3.4 and 3.6 of FA	Items 7, 8, and 11
d. Initial and ongoing training	Sections 3.6, 4, 5.1 and 10.7 of FA	Items 5, 6, 7, 11 and 14
e. Opening	Sections 3.3 and 3.6 of FA, Exhibit 1 of FA	Items 7 and 11
f. Fees	Sections 2.4, 3.3, 5.1, 5.2, 6, 10.1, 10.3, 10.8, 11.1, 11.4, 12, 13.2, 14.5, 15, 16.1 and 17.8 of FA	Items 5, 6, 7, 8, 11, 13 and 14
g. Compliance with standards and policies/Operating Manual	Sections 2.4, 3.2, 3.3, 3.4, 3.5, 3.6, 4.2, 5.2, 5.3, 7.1, 7.2, 10, 11.2, 11.4, 13.1 and 19 of FA	Items 8, 11, and 12
h. Trademarks and proprietary information	Sections 7, 9, 16.2 and 16.3 of FA	Items 13 and 14
i. Restrictions on products/services offered	Section 10.2 of FA	Item 8 and 16
j. Warranty and customer service requirements	Section 10 of FA	Not Applicable
k. Territorial development and sales quotas	Section 2.3 and 3.1 of FA	Item 12
l. On-going product/service purchases	Sections 3.4, 3.4, 5.1, 6.4, 10.2, 10.3, 10.8, 10.9, 11.2, and 11.4 of FA	Items 8 and 11
m. Maintenance, appearance, and remodeling requirements	Sections 10.1 and 10.5 of FA	Items 8, and 11

Obligation	Section in Agreement	Disclosure Document Item
n. Insurance	Section 10.8 of FA	Items 6, 7, and 8
o. Advertising	Sections 6.3 and 11 of FA	Items 6, 7, and 11
p. Indemnification	Section 8.3 of FA	Items 6 and 13
q. Owner's participation/ management/staffing	Sections 4.1 and 10.7 of FA, Exhibit 2 of FA	Items 11 and 16
r. Records and reports	Section 12 and 13 of FA	Item 6 and 11
s. Inspections and audits	Section 13 of FA	Item 6
t. Transfer	Section 14 of FA	Items 6 and 17
u. Renewal	Section 2.4 of FA	Item 6 and 17
v. Post-termination obligations	Sections 9.2, 9.3, 15.3, 15.6, 16, 17.8 of FA	Item 17
w. Non-competition covenants	Sections 9.3, 16.6, and 17.8 of FA	Item 17
x. Dispute resolution	Sections 17.8, 17.9, 17.10 and 17.11 of FA	Item 17
y. Non-solicitation/non- disparagement/non-disclosure covenants	Sections 9.2, 9.3, 16, 17.8 of FA	Item 17

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guaranty your note, lease, or obligations.

Item 11

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

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

Pre-Opening Obligations:

Before you open your MaxStrength Studio for business, we or our designee will:

1. Designate your Protected Territory (Franchise Agreement – Section 2.3). See Item 12 for additional information about your Protected Territory. You may only operate a Studio physically located in your Protected Territory.

2. Review and approve or disapprove your proposed Studio site (Franchise Agreement – Section 3.1). You must use your best efforts to seek and select a mutually agreeable site within your Protected Territory within 30 days after signing the Franchise Agreement. We will inform you of our approval or disapproval of your proposed site within 15 days of your proposal of the Studio site. The site must meet our criteria for demographics; traffic patterns; parking; ingress and egress; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. We require your Studio to be a minimum of 1,600 square feet in size. Studios can be located in both urban and suburban areas, and can be located in strip malls, office developments and even industrial settings. For each proposed site, you must submit to us, in the form we specify, a description of the site and any other information or materials that we may require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, traffic patterns, parking size, layout, lease terms, and other physical characteristics for MaxStrength Studios. If you fail to identify a mutually agreeable site by the established deadline, then we may terminate your Franchise Agreement. Our approval of a proposed site is not, and should not be deemed, a judgment by us concerning the likelihood of success of a Studio at the location, or the relative desirability of the site in comparison to other sites within the Protected Territory. If you sign a Multi-Unit Agreement, each Studio site must be approved before you sign the Franchise Agreement for that particular Studio Franchise. See Item 1.

3. If we require, approve the terms of the lease for the premises of your Studio (Franchise Agreement – Section 3.1). You must lease the premises for the Studio within 60 days after signing the Franchise Agreement. We may terminate your Franchise Agreement if you do not sign your lease by this deadline. Generally, we do not own premises that are leased to MaxStrength Studios. Your lease must include the provisions required by the Franchise Agreement, or you must obtain our express written approval as to any variations or exclusions of such provisions in your lease.

4. Furnish you with one set of plans, specifications, and other materials reflecting our suggestions and requirements for layout, equipment, fixtures, decorations and signs for a MaxStrength Studio (Franchise Agreement – Section 3.2). Using an architect designated or approved by us, you must modify the plans and specifications to comply with all local ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the premises. You must submit final construction plans and specifications to us for our approval before you begin construction at the premises and must construct the Studio in accordance with those approved plans and specifications.

You must open your Studio within 270 days after signing your Franchise Agreement (Franchise Agreement – Section 3.3). If you purchase multiple Studio franchises, we currently require that you open the second Studio and each additional Studio within 6 months of opening the first Studio. We estimate that Studios will typically open for business approximately 6 months after signing the Franchise Agreement. Factors affecting this length of time include locating a site and signing a lease, construction or remodeling of the site, completion of required

training, financing arrangements, local ordinance and building code compliance, weather conditions, delivery and installation of equipment, fixtures, and signs, and hiring and training of your staff.

5. Approve the final construction plans and specifications for your Studio (Franchise Agreement – Section 3.2). You must construct your Studio in accordance with the final construction plans and specifications approved for your Studio. See paragraph 4 above.

6. Identify the products, equipment, materials, inventory, supplies, and services you must use to develop and operate the Studio (including, if applicable, our optional programs), the minimum standards and specifications that you must satisfy in developing and operating the Studio, and the designated and approved suppliers from whom you must or may buy or lease these items (which might be limited to or include us and/or our affiliates) (Franchise Agreement – Section 5.1). We will not deliver or install these items for you.

7. Lend to you one copy of our Operations Manual, which contains our mandatory and suggested specifications, standards, and procedures for operating your Studio (Franchise Agreement – Section 5.1-5.2). The Operations Manual, for which the Table of Contents is attached as Exhibit C, may be composed of, or include writings, drawings, photos, video, and audio recordings, and/or other written or intangible materials. We may make all or part of the Operations Manual available to you through various means, including the internet, websites, emails, or other remote means. The Operations Manual is currently 508 pages, as of December 31, 2023. The Operations Manual contains our System Standards and information about your other obligations under the Franchise Agreement. We may modify all or any portion of the Operations Manual periodically to reflect changes in System Standards. You must keep your copy of the Operations Manual current, and in a secure location at your Studio. You agree that you will monitor and access the website, intranet, or extranet for any updates to the Operations Manual. If you and we have a dispute over the contents of the Operations Manual, then our master copy of the Operations Manual will control. The Operations Manual, as well as any password or other digital identification necessary to access the Operations Manual on a website, intranet, or extranet, is confidential, and you may not copy, duplicate, record or otherwise reproduce any part of it. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, then you must obtain a replacement copy at our then applicable charge (see Item 6). You may view our Operations Manual at our corporate headquarters before purchasing your Studio, but must first sign a nondisclosure agreement promising not to reveal any of the information contained in the Manual without our permission. See Item 14 for additional information about our Operations Manual.

8. Provide you with specifications for the computer and billing system for your Studio (Franchise Agreement – Section 3.4). You must install your computer and billing system in accordance with our specifications. See below for additional information about these specifications.

9. Provide you with our initial training program for Studio franchises at no additional charge to you, however, you must pay the food, lodging and travel expenses for all attendees. See

below for additional information concerning our initial training program for Studio franchises (Franchise Agreement – Section 4.2).

10. Review and approve or disapprove any advertising that you propose to use for your Studio (Franchise Agreement – Section 11.2). Our actual or deemed approval will not mean that we have analyzed or approved any advertising materials with respect to any state, local or administrative law, rule or regulation that may be applicable to a franchise's business. Advertising on the internet or having your own website online is restricted by your Franchise Agreement.

11. We have established and will maintain, and administer an Ad Fund. As available, we will provide you with digital copies of our marketing materials (Franchise Agreement – Section 11.1). The Ad Fund will be used to support and pay for marketing programs we deem necessary, desirable, or appropriate to promote the services and products offered by your and other Studios. Also, we may, at our discretion, charge you for hard or digital copies of marketing materials.

Post-Opening Obligations:

After your Studio opens for business, and so long as you are not in default under the Franchise Agreement, we or our designee will:

1. Provide you with guidance and assistance in the following areas: (a) the products authorized for sale by the Studio, and specifications, standards, and operating and management procedures used by your Studio; (b) purchasing approved equipment, furniture, furnishings, signs, products, operating materials, services, marketing materials, and supplies; (c) development and implementation of local advertising and promotional programs; (d) establishing and using administrative, bookkeeping, accounting, inventory control and general operating and management procedures; (e) establishing and conducting employee training programs at the Studio; (f) changes in any of the above that occur from time to time; and (g) specify approved brands, types and/or models of equipment, furniture, fixtures, and signs (Franchise Agreement – Section 5.1).

2. Continue lending to you a copy of our Operating Manual (Franchise Agreement – Sections 5.1-5.2). We may modify the Operations Manual periodically to reflect changes in System Standards.

3. Issue and modify the System Standards for Studio franchises (including any optional programs used by your Studio) (Franchise Agreement – Section 5.3).

4. Allow you to use our Marks and confidential information in operating your Studio (Franchise Agreement – Sections 7 and 9). You must use the Marks and confidential information only as authorized in the Franchise Agreement and Operations Manual.

5. Indemnify you against damages for which you are held liable in any proceeding arising out of your use of our Marks in compliance with the Franchise Agreement and reimburse you for costs you incur in defending against any such claim (Franchise Agreement – Section 7.5).

6. Review and approve suppliers and distributors you would like to use (Franchise Agreement – Section 10.3).

7. Provide any product or perform any service for which we or our affiliate are an approved supplier (Franchise Agreement - Section 10.3).

8. As we deem appropriate, provide you and your staff with additional, on-going, and supplemental training programs (Franchise Agreement – Section 4.2).

9. Review and approve or disapprove your advertising, marketing, and promotional materials (Franchise Agreement – Section 11.2). Our actual or deemed approval will not mean that we have analyzed or approved any advertising materials with respect to any state, local or administrative law, rule or regulation that may be applicable to a franchise’s business. Advertising on the internet or having your own website online is restricted by your Franchise Agreement.

10. We have established and will maintain and administer an Ad Fund. As available, we will provide you with digital copies of our marketing materials (Franchise Agreement – Section 11.1). The Ad Fund will be used to support and pay for marketing programs we deem necessary, desirable, or appropriate to promote the services and products offered by your and other Studios. Also, we may, at our discretion, charge you for hard or digital copies of marketing materials.

11. As we deem advisable, conduct inspections of your Studio, including evaluations of its training methods, techniques, and equipment; its staff; and the services rendered to its clients to ensure that the high standards of quality, appearance and service of the MaxStrength System are maintained (Franchise Agreement – Section 13.1). At any reasonable time and without advance notice to you, we or our agents, such as a “mystery shopper” service, may: (i) inspect the Studio; (ii) observe the operations of the Franchise for such consecutive or intermittent periods as we deem necessary; (iii) interview personnel of the Franchise; (iv) interview clients of the Franchise; and (v) inspect and copy any books, referral sources, marketing and advertising, records and documents relating to the operation of the Franchise. We or our agents may record telephone calls placed to your Studio. We may provide you with additional guidance and training based on the results of these inspections.

Training Program

No later than 30 days before your Studio opens for business, we will provide to you and all of your employees, our initial training program for MaxStrength Studio franchises, which includes self-study materials and classroom instruction. You (if you are an individual) or your Principal Owners as defined in your Franchise Agreement (if you are a legal entity), your general manager (if we agree for you to have a general manager; see Item 15), and your employees that we designate must complete this initial training program to our satisfaction. If the designated individuals have not completed the initial training program within the stated timeframe, we may terminate your franchise or delay the opening of your Studio until the training program has been satisfactorily completed by the designated individuals.

The training program includes classroom instruction and Studio operation training at a conference facility in the Cleveland, Ohio area, or at a conference facility we designate. We plan

to be flexible in scheduling training, but we will require not less than 3 days of on-site training in the Cleveland, Ohio area. The initial training program will be offered as needed for new franchisees, up to 5 times per calendar year. There will be no tuition charge for these training programs for the persons we require to attend (see Item 6). However, you must pay any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by all of your personnel who attend the training program. You may not employ any individual who does not complete our initial training program to our satisfaction, unless we agree in writing to allow you to do so.

The instructional materials used in the training program consist of the Operations Manual, marketing and advertising materials and other written directives related to the operation of a Studio. Our instructors for the initial training program are Jeff Tomaszewski, Brian Stroh, Colleen Donahue and Sarah Holub.

Jeff Tomaszewski has been our Chief Executive Officer since our inception in January 2021. Mr. Tomaszewski is also the Founder and Chief Executive Officer of Overload of Westlake, Ltd., in Westlake, Ohio, and has served in those capacities since May 2007.

Colleen Donahue has been our Vice President of Franchise Development since January 2024. Ms. Donahue was our Director of Operations from our inception in January 2021 until January 1, 2023 and our Director of Franchise Development from January 2023 until January 2024. Ms. Donahue has served as Chief Experience Officer with Overload of Westlake, Ltd., in Westlake, Ohio, since September 2014.

Brian Stroh has been our Director of Personal Training since our inception in January 2021. Mr. Stroh has served as the Director of Personal Training with Overload of Westlake, Ltd., in Westlake, Ohio, since July 2010.

Sarah Holub has been our Director of Franchise Onboarding and Support since March 2024. Ms. Holub was previously our Chief Xperience Officer from July 2021 until February 2024. She is responsible for onboarding new franchisees with regards to our processes and procedures, software set-up, grand opening support and support of franchisees regarding software and other technology matters.

We maintain a training staff who will be conducting the initial training described below. We also reserve the right to draw on the experience of our personnel, our franchises, or our affiliates, in order to conduct initial training. Although the individuals instructing the training program may vary, all of our instructors will have significant relevant work experience in their designated subject area.

Our training program for MaxStrength Studios is described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training		Hours of On-the-Job Training		Location
	You	Any of your staff we require to attend	You	Any of your staff we require to attend	
Tour of MaxStrength Fitness studio	0	0	1	1	Cleveland, Ohio area
MaxStrength Fitness Mission, Vision, Core Values, Ideal Client	2	2	0	0	Virtual/ Cleveland Ohio area
Overview-Franchise Journey	1	1	0	0	Virtual/ Cleveland Ohio area
Pre-Opening Best Practices and Grand Opening	3	3	0	0	Virtual/ Cleveland Ohio area
Operations	2	2	0	0	Virtual/ Cleveland Ohio area
Marketing	3	3	0	0	Virtual/ Cleveland Ohio area
Sales Training	4	4	0	0	Virtual/ Cleveland Ohio area
Management and Leadership	2	2	0	0	Virtual/ Cleveland Ohio area
Employee Hiring and Career Roadmap	1	1	0	0	Virtual/ Cleveland Ohio area
Clinically Controlled Environment	1	1	0	0	Virtual/ Cleveland Ohio area
Software Training	4	4	0	0	Virtual/ Cleveland Ohio area
Client Lifetime Journey	1	1	0	0	Virtual/ Cleveland Ohio area
Metric and Profitability Training	1	1	0	0	Virtual/ Cleveland Ohio area

World Class Customer Service	2	2	0	0	Virtual/ Cleveland Ohio area
Human Resources	1	1	0	0	Virtual/ Cleveland Ohio area
Operational and Franchise Reporting	2	2	0	0	Virtual/ Cleveland Ohio area
MaxStrength Fitness Strength Training Academy	8	8	10-20	10-20	Cleveland, OH area
Total Hours	38	38	11-21	11-21	

Explanatory Notes:

- (1) The training program is subject to change due to updates and modifications in materials, methods, procedures, manuals and personnel without notice to you. Most of these subjects are integrated throughout the live, virtual classroom and in-person training sessions (comprised of 49 - 59 total hours of training for you and for your staff that will be required to attend the initial training program). Your staff will be required to attend certain training sessions at the initial training program separate from the training sessions that you attend due to the nature of the topics being covered. In some instances, you and your staff will attend the same training session.

We reserve the right to offer and hold additional ongoing training programs and franchise owners’ meetings for your Studio at such times and locations as we may deem necessary or appropriate. We also reserve the right to make any of these training programs mandatory for you and/or designated owners, employees, general managers, and/or representatives of yours. You will be solely responsible for the wages and travel, lodging, and living expenses for each attendee of yours who attends any additional training program or franchise owners meeting offered and held by us. If we offer any such mandatory training programs, then you or your designated personnel must attend a minimum of seventy-five percent (75%) of the programs offered on an annual basis (Franchise Agreement - Section 4.2). If we conduct one, you are required to attend all (i.e., 100%) of our annual conferences, a training program that we may elect to conduct once per year. The date and location of the annual conference will be determined by us. Your attendance at the annual conference is mandatory. You will be solely responsible for the wages and travel, lodging, and living expenses for each attendee of yours who attends the annual conference. We will not charge you a fee to attend the annual conference, but we will collect fees from you that are imposed by third parties relating to the annual conference, such as fees charged for lodging, food, and beverage.

Advertising and Marketing

Advertising by You

You may develop, at your cost, advertising, and promotional materials for your own use, but may not use them until after we have approved them in writing. You must submit to us for our approval samples of all advertising and promotional materials not prepared or previously approved by us that you wish to use. We will not unreasonably withhold our approval. If we do not disapprove any materials submitted to us within 15 days of receiving them, they will be deemed approved. Our actual or deemed approval will not mean that we have analyzed or approved any such materials with respect to any state, local or administrative law, rule or regulation that may be applicable to a franchise's business. In addition to any Advertising Fees for an Ad Fund (see below) and the Technology Fee, each MaxStrength Studio must spend a minimum of \$2,000.00 per month for local advertising, promotion, and marketing, and must spend not less than \$15,000.00 on pre-opening advertising and marketing. Your 90-day marketing plan expenditures (see Item 7) and telephone and internet directory advertising expenditures (see below) count towards this requirement.

We may require you to list and advertise your franchise in the professional trade association directories and principal regular (white pages) and classified (yellow pages) telephone directories distributed within your Protected Territory, and with such internet-based directories as we may specify. These listings must be made in the directory categories we specify, using our standard forms of listing and classified directory advertisements. We may place classified directory advertisements on a national or regional basis and list your and other MaxStrength franchises operating within the directories' distribution area, with the cost of the advertisements being reasonably apportioned among all franchises listed.

If you purchase a franchise, you irrevocably consent to the use of your name and likeness, including voice and image, by us and its respective affiliates, successors and assigns, for all commercial purposes, including advertising and promotion, in any media, throughout the world in perpetuity, including but not limited to, on the internet.

We may require you to use a website controlled by us and to require you to use search engine optimization services. In the event we establish a website, or series of websites, for our Systems and Studio franchises, you agree to give us information and materials that we may periodically request concerning your Studio franchise, and to otherwise participate in the System website in the manner that we may require. If we establish a System website, all advertising and promotional materials that you develop for your Studio franchise must contain the URL of the System website in the manner that we may designate.

Local and Regional Advertising Cooperatives

You are not required to participate in any local or regional advertising cooperative. We have no local or regional advertising cooperatives, but reserve the right to have one in the future.

Advertising Councils

There is currently not an advertising council (“Council”), but we reserve the right to establish one in the future. If we establish a Council, we will select the Council’s members and we may change or dissolve the Council at any time. We anticipate that a Council would serve in an advisory capacity, but may grant to the Council any operational or decision-making powers that we deem appropriate. We, or one or more of our affiliated companies or persons, may also offer separate, optional, advisory councils or groups that may have additional costs to you should you decide to participate.

Advertising by Us - Advertising Funds

We have the right to create separate advertising funds (the "Ad Fund") for our Studio franchises to accomplish those national, regional and local advertising and promotional programs we deem necessary or appropriate in our sole discretion for each type of franchise. See Item 6 for the amount of your required contribution to any Ad Fund that includes all or any part of your Protected Territory. Currently we require all MaxStrength Studios to contribute 1% of their gross revenues to the Ad Fund, but we reserve the right to change the Ad Fund contribution amount from time to time, up to a maximum of 2% of gross revenues. All MaxStrength Studios will be required to contribute to the Ad Fund on the same basis as you, respectively, unless prohibited by law. We have the right to increase or decrease your contribution to the Ad Fund upon 30 days’ written notice to you. MaxStrength franchises owned by us or our affiliates must contribute to an Ad Fund on the same basis as you, subject only to limitation under applicable law.

We will administer and direct all marketing programs financed by an Ad Fund, and will have sole discretion over the creative concepts, materials, endorsements and media used by the Fund. We have the right to determine, in our sole discretion, the composition of all geographic territories and market areas for the development and implementation of such programs, and we are not required to spend any specific amount on advertising in your Protected Territory. An Ad Fund may be used to pay any and all costs of maintaining, administering, directing, and preparing national, regional or local advertising materials, programs, and marketing activities, including, without limitation, (a) costs for preparing and conducting television, radio, magazine, billboard, newspaper, internet and other media programs and activities, (b) costs associated with conducting marketing research, (c) costs associated with website development, maintenance, hosting and marketing, including without limitation, search engine optimization and social media, (d) administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising, (e) employing advertising, program and marketing agencies, and vendors providing marketing services, (f) development, implementation and maintenance of online asset management tools, (g) marketing and advertising training programs and materials, and (h) costs for providing promotional brochures and advertising templates and materials to MaxStrength Studio franchises. Advertising materials developed or produced by the Ad Fund may include video, audio, and written advertising materials, which will be prepared by our in-house advertising department. The Ad Fund will furnish you with approved advertising materials at its direct cost of producing those advertising materials. Amounts contributed to the Ad Fund may be used to place advertising in television, radio, newspaper, or

other media as solely determined by us. We will not use Studio Ad Fund contributions for advertising that is principally a solicitation for the sale of franchises.

The Ad Fund will be accounted for separately from our other funds and will not be used to pay any of our general operating expenses, except for salaries, administrative costs, and overhead that we incur in activities reasonably related to the administration of the Ad Fund and its marketing programs, including preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Fund. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Ad Fund in that year, and the Ad Fund may borrow from us or other lenders to cover the Ad Fund's deficits or invest any surplus for future use by the Ad Fund. We will prepare an annual unaudited statement of monies collected and costs incurred by an Ad Fund and will provide it to you upon written request. We had no Ad Fund collections or expenditures during the last fiscal year (ending December 31, 2023).

The Ad Fund will be intended to enhance recognition of the Marks and the goodwill and patronage of Studio franchises. Although we will endeavor to use the Ad Fund to develop advertising and marketing materials and programs and place advertising that will benefit all contributing franchises, we have no obligation in developing, implementing, or administering advertising or promotional programs ensure that the Ad Fund's expenditures in or affecting any geographic area are proportionate or equivalent to the contributions made by any franchise in that geographic area, or that any franchise will benefit from the development of advertising and marketing materials or the placement of advertising by the Ad Fund directly or in proportion to the franchise's contribution to the Ad Fund. We assume no direct or indirect liability or obligation to you or any other MaxStrength franchisee in connection with the establishment of the Ad Fund, or the collection, administration, or disbursement of monies paid into the Ad Fund. We will not be a fiduciary to you with respect to the management of the Ad Fund.

We may suspend contributions to, and the operations of, the Ad Fund for any period we deem appropriate, and may terminate the Ad Fund upon 30 days' written notice to you. All unspent monies held by the Ad Fund on the date of termination will be distributed to us, our affiliates, and you and our other franchisees in proportion to each party's respective contributions to the Ad Fund during the preceding 12-month period. We may reinstate a terminated Ad Fund upon the same terms and conditions set forth in the Franchise Agreement upon 30 days' advance written notice to you.

In the future, we may also establish optional programs to provide additional marketing services to Studio franchises. If you choose to use any optional marketing program, you must agree to pay the fee determined by us.

In the future, we may also offer Studio franchises the opportunity to participate in marketing promotions that we will provide directly to the franchise's clients via email, telephone, mail, social media or other means.

Computer System and Billing System

You must purchase and use the computer hardware and software and billing system (collectively, “Computer System”) that we periodically designate to operate your MaxStrength franchise. You must obtain the Computer System, software licenses, maintenance and support services, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates). The Computer System will include at least one desktop or laptop computer and one iPad per trainer, and customer relations management, scheduling, and fitness training software. The Computer System will store and generate client management and accounting, billing, and credit card information. The estimated initial cost of purchasing your Computer System will range from \$1,500.00 to \$2,800.00, and the estimated annual cost of maintaining, updating and upgrading the Computer System is \$0 to \$100.00. We may periodically modify the specifications for, and components of, the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software and obtain service and support for the Computer System. The Franchise Agreement does not limit the frequency or cost of these changes, improvements, upgrades, or updates. We have no obligation to reimburse you for any Computer System costs. Within 60 days after you receive notice from us, you must obtain the components of the Computer System that we designate and ensure that your Computer System, as modified, is functioning properly.

We may charge you a reasonable fee for (i) installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Computer System-related maintenance and support services that we or our affiliates provide to you. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require.

You will have sole responsibility for: (1) the acquisition, operation, maintenance, repairing and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained and upgraded. Unless otherwise provided, we and our affiliates will have no responsibilities for these items.

We will have independent, unlimited access to the information the Computer System generates, stores and tracks, including any information pertaining to your gross revenues and all other information stored by the Computer System. There are no limitations on our ability to access the information and data.

Item 12

TERRITORY

The Franchise Agreement for your Studio grants you an exclusive territory known as your Protected Territory, the size of which is based on the population of your market, area demographics, and estimated market demand for our franchised products and services. We

typically define Protected Territories based upon a population of approximately 40,000 persons, as we determine. You and we will mutually agree on your Protected Territory's boundaries when or after you sign the Franchise Agreement. You may operate your Studio (including, if permitted under the Franchise Agreement, our optional programs) only at an approved site that is physically located in your Protected Territory, but may offer services or products in your Protected Territory from outside your approved location (you must obtain our prior written consent to offer products and services from outside your Protected Territory). You may not relocate your Studio to a different site in your Protected Territory without our approval. If you are in compliance with the Franchise Agreement, then neither we nor our affiliates will, within your Protected Territory, operate or grant a franchise for another MaxStrength Studio offering our franchised services and products or using our Marks. The continuation of your rights to your Protected Territory does not depend on your achievement of any specific sales volume or market penetration. However, the continuation of your rights to your Protected Territory depends upon your compliance with your obligations under your Franchise Agreement. Failure to comply with your obligations under the Franchise Agreement may result in the termination of your franchise. Your Protected Territory may not be modified or altered under any circumstances unless you and we both agree to the change. Other than the foregoing, under no other circumstances may your Protected Territory be altered or modified by us.

You may solicit, accept and sell authorized services and products (including, if permitted under the Franchise Agreement, the services and products under our optional programs) to clients who reside outside your Protected Territory without having to pay any special compensation to us or any other MaxStrength Studio franchisee. You are permitted to use other channels, such as the internet, email, social media, telemarketing, or other direct marketing, to make or solicit such sales outside of your Protected Territory. Likewise, Studios owned by us or other MaxStrength franchisees may solicit, accept, and sell authorized services and products to clients residing in your Protected Territory without having to pay you any special compensation. Studios owned by us and other MaxStrength franchisees are permitted to use other channels, such as the internet, email, social media, telemarketing, or other direct marketing, to make or solicit such sales inside of your Protected Territory using the Marks. You may not discount your pricing to attract clients who live in the Protected Territory of another MaxStrength Studio. You have no options or rights of first refusal to purchase additional MaxStrength franchises, but may apply to us for the right to operate additional Studio franchises under separate agreements.

If you sign our Multi-Unit Agreement, then for any additional franchises opened under the Multi-Unit Agreement, you will submit to us a proposed site for the MaxStrength Fitness Studio, which shall be subject to the site approval provisions in our then-current form of Franchise Agreement. If we accept the proposed site, you and we will then agree on the Protected Territory of that Studio, which will be subject to the approval provisions of the applicable Franchise Agreement.

Reservation of Rights

We and our affiliates reserve the right to engage in any activities we deem appropriate that your Franchise Agreement does not expressly prohibit, whenever and wherever we desire, including the right to (a) operate, or grant to others the right to operate, MaxStrength Studio franchises physically located outside of your Protected Territory on terms and conditions we deem

appropriate; and (b) offer or operate other fitness-related companies or franchises, or enter into other lines of business, offering products and services that are similar or dissimilar to those offered by MaxStrength franchises, both in and outside of your Protected Territory, under trademarks and service marks other than the Marks without any compensation to you, and to use any channels of distribution (for example, the internet, email, social media, telemarketing, or other direct marketing) in connection with such system(s) and/or location(s); (c) the right to sell or distribute, at retail or wholesale, directly or indirectly, or via the internet or any other means, or license others to sell or distribute, via any means (including the internet and other channels of distribution) any products that bear any proprietary marks, including the Marks, whether within or outside your Protected Territory; (d) the right to own, acquire, establish, and/or operate, and license others to establish and operate, businesses different from MaxStrength franchises but operated under the Marks within or outside your Protected Territory, and to use any channels of distribution (for example, the internet, email, social media, telemarketing, or other direct marketing) in connection with such system(s) and/or location(s); and (e) the right to be acquired (whether through acquisition of assets, or equity interests or otherwise, regardless of the form of transaction) by a business or entity providing products and services similar to those provided by MaxStrength franchises even if that business or entity operates, franchises, or licenses competitive businesses in your Protected Territory. We and our affiliates have used and reserve the right to use other channels of distribution, such as the internet, email, social media, telemarketing, or other direct marketing, to make or solicit such sales under trademarks and service marks other than the Marks.

At this time, we do not operate, franchise, or have plans to operate or franchise, a business under a different trademark or service mark that is similar or dissimilar to the products and services offered by MaxStrength franchises.

Item 13

TRADEMARKS

We grant you the right to operate your MaxStrength franchise using our principal Marks: (1) the name "MaxStrength," (2) the mark "Max Strength Fitness," (3) the mark "MaxStrength Fitness," and (4) the mark "TWENTY MINUTES + TWICE A WEEK = TRANSFORMATION". You may also use other future trademarks, service marks, and logos we approve to identify your MaxStrength franchise.

We have the following registered marks with the USPTO:

Mark	Registration Number	Date of Registration	Principal or Supplemental Register
Max Strength Fitness	4916599	March 15, 2016	Principal
TWENTY MINUTES + TWICE A WEEK = TRANSFORMATION	4811171	September 15, 2015	Principal

MaxStrength Fitness	6778040	July 5, 2022	Principal
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We have filed all affidavits required by the USPTO in connection with these marks, including Declarations of Use under Section 8 of the Lanham Act and Applications for Renewal under Section 9 of the Lanham Act. Specifically, we have renewed the following marks which required renewal under the Lanham Act: (1) Max Strength Fitness (Reg. 4916599) and (2) TWENTY MINUTES + TWICE A WEEK = TRANSFORMATION (Reg. 4811171).

We do not know of other superior prior rights or infringing uses that could materially affect your use of the Marks in any state. However, it is possible that the Marks have been used by others; and we cannot represent with certainty that we have exclusive or superior rights to the Marks in all geographic areas.

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

Your right to use the Marks is derived solely from your Franchise Agreement, and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable specifications, standards, and operating procedures we prescribe during the term of your franchise, including, without limitation, timely payment of the Initial Franchise Fee, Continuing Franchise Fees, Advertising Fees, and all other sums due to us. Any unauthorized use of the Marks by you will constitute an infringement of our rights in and to the Marks. Your use of the Marks and any goodwill established by them will be for our exclusive benefit, and your Franchise Agreement does not confer any goodwill or other interests in the Marks upon you. All provisions of your Franchise Agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by, and licensed to you under, your Franchise Agreement. You may not at any time during or after the term of your franchise contest, or assist any other person in contesting, the validity or ownership of any of the Marks.

You must use the Marks as the sole identification of your franchise, but must also identify yourself as the independent owner of the franchise in the manner we prescribe. You may not use any Mark as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form. You also may not use any Mark with the sale of any unauthorized service or products, to promote any business or commercial venture other than your Studio franchise, or in any manner we have not expressly authorized in writing. You must prominently display the Marks on or with franchise posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe; to give any notices of trade and service mark registrations and copyrights that we specify; and to obtain any fictitious or assumed name registrations that may be required under applicable law.

You must immediately notify us of any apparent use of, or claims of rights to a trademark identical to or confusingly similar to the Marks. You may not communicate with any person other than us and our counsel about the apparent infringement, challenge, or claim. We and our affiliates

will have sole discretion to take any affirmative action as we deem appropriate in, and the exclusive right to control any litigation or USPTO or other proceeding arising out of any apparent infringement, challenge, or claim, or otherwise relating to any Mark. You must sign any instruments and documents, render any assistance, and perform any acts that our or our affiliates' counsel deems necessary or advisable to protect and maintain our or our affiliates' interests in any litigation or USPTO or other proceeding related to any Mark, or otherwise protect and maintain our interests in the Marks.

If we decide that it is advisable for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trade or service marks, then you must comply with our instructions to do so within a reasonable time after receiving notice from us at your own expense and we need not reimburse you for any loss of revenue due to any modified or discontinued Mark.

We will indemnify you against, and reimburse you for, (1) all damages for which you are held liable in any judicial or administrative proceeding arising out of your use of any Mark in compliance with your Franchise Agreement; and (2) all costs you reasonably incur in defending against any claim brought against you or in any proceeding in which you are named as a party, provided that you have timely notified us of the claim or proceeding, provided us with the opportunity to defend the claim, cooperated with the defense of the claim, and otherwise complied with the Franchise Agreement. We may defend any proceeding arising out of your use of any Mark under your Franchise Agreement, and have no obligation to indemnify or reimburse you for any attorneys' fees or disbursements you incur if we defend the proceeding.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a registered patent or copyright, but you can use the proprietary information in our Operations Manual. See Item 11 for additional information about our Operations Manual. We do not own any rights in or licenses to any patents or have any pending patent applications that are material to the franchise. Although we have not filed an application for copyright registration of our Operations Manual or other copyrighted or copyrightable materials and items, we claim copyright protection in them, and they are proprietary. We do not have any obligation to take action for unauthorized uses of the information in our Operations Manual or other copyrighted item, but we intend to do so in circumstances we deem appropriate. We do not have to indemnify you for losses brought by a third party concerning your use of this information, but intend to do so under circumstances we deem appropriate. Unless otherwise provided in this Item 14, we are not aware of any other material infringing uses of this information. There are no agreements in effect affecting or limiting our right to use this information. There are no material determinations of, or proceedings in, the United States Patent and Trademark Office, the United States Copyright Office or a court concerning any patent or copyright owned by us.

We and our affiliates have developed proprietary confidential information comprising methods, techniques, procedures, know how, information, systems, and knowledge of and experience in the design and operation of MaxStrength franchises, including but not limited to

(1) services and products offered and sold at MaxStrength franchises and knowledge of sales and profit performance of any one or more MaxStrength franchises; (2) sources of products sold from MaxStrength franchises; (3) advertising and promotional programs and image and decor; (4) MaxStrength franchise image and decor; (5) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of MaxStrength franchises; (6) copyrighted or copyrightable materials, including, without limitation, office forms and procedures, training, promotional, and marketing materials, telephone scripts and the content of the Operations Manual and other works of authorship under or in connection with the operation of the System; and (7) the methods of training employees (collectively, the “Confidential Information”). We will disclose the Confidential Information to you in the initial training program described in Item 11, the Operations Manual loaned to you, and guidance furnished to you during the term of your franchise. You will not acquire any interest in the Confidential Information other than the right to use it in the development and operation of your franchise during the term of the franchise.

The Confidential Information is proprietary, and, except to the extent that it is or becomes generally known in the industry or trade, is our trade secret, and is disclosed to you solely for your use in the operation of your franchise during the term of the franchise. You (1) must not use, directly or indirectly, the Confidential Information in any other business or capacity or for any purpose other than as needed in the development or operation of your franchise during the term of the franchise; (2) must maintain the confidentiality of the Confidential Information during and after the term of the franchise and not directly or indirectly publish or otherwise disclose it to any third party; (3) must not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form or media; and (4) must adopt and implement all reasonable procedures, including any that we may prescribe periodically, to prevent the unauthorized use or disclosure of any of the Confidential Information, including restrictions on disclosure to your employees and the use of nondisclosure clauses in employment agreements with your employees.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Unless we approve your employment of an on-site general manager to operate your MaxStrength franchise, you (if you are an individual) or one of your principal owners, officers, directors, or employees approved by us (if you are a legal entity) must actively participate in the actual operation of the franchise, and devote as much of your time as may be reasonably necessary for its efficient operation. If we agree to your employment of a general manager, then the general manager will supervise the day-to-day operation of your franchise. You must not hire any general manager without our prior written approval of his or her qualifications. Each general manager and successor general manager must attend and complete our initial training program for your franchise prior to commencing the role of General Manager (see Item 11). We do not require that the general manager have an equity interest in your franchise, but he or she cannot have any interest in or business relationship with any business competitor of your franchise and must sign a written agreement to maintain confidential the proprietary information described in Item 14 and conform

with the covenants not to compete described in Items 17(q) and 17(r), as well as non-disparagement and non-solicitation covenants described in Items 17(x) and 17(y).

Obligations of Owners

You (if an individual) or each of your owners (if you are a legal entity) must sign an Assumption and Guarantee of Obligations (attached to the Franchise Agreement as Exhibit 3), agreeing to be bound by and guaranteeing your obligations as the "franchisee" under your Franchise Agreement. If you and/or your owners transfer your Franchise Agreement or any related interest, then you and/or the owners making the assignment must agree to be bound by the terms of the Agreement, and guarantee the obligations of the "franchisee" under the Agreement. You and your owners must at all times faithfully, honestly and diligently perform your and their obligations under the Franchise Agreement. You and they must continuously exert your and their best efforts to promote and enhance your franchise. Neither you nor your owners can engage in any other business or activity that may conflict with your or their obligations under your Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those services and products we have approved for your franchise. You must also offer all goods and services that we designate for your franchise. You may not offer or sell any goods, services, equipment, or products that we prohibit without our written consent. We may add new or additional products and services that you must offer at your franchise. There are no restrictions in the Franchise Agreement on our right to do this. All advertising, signs, promotional materials, decorations and other related items we designate must have the Marks in the form we specify.

See Item 12 for information regarding restrictions on your clients and customers.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Length of franchise term	Section 2.1	10 years
b. Renewal or extension of the term	Section 2.4	Additional terms of 10 years

Provision	Section in Franchise Agreement	Summary
c. Requirements for you to renew or extend	Section 2.4	<p>The term “renewal” means that you will be granted a franchise for 1 additional term, equal in length to the initial term, subject to your compliance with all the terms of the Franchise Agreement and all other agreements between you and us, including the Operations Manual. At least 6 months before the expiration of your franchise, we will notify you as to whether you appear eligible to renew the Franchise or, if applicable, we will provide you with a notice of deficiencies. If you appear to be eligible for renewal, we will ask you to provide us with notice of your intent to renew within a specific time period after receipt of our notice. Also, you must: maintain possession of the premises and refurbish and redecorate in compliance with our then-current requirements or obtain and develop a suitable substitute premises; correct any deficiencies in the operation of the franchise identified in our written notice to you prior to expiration; sign our then current franchise agreement and any ancillary documents; pay a renewal fee (see Item 6); and sign a general release of any and all claims against us, our officers, directors, employees and agents (see Exhibit F). You may be asked to sign a contract with materially different terms and conditions than your original Franchise Agreement. Your right to renew will be contingent upon your acceptance of these new terms and conditions.</p>
d. Termination by you	Section 15.5	<p>The Franchise Agreement gives you the right to terminate prior to the end of the stated term only if we are in material default under the Franchise Agreement and do not cure that</p>

Provision	Section in Franchise Agreement	Summary
		<p>default within 90 days after receipt of written notice from you.</p> <p>You may also be entitled to terminate the Franchise Agreement and the Multi-Unit Agreement under applicable law.</p>
e. Termination by us without cause	Not applicable	Not applicable.
f. Termination by us with cause	Section 15.1	<p><u>Franchise Agreement:</u></p> <p>Only upon written notice, except that if you fail to timely and expressly assume, ratify or confirm the Franchise Agreement in any bankruptcy proceeding and you cease, or have ceased, performance under the Franchise Agreement in any respect, then all rights granted to you under the Franchise Agreement shall immediately and automatically terminate and revert to us without further notice to you or action on our part.</p> <p><u>Multi-Unit Agreement:</u></p> <p>If you sign a Multi-Unit Agreement, it may be terminated, and your right to open additional Studio franchises will cease, for certain reasons set forth in the Multi-Unit Agreement. Under the Multi-Unit Agreement, cause for termination includes a default under any Studio Franchise Agreement.</p>
g. "Cause" defined –curable defaults	Section 15.1	<p><u>Franchise Agreement:</u></p> <p>You do not pay us within 10 days after written notice; you do not comply with any other provision of the Franchise Agreement or specification, standard, or operating procedure and do not correct such failure within 30 days after written notice.</p> <p><u>Multi-Unit Agreement:</u></p>

Provision	Section in Franchise Agreement	Summary
		<p>If you sign a Multi-Unit Agreement, it may be terminated, and your right to open additional Studio franchises will cease, if you fail to comply with certain provisions of the Multi-Unit Agreement and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you.</p>
<p>h. "Cause" defined – non-curable defaults</p>	<p>Section 15.1</p>	<p><u>Franchise Agreement:</u></p> <p>You fail to timely develop or open the franchise; you (or any individuals required to attend) fail to attend and/or successfully complete any required initial training or subsequent mandatory training; you abandon, surrender, transfer control of or do not actively operate the franchise or lose the right to occupy the franchise location; you or any Principal Owner make an unauthorized transfer or assignment of the franchise or its assets; you are adjudged a bankrupt, become insolvent, or make an assignment for the benefit of creditors, or you fail to satisfy any judgment rendered against you for a period of 30 days after all appeals have been exhausted; you use, sell, or distribute unauthorized products, or use any client referral or marketing services that has not been formally approved by us in writing and in advance for your franchise or for the franchise system as a whole; you or your Principal Owners are convicted of a felony, or are convicted or plead no contest to any crime or offense that adversely affects the reputation of the franchise and the goodwill of our Marks, or otherwise engage in any dishonest, unethical or conduct that is reasonably likely to reflect materially and unfavorably on the goodwill or reputation of your</p>

Provision	Section in Franchise Agreement	Summary
		<p>Franchise, the Marks or the System; you understate your gross revenues for any period as determined by an audit or inspection by greater than 5%; you violate any health or safety law or ordinance or regulation, or operate the franchise in a way that creates a health or safety hazard; you fail to submit when due any financial statements, reports or other data, information, or supporting records; or you fail on 3 or more occasions within any cause active 12 month period to comply with the Franchise Agreement regardless of whether you properly them.</p> <p>Also, in the event you fail to timely and expressly assume, ratify, or confirm the Franchise Agreement in any bankruptcy proceeding and you cease, or have ceased, performance hereunder in any respect, then all rights granted to you under the Franchise Agreement shall immediately and automatically terminate and revert to us without further notice to you or action on our part.</p> <p>Also, in the event, in the opinion of our legal counsel, any provision of the Franchise Agreement is contrary to law and we are not able to negotiate an amendment to the Franchise Agreement to conform to legal requirements upon 30 days' notice, or the amendment requires a fundamental change to the Franchise Agreement, we may terminate the Franchise Agreement.</p> <p><u>Multi-Unit Agreement:</u></p> <p>If you sign a Multi-Unit Agreement, it may be terminated, and your right to open additional Studio franchises will cease, <i>without notice</i>, for any of the following reasons: (a) you</p>

Provision	Section in Franchise Agreement	Summary
		<p>become insolvent by reason of your inability to pay your debts as they mature; if you are adjudicated bankrupt or insolvent; (b) you file a petition in bankruptcy, reorganization or similar proceeding under applicable bankruptcy laws or have such a petition filed against you, which is not discharged within thirty (30) days; (c) a receiver or other custodian, permanent or temporary, is appointed for your business, assets or property; (d) you request the appointment of a receiver or make a general assignment for the benefit of creditors; (e) a final judgment against you in the amount of \$100,000.00) or more remains unsatisfied of record for thirty (30) days or longer; (f) your bank accounts, property or accounts receivable are attached; (g) execution is levied against your business or property; (h) if suit is filed to foreclose any lien or mortgage against any of your assets and such suit is not dismissed within thirty (30) days; or (i) you voluntarily dissolve or liquidate or have a petition filed for corporate or partnership dissolution and such petition is not dismissed within thirty (30) days.</p> <p>If you sign a Multi-Unit Agreement, it may be terminated, and your right to open additional Studio franchises will cease, <i>with notice</i> to you, if you or any of your Principal Owners or Affiliates: (a) make an unauthorized Transfer or fail to Transfer your Interests to us pursuant to our exercise of our right of first refusal; (b) make any material misstatement or omission in any written information provided to us; (c) are convicted of, or plead no contest to, a</p>

Provision	Section in Franchise Agreement	Summary
		felony or other crime or offense that we reasonably believe may adversely affect the System or the goodwill associated with the Marks; (d) make any unauthorized use or disclosure of the Confidential Information; or (e) are in breach of any Franchise Agreement such that we have the right to terminate the Franchise Agreement, whether or not we elect to exercise our right to terminate the Franchise Agreement.
i. Your obligations on termination/ non-renewal	Section 16	<p>You must pay all amounts owed to us; refrain from using our Marks, return to us or destroy (as we specify) all customer lists, forms and materials bearing our Marks or relating to the franchise; de-identify the franchise premises; return the Operations Manual; comply with covenants against competition and the non-solicitation, non-disparagement, and non-disclosure covenants in Section 9 of the Franchise Agreement; and cease using all confidential information.</p> <p>You must also (1) execute any documents and take any steps necessary to delete your listings from classified telephone directories, disconnect, or, at our option, assign to us all telephone numbers that have been used in your Franchised Business, assign to us any URLs, domain names, and social media and social networking names that you have used in connection with your Franchised Business, and terminate all other references that indicate you are or ever were affiliated with us, and (2) give us a final accounting for your Studio, and you must maintain all accounts and records for your Studio for a period of not less than seven years after final payment of any amounts you owe to us, our</p>

Provision	Section in Franchise Agreement	Summary
		affiliates, and/or related persons, but you may not sell, disclose, or otherwise transfer any of the information contained in those accounts and records to, or for use by, any competitive business.
j. Assignment of contract by us	Section 14.3	Fully transferable by us.
k. "Transfer" by you-defined	Section 14	Transfer includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest or change of ownership in the Franchise Agreement, the franchise or its assets, or any interest in the franchise.
l. Our approval of transfer by you	Section 14.4	You may not transfer the Franchise Agreement, the franchise or its assets or any interest in the franchise without our approval. We will not unreasonably withhold approval if you are in full compliance with the Franchise Agreement.
m. Conditions for our approval of transfer	Section 14.5	If you propose to transfer the Franchise Agreement, the franchise or its assets, or any interest in the franchise, or if any of your Principal Owners proposes to transfer a controlling interest in you or make a transfer that is one of a series of transfers which taken together would constitute the transfer of a controlling interest, then you must apply to us for approval of such transfer and sign such forms and procedures as we have in effect at that time, the person or entity to whom you wish to make the transfer must apply to us for acceptance as a franchisee, and you must submit to us all of the information and documentation required for us to evaluate the proposed transfer.

Provision	Section in Franchise Agreement	Summary
		<p>Also, the new owner must have sufficient business experience, aptitude and financial resources to operate the franchise; you must pay all amounts due us or our affiliates; new owner and its director must successfully complete our initial training program; your landlord must consent to transfer of the lease, if any; you must pay us a transfer fee (see Item 6); you and your Principal Owners must sign a general release in favor of us, our affiliates, and our and their officers, directors, employees and agents (see Exhibit G); you and your Principal Owners must comply with all post-termination obligations in the Franchise Agreement; new owner must agree to remodel to bring the franchise and the Premises to current standards; new owner must assume all obligations under your Franchise Agreement or, at our option, sign a new Franchise Agreement using our then-current form. We also may approve the material terms of the transfer, and require that you enter into an agreement with us providing that all obligations of the new owner to make installment payments of the purchase price to you or your Principal Owners will be subordinate to the obligations of the new owner to pay any amounts payable under the Franchise Agreement or any new Franchise Agreement that we may require the new owner to sign in connection with the transfer, and containing a general release of any claims that you may have against us. (see Exhibit G).</p>
n. Our right of first refusal to acquire your business	Section 14.8	We have the right to match any bona fide, arms-length offer for your business.

Provision	Section in Franchise Agreement	Summary
o. Our option to purchase your business	Section 15.6	When the Franchise Agreement expires or terminates, we may purchase your operating assets at fair market value, less the value of any goodwill associated with our Marks and other intangible assets.
p. Death or disability of franchisee	Section 14.6	Executor, administrator, or other personal representative must transfer interest within 12 months; all transfers are subject to provisions in Franchise Agreement regulating transfers.
q. Non-competition covenants during the term of the franchise	Section 9.3 and 17.8	Neither you, your Principal Owners, nor your General Managers, may perform services for or have any interest in any business providing competitive services or products.
r. Non-competition covenants after the franchise is terminated or expires	Section 9.3	Applicable for a period of 2 years following termination, expiration or Transfer, within a 5-mile radius of your Franchise Premises or any other MaxStrength Studio.
s. Modification of the agreement	Section 20	No modifications to Franchise Agreement unless you and we agree in writing; we may amend Operations Manual at any time.
t. Integration/merger clause	Section 20	Only the Franchise Agreement applies (subject to state and federal law); all other agreements or promises not enforceable, except that nothing in the Franchise Agreement will operate to waive or disclaim your right to rely on the representations and claims asserted in this FDD.
u. Dispute resolution by arbitration or mediation	Section 17.9	Except for certain claims, we and you must arbitrate all disputes in Cuyahoga County, Ohio (subject to state law) before a single arbitrator with the American Arbitration Association.

Provision	Section in Franchise Agreement	Summary
		<p>Except as we elect to seek temporary or permanent injunctive relief, before either party commences an arbitration, the parties agree that, as a condition precedent to the filing or commencement of any arbitration, they will attempt to resolve any dispute through internal mediation between the parties to be conducted in a mutually agreeable location, or if no such location is agreed upon within 10 days after a request for mediation, then at our corporate headquarters.</p>
v. Choice of forum	Section 17.9 and 17.11	Cuyahoga County, Ohio (subject to state law).
w. Choice of law	Section 17.11	Ohio law governs, except for matters regulated by the United States Trademark Act (subject to state law).
x. Non-solicitation and non-disparagement covenants	Sections 4.1, 9.3 and 17.8	<p>The Franchise Agreement prohibits each Principal Owner from making any negative or critical statements to any third parties, either verbally or in any other form or media, about (a) the Franchisor, the Franchise, any of our franchisees, or any of their respective products, services, businesses or business practices, or (b) the actions, operations or character of the Franchisor or the Franchise's respective owners, officers, directors, employees, consultants or agents.</p> <p>The Franchise Agreement also prohibits each Principal Owner, during the term of the Franchise Agreement and for a period of two (2) years following the expiration, termination or Transfer of the Franchise Agreement, from (a) soliciting for competitive services or products with any person who was a client of the Franchise within the two year period prior to the expiration,</p>

Provision	Section in Franchise Agreement	Summary
		<p>termination or Transfer of the Franchise Agreement; or (b) interfering with the Franchisor's relationship with any of the Franchisor's franchisees, vendors, suppliers or referral sources.</p> <p>Enforcement of the foregoing covenants is subject to applicable state law.</p>
y. Non-disclosure covenants	Sections 4.1, 9.2 and 17.8	<p>You agree that at all times you (1) will not directly or indirectly use the Confidential Information in any other business or capacity or for any purpose other than as needed in the development and operation of the Franchise during the term of the Franchise Agreement; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement and not directly or indirectly publish or otherwise disclose it to any third party; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form or media that may be copied or duplicated; and (4) will adopt and implement all reasonable procedures, including those we may prescribe from time to time, to prevent unauthorized use or disclosure of the Confidential Information, including without limitation restrictions on disclosure to your employees, and the use of non-disclosure, non-solicitation, non-disparagement and non-competition agreements we may prescribe or approve for your shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information.</p>

Provision	Section in Franchise Agreement	Summary
		Enforcement of the foregoing covenants is subject to applicable state law.

Item 18

PUBLIC FIGURES

We do not use any public figures to promote our franchises.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

The information presented below is a projection of financial performance of MaxStrength Fitness Studios on the small (approximately 1,800 sq. ft.) and large (3,000 sq. ft.) ends of the range of Studio size. These projections are based on the 2023 calendar year results from our two (2) Company-Owned outlets that have been in existence and operating for several years. The performance projections use the actual Total Income and Gross Profit of the two (2) Company-Owned outlets and then calculates Projected Earnings by estimating Operating Costs based on the anticipated differences in expenses to be incurred by prospective franchisee Studios vs. our Company-Owned outlets.

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

We did not have any franchised Studios with operations during 2023, and the Westlake and Willoughby Studios are our only Company-Owned outlets with more than a full year of operations (our Strongsville Studio opened in October 2023). The Westlake outlet is approximately 3,000 sq. ft. in size, so its past performance forms the basis of the large-sized Studio projection. The Willoughby outlet is approximately 1,800 sq. ft. in size, so its past performance forms the basis of the small-sized Studio projection. Both sets of projections are based on results from mature outlets that have been operating for several years.

Please carefully read all of the information presented in this Item 19, including the explanatory notes following the table below.

	Small Studio (1800 sq.ft.)		Large Studio (3000 sq.ft.)	
Income				
Client Revenue	\$836,035		\$864,882	
Supplement Revenue	\$2,560		\$5,253	
Total Income¹	<u>\$838,595</u>		<u>\$870,135</u>	
Cost of Goods Sold				
		% of Total <u>Income</u>		% of Total <u>Income</u>
Salaries & Wages - Direct	\$357,293	42.6%	\$358,844	41.2%
Merchant Account Fees	\$9,300	1.1%	\$8,428	1.0%
Supplements	\$2,792	0.3%	\$16,470	1.9%
Total Cost of Goods Sold²	<u>\$369,385</u>	<u>44.0%</u>	<u>\$383,472</u>	<u>44.1%</u>
Gross Profit³	<u>\$469,209</u>		<u>\$486,393</u>	
Operating Expenses				
		% of <u>Operating Expenses</u>		% of <u>Operating Expenses</u>
Advertising/Marketing	\$24,000	16.2%	\$24,000	12.5%
Facility Insurance	\$1,437	1.0%	\$2,899	1.5%
Office Expense	\$7,000	4.7%	\$7,000	3.6%
Employee Bonuses	\$22,098	15.0%	\$26,761	13.9%
Payroll Taxes	\$31,659	21.4%	\$29,779	15.5%
Workers Compensation	\$1,981	1.3%	\$1,537	0.8%
Accounting	\$3,600	2.4%	\$3,600	1.9%
Miscellaneous	\$726	0.5%	\$1,361	0.1%
Rent Expense	\$41,114	29.0%	\$77,798	40.4%
Repairs and Maintenance	\$1,800	1.2%	\$1,800	0.9%
Software Services	\$5,004	3.4%	\$5,004	2.6%
Telephone & Internet	\$1,299	0.9%	\$4,936	2.6%
Utilities	\$6,000	4.1%	\$6,000	3.1%
Total Operating Expense⁴	<u>\$147,718</u>		<u>\$192,475</u>	
Franchisee Costs⁵				
Royalty	\$50,315		\$52,209	
Ad Fund	\$8,386		\$8,701	
Technology Fee	\$2,388		\$2,388	
Projected Earnings⁶	<u>\$260,402</u>		<u>\$230,620</u>	

Notes to Table:

(1) Total Income represents all funds actually received and collected for the services/products provided to clients of the Company-Owned outlets. The numbers presented reflect the actual Total Income for our Willoughby (Small Studio) and Westlake (Large Studio) Company-Owned outlets for the calendar years 2022 and 2023. Actual Total Income for our Company-Owned outlets for 2022 and 2023 were:

	2022 Total Income	2023 Total Income	Year over Year Increase
Willoughby (Small)	\$780,209	\$838,595	+7.5%
Westlake (Large)	\$778,968	\$870,135	+11.7%

The key performance indicators (KPIs) that affect the Total Income earned by our two Company-Owned outlets are as follows:

KPI	Statistic	Explanatory comments
Average Rate Per Session	\$50.00	The average amount paid by a client per session.
Average Sessions per trainer per week	57	This is the average number of client sessions each trainer provided per calendar week.
Client average sessions per week	1.8	This is the average number of times a client visits per week, calculated as follows: total number of client sessions for each week during the year, divided by the total number of clients who visited during that week.

The above statistics were derived from the software used by our Company-Owned outlets and reflect the actual combined results of the two Company-Owned Outlets in 2022 and 2023.

(2) Cost of Goods Sold consist of direct salaries and wages of employees (other than our owner), merchant account fees and costs of dietary supplement products sold.

(3) Gross Profit represents Total Income minus Cost of Goods Sold.

(4) Operating Expenses include ordinary and recurring operating expenses such as: advertising/marketing, facility insurance, office expense, employee bonuses, payroll taxes, workers compensation, accounting fees, miscellaneous costs, rent expense, repairs and

maintenance, software services, telephone, internet and utilities. For purposes of the projected Operating Expenses above, we started with the two Company-Owned outlets' actual operating costs and then eliminated or reduced certain expenses paid by these Company-owned outlets that would not be incurred by a franchisee, including marketing and advertising expenses above the \$2,000/month expected for franchisees, the salary and benefits of our owner, outside consultant and accounting fees, software costs, equipment maintenance and repair, health insurance costs for employees, travel and entertainment expenses, professional continuing education costs, and other costs for research and development of the franchise system. The reduced and eliminated costs are substantial (approximately \$262,000.00 for Westlake and \$238,000.00 for Willoughby) because the two Company-Owned outlets incur expenses that will be incurred by us as franchisor and/or expenses that are not directly related to the operation of a Studio under our franchise model.

(5) Franchisee Costs consist of the following additional operating expenses, which will be paid by franchised Studios, but were not paid by the Company-Owned outlets: (a) 6% of Total Income for monthly royalty payments per the Franchise Agreement; (b) 1% of Total Income for monthly Advertising Fund payments per the Franchise Agreement, and (c) \$2,388 per year for the required Technology Fee. The percentages were applied to the Total Income figures described above to yield the projected cost in dollars.

(6) Projected Earnings represent Gross Profit minus projected Operating Expenses (see note 4 above). The Projected Earnings figure further subtracts the Franchisee Costs (see note 5 above) that will be incurred by franchisees and are not reflected in the projected Operating Expenses. Projected Earnings do not subtract any amounts for depreciation, interest or taxes.

Written substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting our Chief Executive Officer at 2211 Crocker Road #120, Westlake, Ohio 44145, Ph. 833-242-2050, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

System-Wide Outlet Summary
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	2	2	0
	2022	2	2	0
	2023	2	3	+1
Total Outlets	2021	2	2	0
	2022	2	2	0
	2023	2	3	+1

Explanatory Notes:

- (1) We began offering Studio franchises in May 2021.

Our Studio Franchisees

See Exhibit D for the name, address, and telephone number of each of our current and former MaxStrength Studio franchisees. During the last three (3) fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with MaxStrength Studio franchises being offered in this FDD.

The name, city, state and telephone number for each Studio Franchisee that was terminated, not renewed, canceled, voluntarily or involuntarily ceased to do business under the franchise agreement during the 2023 fiscal year, or who has not communicated to us within 10 weeks of the issuance date of this disclosure document, is set forth in Exhibit D. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Years 2021 to 2023

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

Status of Franchised Outlets
For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Explanatory Notes:

- (1) We began offering Studio franchises in May 2021.

Status of Company-Owned Franchised Outlets
For Years 2021 to 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
OH	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	1	0	0	0	3
Totals	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	1	0	0	0	3

Explanatory Notes:

- (1) We began offering Studio franchises in May 2021.

Projected Openings as of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
FL	1	0	0
GA	0	1	0
TX	0	3	0
WI	0	1	0
Totals	1	5	0

Item 21

FINANCIAL STATEMENTS

Exhibit E contains the following financial statements required to be included with this Disclosure Document: (a) audited balance sheet as of December 31, 2023, December 31, 2022 and December 31, 2021; and (b) audited statements of operations, changes in owner equity and cash flows for the years ended December 31, 2023, December 31, 2022 and December 31, 2021.

Item 22

CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

- Exhibit B Franchise Agreement (including as exhibits an Owner's Guaranty and Assumption of Franchisee's Obligations, and other documents)
- Exhibit F General Release Agreement
- Exhibit G Transfer Agreement
- Exhibit H Multi-Unit Agreement
- Exhibit J Deposit Acknowledgment Agreement

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.

Item 23

RECEIPTS

Following Exhibit J are 2 blank originals of a detachable Receipt form to be signed by you. Please sign both originals. We will keep one signed original, and you will keep the other.

EXHIBIT A

**STATE ADMINISTRATORS/AGENTS
SERVICE OF PROCESS**

Following is information about state agencies and administrators whom you may wish to contact with questions about MaxStrength Fitness Franchising LLC, or this Disclosure Document, as well as our agent for service of process.

Our agent for service of process in the State of Ohio is:

SSE, INC.
26600 DETROIT RD., SUITE 300
WESTLAKE OH 44145

We intend to register the franchises described in this Disclosure Document in some or all of the following states in accordance with applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

CALIFORNIA

Department of Financial Protection and
Innovation:
1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

2101 Arena Blvd.
Sacramento, California 95834
(916) 445-7205

San Francisco

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 557-3787

HAWAII

(state administrator)
Hawaii Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

(agent for service of process)
Commissioner of Securities of the
State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

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

(agent for service of process)
Indiana Secretary of State
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

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

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

MICHIGAN

(state administrator)
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
(517) 373-7177

(for service of process)
Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

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

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

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

VIRGINIA

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

(for service of process)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(for service of process)
Director
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

WISCONSIN

Securities and Franchise Registration
Wisconsin Securities Commission
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703
(608) 266-3431

Exhibit B
Franchise Agreement

MaxStrength Fitness Franchising LLC

FRANCHISE AGREEMENT

NOTICE: This Agreement is subject to binding arbitration – see Section 17.9.

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MaxStrength Fitness Franchising LLC

FRANCHISE AGREEMENT

This Franchise Agreement (this or the "Agreement") is being entered into and is effective as of the date of the last signature below (the "Agreement Date"). The parties to this Agreement are MaxStrength Fitness Franchising LLC, an Ohio limited liability company ("we," "us" or "MaxStrength"); _____, as the franchisee ("you" or "Franchisee"), and, if you are a partnership, corporation, or limited liability company, your "Principal Owners" (defined below).

1. INTRODUCTION.

1.1 **Style of Agreement; Common Terms.** This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. This Agreement includes several exhibits, all of which are legally binding and are an integral part of the complete Franchise Agreement. In this Agreement, we refer to MaxStrength Fitness Franchising LLC as "we," "us," or the "MaxStrength." We refer to you as "you" or "Franchisee" and such terms include any person or entity that operates or has an interest in the Franchised Business (defined below). If you are a corporation, partnership or limited liability company, you will notice certain provisions that are applicable to those principal shareholders, partners or members on whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as "Principal Owners".

1.2 **The Franchise System.**

a. Through the expenditure of considerable time, effort and money, we and our affiliates have devised a system for the establishment and operation of a MaxStrength business model. This business model includes a Studio model offering all of our franchised services and products (individually, a "Studio" and collectively, "Studios"). Subject to an additional fee, we may also offer additional programs, products and services, which additional programs, products and services may change from time to time. We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the marks "MaxStrength," "MaxStrength Fitness" and certain associated designs, artwork and logos, which we may change or add to from time to time (the "Marks").

b. From time to time we grant to persons who meet our qualifications, franchises to own and operate a MaxStrength Studio in accordance with the System in a specified geographic territory. This Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own, and be franchised to operate a MaxStrength Studio (we refer to your MaxStrength franchise hereinafter as the "Franchise" or the "Franchised Business").

1.3. **Due Diligence.** In signing this Agreement, you acknowledge that you have conducted an independent investigation of the MaxStrength System, and recognize that, like any other business, the nature of it may evolve and change over time, that an investment in a MaxStrength Franchised Business involves business risks.

1.4. **No Waiver.** 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.

1.5 **Non-Uniform Agreements.** You acknowledge and agree that we have previously entered into franchise agreements with other franchisees, that we may in the future enter into franchise agreements with other franchisees, and that some or all of those franchise agreements may have terms substantially different from those in this Agreement. You also acknowledge and agree that we may, in our sole discretion and business judgment, waive or modify comparable provisions of any of those franchise agreements in a non-uniform manner, so long as we do so on a reasonably non-discriminatory basis.

2. **GRANT OF FRANCHISE.**

2.1 **Term; Reference to Exhibit 1.** You have applied for a franchise to own and operate a MaxStrength Studio, and we have approved your application in reliance on all of the representations you made in that application. As a result, and subject to the provisions of this Agreement, we grant to you a Franchise to operate a Studio offering all products, services, and proprietary programs of ours in accordance with all elements of the System, that we may require for MaxStrength Studios.

You must operate the Franchise at a mutually agreeable site (the "Premises") to be identified after the signing of this Agreement, and to use the System and the Marks in the operation of that Franchise, for an "Initial Term" of 10 years. The Initial Term will begin on the Agreement Date, unless you are assuming the Franchise pursuant to a Transfer, in which case the length of the Initial Term shall be determined by the applicable Transfer Agreement. To avoid uncertainty, the expiration date of the Initial Term is listed on Exhibit 1. Termination or expiration of this Agreement will constitute a termination or expiration of your Franchise and the rights you received in connection with the Franchise, including your rights to use the Marks or any portion of the Confidential Information. (All references to the "Term of this Agreement" refer to the period from the Agreement Date to the date on which this Agreement actually terminates or expires.)

2.2 **Full Term Performance.** You specifically agree to be obligated to operate the Franchise, perform the obligations of this Agreement, and continuously exert your best efforts to promote and enhance the business of the Franchise for the entire Initial Term, and any subsequent renewal or extension of the Term of this Agreement.

2.3 **Protected Territory; Reference to Exhibit 1; Reservation of Rights.** You acknowledge that the Franchise granted by this Agreement gives you the right to operate your Franchise only at the Premises. Provided you are in full compliance with this Agreement, neither we nor our affiliates will operate or grant a franchise for the operation of another MaxStrength Studio franchise physically located within the territory described in Exhibit 1 (the "Protected Territory"). You and we will mutually designate your Protected Territory upon or after the signing of this Agreement and Exhibit 1 shall be deemed to be automatically updated and revised to reflect such designation or any mutually agreed upon changes to your Protected Territory.

Except as otherwise provided in this Section 2.3, we retain all rights with respect to MaxStrength Studio franchises, the Marks and the System, including (by way of example only and not as a limitation): (a) the right to operate or grant others the right to operate MaxStrength Studio

franchises physically located outside the Protected Territory on terms and conditions we deem appropriate; (b) the right to operate or offer other fitness-related companies or franchises or enter into other lines of business offering similar or dissimilar products or services under trademarks or service marks other than the Marks, both within or outside of the Protected Territory and to use any channels of distribution (for example, the internet, catalog sales, telemarketing, or other direct marketing) in connection with such system(s) and/or location(s); (c) the right to sell or distribute, at retail or wholesale, directly or indirectly, or via the internet or any other means, or license others to sell or distribute, via any means (including the internet and other channels of distribution) any products that bear any proprietary marks, including the Marks, whether within or outside your Protected Territory; (d) the right to own, acquire, establish, and/or operate, and license others to establish and operate, businesses different from a Franchised Business but operated under the Marks within or outside your Protected Territory, and to use any channels of distribution (for example, the internet, email, social media, telemarketing, or other direct marketing) in connection with such system(s) and/or location(s); and (e) the right to be acquired (whether through acquisition of assets, or equity interests or otherwise, regardless of the form of transaction) by a business or entity providing products and services similar to those provided by Franchised Businesses even if that business or entity operates, franchises, or licenses competitive businesses in your Protected Territory.

2.4 **Renewal of Franchise.**

a. **Franchisee's Right to Renew.** Subject to the provisions of subparagraph 2.4b below, and if you have complied with all provisions of this Agreement and all other agreements between us, including the Operations Manual, on expiration of the Initial Term, if you refurbish and decorate the Premises, replace fixtures, furnishings, wall decor, furniture, equipment, and signs and otherwise modify the Franchise in compliance with specifications and standards then applicable under new or renewal franchises for MaxStrength Studio franchises, you will have the right to renew the Franchise for additional terms equal in length to the Initial Term.

- i. At least 6 months before the expiration of the Franchise, we will notify you as to whether you appear eligible to renew the Franchise or, if applicable, we will provide you with a notice of deficiencies pursuant to subparagraph 2.4 (b) below.
- ii. If you appear to be eligible for renewal, we will ask you to provide us with notice of your intent to renew within a specific time period after receipt of our notice.
- iii. If you give us timely notice of your desire to renew the Franchise, we will provide you with our then-current Franchise Disclosure Document and a timetable for the renewal process.
- iv. Following an appropriate review period, and subject to your continued compliance with this Agreement and satisfaction of other terms of eligibility for renewal, you and we will enter into the documentation described in subparagraph 2.4(c) below.

b. **Notice of Deficiencies and Other Requirements.** At least 6 months before the expiration of the Franchise, we agree to give you written notice of any deficiencies in your operation or in the historical performance of the Franchise that could cause us not to renew the

Franchise. If we will permit renewal, our notice will state what actions, if any, you must take to correct the deficiencies in your operation of the Franchise or of the Premises, and will specify the time period in which those deficiencies must be corrected or other requirements satisfied. Renewal of the Franchise will be conditioned on your continued compliance with all the terms and conditions of this Agreement up to the date of expiration, and not just on those conditions set forth in our 6 month deficiency notice. If we send a notice of non-renewal, it will state the reasons for our refusal to renew.

c. **Renewal Agreement; Releases.** To renew the Franchise, MaxStrength, you and your Principal Owners must execute the form of Franchise Agreement and any ancillary agreements we are then customarily using in the grant or renewal of franchises for the operation of MaxStrength Studio Franchises (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), except that no initial franchise fee will be payable upon renewal of the Franchise. The terms of the Franchise Agreement that you must execute upon renewal, and any other agreements we may require, may differ materially from those contained in this Agreement, including the possibility of increased Continuing Franchise Fees and Ad Fund contributions. Your right to renew will be contingent upon your acceptance of the new terms. You must pay to us a renewal fee equal to \$100.00 concurrently with signing the renewal Franchise Agreement. You and your Principal Owners must also execute general releases, in a form satisfactory to us, of any and all claims against us and our affiliates, and our and their respective owners, officers, directors, employees, and agents.

3. **DEVELOPMENT AND OPENING OF THE FRANCHISE**

3.1 **Site Approval; Lease or Purchase of Premises.**

a. You will use your best efforts to seek and select a proposed site for the Premises within the Protected Territory that is acceptable to us as suitable for the operation of the Franchise within 30 days of the date of this Agreement. We currently require the Premises to be a minimum of 1,600 square feet in size. You must submit to us, in the form we specify, a description of the site and such other information or materials as we may reasonably require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, size, traffic patterns, parking size, layout and other physical characteristics, for MaxStrength Studio franchises. If you fail to identify a mutually agreeable site within the aforementioned 30 day period, we may terminate this Agreement. You may not relocate your Studio to a different site in your Protected Territory without our approval.

b. Once we have approved the proposed site of the Premises for your Franchise, you must obtain lawful possession of the Premises through lease or purchase within 30 days of the date of this Agreement. You agree that we may require you to obtain our advanced written approval of your lease's terms. The lease for the Premises must, if we require it, permit us to take possession of the Premises under certain conditions if this Agreement is terminated.

c. Our review and/or approval of your lease terms, or our failure to do so, shall not constitute, nor be deemed, a judgment or guaranty as to the likelihood of success of a MaxStrength Studio Franchise at such location, or as to the relative desirability of such location in comparison to other locations within the Protected Territory, nor shall it be deemed to make us liable in any way under any such lease.

3.2 **Prototype and Construction Plans and Specifications.** We may furnish to you prototype plans and specifications for your Studio location, reflecting our requirements for design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for MaxStrength Studios, which may be in the form of actual plans for an existing or proposed Studio with which we are involved. Using an architect we designate or approve, it will then be your responsibility to have the plans and specifications modified to comply with all ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the Premises. As part of the site development and buildout of your Studio location, you are required to purchase construction project management and architectural design services and Studio buildout procurement services from our designated suppliers. You must submit final construction plans and specifications to us for our approval before you begin construction at the Premises, and must construct the Franchise location in accordance with those approved plans and specifications. Our waiver or failure to strictly enforce any such requirements for plans, specifications, décor, etc. shall not constitute, a waiver of any other term or provision of this Agreement or the failure by us to discharge any duty to you with respect to your office Premises.

3.3 **Development of the Franchise.**

a. You agree at your own expense to do the following: (i) within 270 days of the date of this Agreement, or (ii) if you sign this Agreement pursuant to the purchase of multiple MaxStrength franchises, by the Opening Deadline defined in Exhibit 1:

- (1) secure all financing required to fully develop the Franchise;
- (2) obtain all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses;
- (3) construct the Franchise location according to the construction plans and specifications we have provided and/or approved;
- (4) decorate the Franchise location in compliance with plans and specifications we have provided and/or approved;
- (5) purchase and install all required equipment, furniture, furnishings and signs prior to commencing operations;
- (6) cause all the training requirements of Section 4 to be completed prior to commencing operations;
- (7) purchase an opening inventory of products and other supplies and materials prior to commencing operations;
- (8) provide proof prior to commencing operations, in a form satisfactory to us, that your operation of the Franchise at the Franchise location does not violate any applicable state or local zoning or land use laws, ordinances, or regulations, or any restrictive covenants that apply to such location;
- (9) provide proof prior to commencing operations, in a form satisfactory to us, that you (and/or your General Manager, as defined in Section 4.1, if any) are legally authorized and have all licenses necessary to perform all of the services to be offered by your Franchise, and that your organizational structure is consistent with all legal requirements;

- (10) at all times after commencing operations, utilize all approved internal and external marketing programs for the Franchise;
- (11) prior to commencing operations, obtain MaxStrength stationery, envelopes, and business cards;
- (12) acquire all required insurance policies as required under Section 10.8 below;
- (13) do any other acts necessary to open and operate the Franchise in accordance with this Agreement (including, without limitation, becoming fully active on our designated billing system as required under Section 3.4 below);
- (14) obtain our approval to open the Franchise for business; and
- (15) open the Franchise for business.

For purposes of the following paragraph, you must achieve each of the foregoing requirements in this paragraph before your Studio is deemed to be “open.”

b. If you do not open your Studio within 270 days of the date of this Agreement, and you have obtained our approval to open the Franchise for business, we will have the right to charge you a \$1,000.00 monthly fee. Nothing in this paragraph shall prohibit us from exercising our rights and remedies under Section 15 or any other provision of this Agreement.

3.4 **Computer System.**

a. **General Requirements.** You agree to use in the development and operation of the Franchise the computer hardware/billing systems and operating software (“Computer System”) that we specify from time to time. You acknowledge that we may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including without limitation a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or obtain by license new or modified computer hardware and/or software, and to obtain service and support for the Computer System during the Term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require from time to time. You further acknowledge and agree that we and our affiliates have the right to charge a reasonable systems fee for software or systems installation services; modifications and enhancements specifically made for us or our affiliates that are licensed to you; and other maintenance and support Computer System-related services that we or our affiliates furnish to you. You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

b. Your full implementation of our computer system and software requirements, including our designated billing system and appointment and customer relationship management software, is a crucial part of your Studio’s start-up and operation, and you and we agree that the Computer System requirements are a top priority. Accordingly, if you do not fully implement our

designated Computer System, including the required software (called “going live”) within acceptable timeframes, you will be required to pay additional fees to us, as follows:

- (1) If you have not “gone live” within two (2) months after the conclusion of your initial training program, you will be required to pay a fee of \$500.00 per month for each month thereafter, due and payable on the first (1st) day of each calendar month in such period with no pro-rations for partial months; and
- (2) If you have not “gone live” within six (6) months, the fee will be increased to \$1,000.00 per month commencing within the sixth (6th) month after the conclusion of the initial training program.

Nothing in this paragraph shall prohibit us from exercising our rights and remedies under Section 15 or any other provision of this Agreement.

c. MaxStrength also requires you to maintain a dedicated high-speed internet service or connection or other communication means for remote access and information retrieval by us, as we may specify from time to time in the Operations Manual or otherwise in writing.

d. We are not responsible or liable for any actual, alleged, or perceived defects or deficiencies in the Computer System, any components thereof, Service Provider(s), or any required third-party software, or the performance of any of the forgoing.

3.5 **Equipment, Furniture, Fixtures, Furnishings and Signs.** You agree to use in the development and operation of the Franchise only those brands, types, and/or models of equipment, furniture, fixtures, furnishings, and signs we have approved from time to time.

3.6 **Franchise Opening.** You agree not to open the Franchise for business until: (1) all of your obligations under Sections 3.1 through 3.5 of this Section have been fulfilled (including, without limitation, becoming fully active on our designated billing system); (2) we determine that the Franchise has been properly constructed, decorated, furnished, equipped, and stocked with materials and supplies in accordance with plans and specifications we have provided or approved; (3) you and any of your Franchise’s employees whom we require complete our pre-opening Initial Training (as defined herein) to our satisfaction; (4) the Initial Franchise Fee (as defined herein) and all other amounts due to us have been paid, or payment thereof has been provided for to our satisfaction (in our sole discretion); (5) you have furnished us with copies of all insurance policies required by Section 10.8 of this Agreement, or have provided us with appropriate alternative evidence of insurance coverage and payment of premiums as we have requested; and (6) we have approved any marketing, advertising, and promotional materials you desire to use, as provided in Section 11.2 of this Agreement.

4. **TRAINING.**

4.1 **General Manager.** You may employ a general manager to operate the Franchise instead of you (the “General Manager”). The term “General Manager” means an individual with primary day-to-day responsibility for the Franchise’s operations, and may or may not be you (if you are an individual) or a Principal Owner, officer, director, or employee of yours (if you are other than an individual). We do not require that the General Manager have an equity interest in the Franchise. The General Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Franchise’s operations, and must have full authority from you to implement the System at the Franchise. You must not hire any General Manager or successor General Manager without first receiving our written approval of such General Manager’s

qualifications. Each General Manager and successor General Manager must attend and complete our Initial Training (as defined herein) prior to commencing the role of General Manager. No General Manager may have any interest in or business relationship with any business competitor of your franchise. Each General Manager must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information described in Section 9.1, to abide by non-solicitation and non-disparagement covenants, and to abide by the covenants not to compete described in Section 9.3. We can provide a form for this required written agreement, however, our form is subject to review by your attorney for compliance with all local laws and rules. You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, during or following completion of the Initial Training program, that your General Manager (if any) is not qualified to act as General Manager of the Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position.

4.2 **Training**. You acknowledge that it is very important to the operation of the Franchise that you and your employees receive appropriate training. To that end, you agree as follows:

a. At least 30 days before the Franchise opens for business, you and your entire staff must attend our initial training program for your Franchise (the “Initial Training”) at the time and place we designate. You (if you are an individual), the Principal Owners (if you are a legal entity), your General Manager (if any) and all other employees must complete this initial training program to our satisfaction. The Initial Training may include classroom instruction and Franchise operation training, and will be furnished at our training facility, an affiliate, a conference facility, a MaxStrength Franchise location we designate, your Franchise location, and/or at another location we designate. Our Initial Training programs may be different for each employee depending on their responsibilities at the Franchise. There will be no tuition charge for the persons whom we require to attend any Initial Training program. All persons who attend our Initial Training must attend and complete the Initial Training to our satisfaction. If we, in our sole discretion, determine that any General Manager or employee is unable to satisfactorily complete such Initial Training program, then you must not hire that person, and must hire a substitute General Manager or employee (as the case may be), who must enroll in the Initial Training program within 15 days thereafter, and complete the Initial Training to our satisfaction.

b. You agree to have your General Manager (if any) and/or other employees who attend our Initial Training complete additional training programs at places and times as we may request from time to time during the Term of this Agreement.

c. In addition to providing the Initial Training described above, we reserve the right to offer and hold such additional ongoing training programs and franchise owners meetings regarding such topics and at such times and locations as we may deem necessary or appropriate. We also reserve the right to make any of these training programs mandatory for you and/or designated owners, General Managers, employees, and/or representatives of yours. Also, all employees hired by you after the opening of the Franchise must attend our Initial Training. If we offer any such mandatory training programs, then you or your designated personnel must attend a minimum of seventy-five percent (75%) of the programs offered on an annual basis. In addition, you are required to attend one-hundred (100%) of our annual conference, a training program that we conduct once per year. The location of the annual conference will be determined by us. Your attendance at the annual conference is mandatory. You will be solely responsible for the wages and travel, lodging, and living expenses for each attendee of yours who attends the annual

conference. We will not charge you a fee to attend the annual conference, but we will collect fees from you that are imposed by third parties relating to the annual conference, such as fees charged for food and beverage.

d. You agree to pay all wages and compensation owed to, and travel, lodging, meal, transportation, and personal expenses incurred by, all of your personnel who attend our Initial Training and/or any mandatory or optional training we provide.

e. The Franchise's General Manager (if any) and other employees shall obtain all certifications and licenses required by law in order to perform their responsibilities and duties for the Franchise.

5. **GUIDANCE; OPERATIONS MANUAL.**

5.1 **Guidance and Assistance.** During the Term of this Agreement, we may from time to time furnish you guidance and assistance with respect to: (a) specifications, standards, programs and operating procedures used by MaxStrength Studio franchises; (b) purchasing approved equipment, furniture, furnishings, signs, materials, supplies and services; (c) development and implementation of local advertising and promotional programs; (d) general operating and management procedures; (e) establishing and conducting employee training programs for your Franchise; and (f) changes in any of the above that occur from time to time. This guidance and assistance may, in our discretion, be furnished in the form of bulletins, written reports and recommendations, operations manuals, video and audio files and other written materials, whether delivered to you directly or made available through internet, website, email or other remote means (the "Operations Manual"), and/or telephone consultations and/or personal consultations at our offices or your Franchise. If you request—and if we agree to provide—any additional, special on-premises training of your personnel or other assistance in operating your Franchise, then you agree to pay a daily training fee in an amount to be set by us, and all expenses we incur in providing such training or assistance, including any wages or compensation owed to, and travel, lodging, transportation, and living expenses incurred by, our MaxStrength personnel.

5.2 **Operations Manual.** The Operations Manual we lend to you will contain mandatory and suggested specifications, programs, standards, and operating and management procedures that we prescribe from time to time for your Franchise, as well as information relative to other obligations you have in the operation of the Franchise. The Operations Manual may be composed of or include writings, drawings, photos, audio recordings, video recordings, and/or other written or intangible materials. We may make all or part of the Operations Manual available to you through various means, including the internet. All or any portion of a previously available Operations Manual may be superseded from time to time with replacement materials to reflect changes in the specifications, standards, programs, operating procedures and other obligations in operating the Franchise. You agree that you will monitor and access our website and communications from us for any updates to the Operations Manual.

Any password or other digital identification necessary to access the Operations Manual on a Website, intranet, or extranet will be deemed to be Confidential Information belonging to MaxStrength, subject to Article 9 of this Agreement. You must keep your copy of the Operations Manual current, and if you and we have a dispute over the contents of the Manual, then our master copy of the Manual will control.

You agree that you will not at any time copy any part of the Operations Manual, permit it to be copied, disclose it to anyone not having a need to know its contents for purposes of operating your Franchise, or remove it from the Franchise location without our permission. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, then you must obtain a replacement copy for us at our then-applicable charge.

Notwithstanding the forgoing, you shall be responsible for the day-to-day operation of the Franchised Business. While the Operations Manual sets forth our standards for the Franchise, the procedures utilized to implement those standards rest with the Franchisee.

5.3 **Modifications to System.** We will continually be reviewing and analyzing developments relative to the System, and based upon our evaluation of this information, may make changes in the System, including but not limited to adding new components to services and products offered and equipment used by MaxStrength Studio franchises. Moreover, changes in, or interpretations of, laws regulating the services offered by MaxStrength franchises may require us to restructure our franchise program or require your General Manager (if any) and employees to obtain additional licenses or certifications. You agree, at our request, to modify the operation of the Franchise to comply with all such changes, and to be solely responsible for all related costs.

5.4 **Advisory Councils.** You agree to participate in, and, if required, become a member of any advisory councils or similar organizations we form or organize for MaxStrength Studio franchises. We will select the advisory council’s members, and we may change or dissolve the advisory council at any time. We anticipate that an advisory council would serve in an advisory capacity, but may grant to the advisory council any operational or decision-making powers that we deem appropriate. We, or one of more of our affiliated companies or persons, may also offer separate, optional, advisory councils or groups that may have additional costs to you should you decide to participate.

6. **FEES.**

6.1 **Initial Franchise Fee; Reference to Exhibit 1.** You agree to pay us the initial franchise fee (the "Initial Franchise Fee") set forth below when you sign this Agreement. In recognition of the expenses we incur in furnishing assistance and services to you, you agree that we will have fully earned the Initial Franchise Fee, and that is due and non-refundable when you sign this Agreement.

- a. If you are purchasing one Studio franchise, the Initial Franchise Fee is \$54,900.00.
- b. If Exhibit 1 states that you are signing this Agreement pursuant to your purchase of multiple Studio franchises, then your Initial Franchise Fee due hereunder shall be as follows:

Number of Studio Franchises	Initial Franchise Fee	Total Initial Franchise Fee for all Franchises
2	\$47,000 (For unit 2)	\$101,900
3	\$42,000 (For unit 3)	\$143,900
4	\$40,000 (For unit 4)	\$183,900
5	\$38,000 (For unit 5)	\$221,900

6	\$35,000 (For unit 6)	\$256,900
7	\$33,000 (for unit 7)	\$289,900

c. In paying the Initial Franchise Fee due hereunder, you agree that if Exhibit 1 states that you are signing this Agreement pursuant to your purchase of multiple Studio franchises, then you will also sign our Multi-Unit Agreement and shall pay in a lump sum upon signing the first Agreement to which such purchase corresponds the total amount due for the Studios being purchased pursuant to such transaction.

d. Any deposits previously paid by you will be credited against the Initial Franchise Fee due hereunder.

6.2 **Continuing Franchise Fee.** You agree to pay us a continuing franchise fee ("Continuing Franchise Fee") equal to six percent (6%) of the gross revenues (defined below) of the Franchise. The Continuing Franchise Fee will be payable monthly on the day of the month we specify based on the Franchise's gross revenues for the preceding month. The term "gross revenues" shall, for purposes of this Agreement, mean the total of all revenue and receipts derived from the operation of the Franchise, including all amounts received at or away from the site of the Franchise, or through the business the Franchise conducts (such as fees for training or other services, subscription or membership fees, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and any customer refunds and credits the Franchise actually makes. You and we acknowledge and agree that the Continuing Franchise Fee represents compensation paid by you to us for the guidance and assistance we provide and for the use of our Marks, Confidential Information (as defined herein), know-how, access to proprietary software and business systems, and other intellectual property we allow you to use under the terms of this Agreement (including, without limitation, copyrighted and proprietary forms and materials).

6.3 **Advertising Fees.**

a. Recognizing the value of advertising to the goodwill and public image of MaxStrength Studio franchises, we may, in our sole discretion, establish, maintain and administer an advertising fund (the "Ad Fund") for such advertising as we may deem necessary or appropriate in our sole discretion. You agree to contribute to the Ad Fund in the amount of up to two percent (2%) of the gross revenues of the Franchise (currently 1% of gross revenues). We can increase or decrease the fee at any time. However, your contribution will not exceed 2% of your gross revenues. We will provide you with 30 days' advance notice of the establishment or termination of an Ad Fund and any change in the required contribution. These advertising fees (the "Advertising Fees") will be payable monthly with and at the same time as your Continuing Franchise Fees payable under Section 6.2 above. A further description of the Ad Fund and your obligations with respect to advertising and promoting the Franchise is found in Section 11 of this Agreement.

b. In the future, we may also establish programs to provide additional marketing services to Studio franchises, which programs will be optional for Studio franchises. If you choose to use this marketing program, you must agree to pay the fee determined by us. You will only be permitted to use this program if you pay this fee. We reserve the right to change the amount of this fee at any time. If we choose to establish a program in the future, and you choose to purchase this optional program, you agree to comply with all specifications and requirements contained in

the Operations Manual concerning this program.

6.4 **Fees Relating to Other Programs.** We, or our affiliates, may offer additional optional services, products or programs in connection with your Studio Franchise, subject to an additional fee paid to us or third parties. Additionally, you are required to pay the monthly Technology Fee, defined and discussed in Section 11.4, for certain website and technology-related services and expenses.

6.5 **Interest on Late Payments.** All Continuing Franchise Fees, Advertising Fees, amounts due from you for purchases from us or our affiliates, and other amounts which you owe us or our affiliates (unless otherwise provided for in a separate agreement between us or our affiliates) will begin to accrue interest after their respective due dates at the lesser of (i) the highest commercial contract interest rate permitted by state law, and (ii) the rate of fifteen percent (15%) per annum. You acknowledge that the inclusion of this Section in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your purchase or operation of the Franchise. We have the right to require that any payments due us or our affiliates be made by certified or cashier's check, wire transfer or electronic funds transfer in the event that any payment by check is not honored by the bank upon which the check is drawn. We also receive the right to charge you a fee of \$100 for any payment by check that is not honored by the bank upon which it is drawn. Payments due us or our affiliates will not be deemed received until such time as funds from the deposit of any check by us or our affiliates is collected from your account.

6.6 **Electronic Funds Transfer.** We have the right to require you to participate in an electronic funds transfer program under which Continuing Franchise Fees, Advertising Fees, and any other amounts payable to us or our affiliates are deducted or paid electronically from your bank account (the "Account"). In the event you are required to authorize us to initiate debit entries, you agree to sign all requested forms (including the ACH Agreement attached to this Agreement as Exhibit 4) and make the funds available in the Account for withdrawal by electronic transfer no later than the payment due date. The amount actually transferred from the Account to pay Continuing Franchise Fees and Advertising Fees will be based on the Franchise's gross revenues reported to us. If you have not reported the Franchise's gross revenues for any reporting period, then we will be authorized to debit the Account in an amount equal to 120% of the Continuing Franchise Fee, Advertising Fee, and other amounts transferred from the Account for the last reporting period for which a report of the Franchise's gross revenues was provided to us. If at any time we determine that you have under-reported the Franchise's gross revenues or underpaid any Continuing Franchise Fee or Advertising Fee due us under this Agreement, then we will be authorized to initiate immediately a debit to the Account in the appropriate amount, plus applicable interest, in accordance with the foregoing procedure. Any overpayment will be credited, without interest, against the Continuing Franchise Fee, Advertising Fee, and other amounts we otherwise would debit from your account during the following reporting period. Our use of electronic funds transfers as a method of collecting Continuing Franchise Fees and Advertising Fees due us does not constitute a waiver of any of your obligations to provide us with monthly reports as provided in Section 12, nor shall it be deemed a waiver of any of the rights and remedies available to us under this Agreement.

6.7 **Application of Payments; No Set-Off.** When we receive a payment from you, we have the right in our sole discretion to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for Continuing Franchise Fees, Advertising Fees, purchases,

interest, or for any other reason, regardless of how you may designate a particular payment should be applied. You may not, on grounds of alleged non-performance by MaxStrength of its obligations under this Agreement, withhold payment of Continuing Franchise Fees and/or any other amounts due to MaxStrength and/or its related parties or affiliates.

7. **MARKS; COPYRIGHTED WORKS.**

7.1 **Ownership and Goodwill of Marks**

a. You acknowledge that your right to use the Marks is derived solely from this Agreement, and is limited to your operation of the Franchise pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures we prescribe from time to time during the Term of the Franchise, including, without limitation, timely payment of the Initial Franchise Fee, Continuing Franchise Fees, Advertising Fees, and all other sums due to us.

b. You understand and acknowledge that our right to regulate the use of the Marks includes, without limitation, any use of the Marks in any form of electronic media, such as Websites (as defined herein) or web pages, or as a domain name or electronic media identifier.

c. If you make any unauthorized use of the Marks either during or after the Term of this Agreement, it will constitute a breach of this Agreement and an infringement of our rights in and to the Marks.

d. You acknowledge and agree that all your usage of the Marks and any goodwill established by your use will inure exclusively to our benefit and the benefit of our affiliates, and that this Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate the Franchise in compliance with this Agreement).

e. All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork, or logos we may authorize and/or license you to use during the Term of this Agreement.

f. MaxStrength has invested substantial time, energy, and money in the promotion and protection of its Marks as they exist on the date of this Agreement. However, rights in intangible property such as the Marks are often difficult to establish and defend. In addition, other circumstances, such as changes in the cultural and economic environment within which the System operates, changes in marketing or other strategies, or third-party challenges to MaxStrength's rights in the Marks, may make changes in the Marks desirable or necessary. MaxStrength therefore reserves the right to change its Marks and the specifications for each when we believe that such changes will benefit the System. You will promptly conform at your own expense, to any such changes. MaxStrength need not reimburse you for any loss of revenue due to any modified or discontinued Mark or for your expenses in changing to, or promoting, a modified or substitute trademark or service mark.

7.2 **Limitations on Franchisee's Use of Marks.** You agree to use the Marks as the sole trade identification of the Franchise, except that you will display at the Franchise location a notice, in a form acceptable to us, stating that you are the independent owner of the Franchise pursuant to a Franchise Agreement with us. You agree not to use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under this Agreement), or in any modified form. You also shall not use any Mark, or any commercial symbol similar to the

Marks, in connection with the performance or sale of any unauthorized services or products, to promote any business or commercial venture other than the Franchise, or in any other manner we have not expressly authorized in writing. You agree to display the Marks in the manner we prescribe at the Franchise and in connection with advertising and marketing materials, and to use, along with the Marks, any notices of trade and service mark registrations we specify. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

7.3 **Notification of Infringements and Claims.** You agree to immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark, or service mark of which you become aware. You agree not to communicate with anyone except us and our counsel in connection with any such infringement, challenge, or claim. We have the right to exclusively control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.

7.4 **Discontinuance of Use of Marks.** If it becomes advisable at any time in our sole judgment for the Franchise to modify or discontinue the use of any Mark, or use one or more additional or substitute trade or service marks, including the Marks used as the name of the Franchise, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

7.5 **Indemnification of Franchisee.** We agree to indemnify you against, and reimburse you for, all out-of-pocket damages that you are ordered to pay any third party in any trademark infringement proceeding arising out of your use of any Mark pursuant to and in compliance with this Agreement, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim, provided us with the opportunity to defend the claim, cooperated with the defense of the claim, and otherwise complied with this Agreement.

7.6 **Copyrighted Works; Ownership.**

a. We hereby authorize you to use in the operation of the Franchised Business those certain copyrighted or copyrightable materials which are from time to time owned by us or our affiliates and which we approve and license for use in the operation of the Franchised Business. These copyrighted or copyrightable materials include, but are not limited to, the Operations Manual, training materials, advertising and promotional materials, and other portions of the System, and any translations or paraphrasing of any of the forgoing (collectively, the “Copyrighted Works”). You acknowledge and agree that we or our affiliates own the Copyrighted Works and we may (at our option) further create, acquire, or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of the Franchised Business, the System, and the Studios, all of which shall be deemed to be Copyrighted Works under this Agreement and owned by us or our affiliates. You acknowledge that your right to use the Copyrighted Works is derived solely from this Agreement, and is limited to your operation of the Franchise pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating

procedures we prescribe from time to time during the Term of the Franchise, including, without limitation, timely payment of the Initial Franchise Fee, Continuing Franchise Fees, Advertising Fees, and all other sums due to us.

b. This Agreement does not confer any interest in the Copyrighted Works to you, other than the right to use them in the operation of the Franchised Business in compliance with this Agreement and the System. If we authorize you to prepare any adaptation, translation or work derived from the Copyrighted Works, or if you prepare any Copyrighted Works such as advertisements, manuals, posters, forms, or marketing or promotional material (all of which shall be subject to and in compliance with this Agreement), you agree that such adaptation, translation, derivative work, or Copyrighted Work shall be the sole and exclusive property of us and you hereby assign all your right, title, and interest therein to us. You further agree to execute any documents that we determine are necessary to reflect such ownership and to submit all such adaptations, translations, derivative works and Copyrighted Works to us for prior written approval before use.

c. If you make any unauthorized use of the Copyrighted Works either during or after the Term of this Agreement, it will constitute a breach of this Agreement and an infringement of our rights in and to the Copyrighted Works.

7.7 **Discontinued Use of Copyrighted Works.** If we believe at any time that it is advisable for you or us to modify, discontinue using, and/or replace any of the Copyrighted Works, you agree to comply with our directions within a reasonable time after receiving notice, including using one or more additional or substituted copyrighted or copyrightable items. We shall have no obligation to reimburse you for any expenditures made by you to modify or discontinue the use of any Copyrighted Work or to adopt additional or substitute copyrighted or copyrightable items.

8. **RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.**

8.1 **Independent Contractor; No Fiduciary Relationship.** Both you and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are independent contractors, and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose whatsoever. In no event shall we be deemed to be an employer of any of your employees, representatives or agents. You agree to conspicuously identify yourself in all your dealings with customers, suppliers, public officials, Franchise personnel, and others as the owner of an independent Franchise pursuant to a Franchise Agreement with us, and to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time.

8.2 **No Liability, No Warranties.** We have not authorized or empowered you to use the Marks or the System except as provided by this Agreement, and you agree not to employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither you nor we will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other, or represent that your and our relationship is other than that of franchisor and franchisee.

8.3 Responsibility for Acts and Omissions; Indemnification

a. You acknowledge that you are the sole and independent owner of your Franchised Business, you are and will be in full control thereof, and you will conduct the business solely in accordance with your own judgment and discretion, subject only to the provisions of this Agreement. As indicated in Section 7.2, you must conspicuously identify yourself, internally and to third parties, as the independent owner of the Franchised Business and as a franchisee of MaxStrength, and neither you nor any of your employees should represent to any third parties that you are employees or agents of MaxStrength. You agree that as between you and us, you are solely responsible for the effects, outcomes and consequences of your acts and omissions and the acts and omissions of your employees, representatives and agents in connection with or relating to the operation of your Franchised Business.

b. We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act.

c. We will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets, or on us, in connection with the business you conduct, or any payments you make to us pursuant to this Agreement (except for our own income taxes).

d. You agree to defend, indemnify and hold harmless us, our affiliates and our and their respective owners, directors, officers, employees, agents, successors, and assigns (individually, an “Indemnified Party,” and collectively, the “Indemnified Parties”), from and against any and all claims, lawsuits, demands, actions, causes of action or other events, whether brought by third parties or us, and for all costs and expenses incurred by the Indemnified Party in connection therewith, including without limitation actual and consequential damages reasonable attorneys', accountants', and/or expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, to the extent caused by, relating to or otherwise arising out of (1) the effects, outcomes and consequences of your acts and omissions and the acts and omissions of your employees, representatives and agents in connection with or relating to the operation of your Franchised Business, (2) any agreements, representations, or warranties you make to third parties that are not expressly authorized under this Agreement, (3) any damages to any person or property directly or indirectly arising out of the operation of your Franchised Business, whether or not caused by your negligent or willful action or failure to act, (4) any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets, or on us, in connection with the business you conduct, or any payments you make to us pursuant to this Agreement (except for our own income taxes), (5) our actions taken relating to the enforcement of this Agreement, and/or (6) your breach of any provision of this Agreement.

e. The allocation of responsibility and your indemnification obligations described above will survive and continue in full force and effect after, and notwithstanding, the expiration, renewal or termination of this Agreement.

9. CONFIDENTIAL INFORMATION; NON-COMPETITION; OTHER COVENANTS.

9.1 **Types of Confidential Information.** We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, know how, techniques, products, services and knowledge developed by us, including but not limited to: (a) services and products offered and sold at MaxStrength franchises; (b) knowledge of sales and profit performance of any one or more MaxStrength franchises; (c) knowledge of sources of products sold at MaxStrength franchises, (d) advertising and promotional programs and image and decor; (e) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of MaxStrength franchises; (f) copyrighted materials, including, without limitation, office forms and procedures, marketing materials, telephone scripts and the content of the Operations Manual; and (g) the methods of training employees. We will disclose much of the above-described information to you in advising you about site selection, providing our Initial Training, providing access to the Operations Manual, and providing guidance and assistance to you under this Agreement. (All of such information disclosed to or developed by you will be referred to in this Agreement as our "Confidential Information".)

9.2 Non-Disclosure Agreement.

a. You agree that your relationship with us does not vest in you any interest in the Confidential Information, other than the right to use it solely in the development and operation of the Franchise during the Term of this Agreement, and that the use or duplication of the Confidential Information in any other business or for any other purpose would constitute an unfair method of competition or otherwise result in irreparable damage to us.

b. You acknowledge and agree that the Confidential Information belongs to us, may contain trade secrets belonging to us, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you (1) will not use, directly or indirectly, the Confidential Information in any business or capacity or for any purpose other than as needed in the development and operation of the Franchise during the Term of this Agreement; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term of this Agreement and not directly or indirectly publish or otherwise disclose it to any third party; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form or media that may be copied or duplicated; and (4) will adopt and implement all reasonable procedures, including any that we may prescribe from time to time, to prevent unauthorized use or disclosure of the Confidential Information, including without limitation restrictions on disclosure to or by your employees, and the use of non-disclosure, non-solicitation, non-disparagement and non-competition agreements we may prescribe or approve for your shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information. You acknowledge and agree that we are under no duty or obligation to you to enforce any such Agreements for your or our benefit. Your duties and obligations with respect to Confidential Information shall survive the Transfer, termination or expiration of this Agreement.

c. If you conceive of or develop any improvements or additions to the marketing, method of operation, now or other Confidential Information, or the services or products offered by a MaxStrength Studio (collectively, "Improvements"), you agree to promptly and fully disclose

the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a Studio, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses, and such Improvements will be deemed to be part of the Confidential Information

9.3 **Non-Competition Agreement and Other Restrictive Covenants.**

a. **Non-Competition.** During the Term of this Agreement, neither you, nor any Principal Owner, shall directly or indirectly perform services for, or have any direct or indirect interest as an owner, investor, partner, director, officer, employee, manager, consultant, representative, or agent in, any business that offers “Competitive Services”; provided, however, that the ownership of one percent (1%) or less of a publicly traded company will not be deemed to be prohibited by this Section. This covenant shall remain effective for a period of two (2) years following any Transfer, termination or expiration of this Agreement, except that it shall then be limited to business offering Competitive Services from a location that is located within 5 miles of the Studio Franchise Premise or any other MaxStrength Studio. For purposes hereof, the term Competitive Services means: (i) offering one-on-one or small group strength, fitness or other physical training services and related products; and/or (ii) offering or selling products or services that are the same as or similar to products and services offered by your or other MaxStrength Studios, either in person or via video or similar media.

b. **Non-Disparagement.** During the Term of this Agreement, and thereafter following any Transfer, termination or expiration of this Agreement, neither you, nor any Principal Owner, will directly or indirectly make any negative or critical statements to any third parties, either verbally or in any other form or media, about (a) us, the Franchise, any of our franchisees, or any of their respective products, services, businesses or business practices, or (b) the actions, operations or character of any of our or their respective owners, officers, directors, employees, consultants or agents.

c. **Non-Solicitation.** During the Term of this Agreement, and thereafter for a period of two (2) years following any Transfer, termination or expiration of this Agreement, neither you, nor any Principal Owner, will directly or indirectly (a) solicit the sale or provision of Competitive Services to any person who was a customer of the Franchise within the two year period prior to such Transfer, termination or expiration; or (b) interfere with our relationship with any of our franchisees, vendors, suppliers or referral sources.

d. **General Managers to Sign Agreement.** You further agree that you will cause each General Manager to enter into and deliver to us a Restrictive Covenant Agreement in such form as we may approve, either concurrently with the execution of this Agreement or at such later date when the affiliation of such person with you is established. The duties and obligations imposed in the Restrictive Covenant Agreement shall survive the Transfer, expiration or earlier termination of this Agreement.

e. **Covenants.** It is the express intention of the parties hereto to comply with all laws which may be applicable to this Agreement.

10. **MAXSTRENGTH FRANCHISE OPERATING STANDARDS.**

10.1 **Condition and Appearance of the Franchise.** You agree that:

a. neither the Franchise nor the Premises will be used for any purpose other than the operation of the Franchise in compliance with this Agreement;

b. you will maintain the condition and appearance of the Franchise; its equipment, furniture, furnishings, and signs; and the Premises in accordance with our standards and consistent with the image of a MaxStrength Studio franchise as an efficiently operated business offering high quality services, and observing the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and in that connection will take, without limitation, the following actions during the Term of this Agreement: (1) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (2) interior and exterior repair of the Premises; (3) continuing cleaning and maintenance of all exercise equipment in accordance with manufacturer and our recommendations and requirements, and (4) repair or replacement of damaged, worn out or obsolete equipment, furniture, furnishings and signs;

c. you will not make any material alterations to the Premises or the appearance of the Franchise, as originally developed, without our advance written approval. If you do so, we have the right, at our option and at your expense, to rectify alterations we have not previously approved;

d. you will promptly replace or add new equipment when we reasonably specify in order to meet changing standards or new methods of service;

e. on notice from us, you will engage in remodeling, expansion, redecorating and/or refurbishing of the Premises and the Franchise to reflect changes in the operations of MaxStrength franchises that we prescribe and require of new franchisees, provided that (1) no material changes will be required unless there are at least 2 years remaining on the Initial Term or any renewal Term of this Agreement (all actual changes will be subject to our approval); and (2) we have completed the proposed change in at least twenty-five percent (25%) of all similarly situated MaxStrength and affiliate-owned MaxStrength Studios, if there are any, and have undertaken a plan to make the proposed change in the balance of such MaxStrength and affiliate-owned Studios;

f. you will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve; and

g. if at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the Premises of the Franchise or its fixtures, equipment, furniture, or signs do not meet our standards, then we shall have the right to notify you specifying the action you must take to correct the deficiency. If you do not initiate action to correct such deficiencies within 10 days after receipt of our notice, and then continue in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, then we shall have the right, in addition to all other remedies available to us at law or under this Agreement, to enter the Premises or the Franchise and perform any required maintenance or refurbishing on your behalf, and you agree to reimburse us for all costs we incur on demand.

10.2 Franchise Services and Products. You agree that (a) the Franchise will offer for sale all the types of services and products that we from time to time specify for Studios; (b) you will not offer for sale or sell at the Franchise, the Premises, or any other location any services or products we have not approved; (c) all products will be offered at retail and within your Protected Territory, and you will not offer or sell any products at wholesale; (d) you will not use the Premises for any purpose other than the operation of the Franchise; and (e) you will discontinue selling and

offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing. You agree to maintain an inventory of approved products sufficient in quantity and variety to realize the full potential of the Franchise. We may, from time to time, conduct market research and testing to determine consumer trends and the saleability of new services and products. You agree to cooperate by participating in our market research programs, test marketing new services and products in the Franchise, and providing us with timely reports and other relevant information regarding such market research. In connection with any such test marketing, you agree to offer a reasonable quantity of the products or services being tested, and effectively promote and make a reasonable effort to sell them.

10.3 **Approved Products, Distributors and Suppliers.** We have developed or may develop various unique products or services that may be prepared according to our formulations. We have approved, and will continue to periodically approve, specifications for suppliers and distributors (which may include us and/or our affiliates) for products or services required to be purchased by, or offered and sold at, MaxStrength Studio franchises, that meet our standards and requirements, including without limitation standards and requirements relating to product quality, prices, consistency, reliability, and customer relations. You agree that the Franchise will: (1) purchase any required products or services in such quantities as we designate; (2) utilize such formats, formulae, and packaging for products as we prescribe; and (3) purchase all designated products and services only from distributors and other suppliers we have approved.

We may approve a single distributor or other supplier (collectively "supplier") for any product or service, and may approve a supplier only as to certain products or services. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of MaxStrength Studios franchised or operated by us. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria, and may be temporary, pending our continued evaluation of the supplier from time to time.

If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. We have the right to inspect the proposed supplier's facilities, and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria.

We and/or our affiliates may be an approved supplier of certain products or services to be purchased by you for use and/or sale by the Franchise. We and our affiliates reserve the right to charge any licensed manufacturer engaged by us or our affiliates a royalty to manufacture products for us or our affiliates, or to receive commissions or rebates from vendors that supply goods or services to you. We or our affiliates may also derive income from our sale of products or services to you, and may sell these items at prices exceeding our or their costs in order to make a profit on the sale.

10.4 **Hours of Operation.** You agree to keep the Franchise open for business at such times and during such hours as we may prescribe from time to time in our Operations Manual.

You further agree that day-to-day operational decisions relating to the opening and closing procedures of the Franchised Business, including security, staffing, and other similar matters, shall be made solely by you.

10.5 **Specifications, Standards and Procedures.** You agree to comply with all mandatory specifications, programs, standards, and operating and management procedures relating to the appearance, function, cleanliness, sanitation and operation of the Franchise (the “Standards”). Any mandatory specifications, programs, standards, and operating and management procedures that we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to “this Agreement,” the “Operations Manual” or the “Standards” include all such mandatory specifications, programs, standards, and operating and management procedures.

10.6 **Compliance with Laws and Good Business Practices.**

a. You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchise. You also agree to operate the Franchise in full compliance with all applicable laws, ordinances, and regulations, including without limitation all government regulations relating to worker's compensation insurance, advertising, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales taxes.

b. Under applicable federal law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the “Order”), you are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism as defined in the Order. Accordingly, you represent to us that you do not, and hereafter will not, engage in any acts of terrorism or terrorist activity. In addition, you represent to us that you are not affiliated with and/or do not support any individual or entity engaged in, contemplating, or supporting any acts of terrorism or terrorist activity. Further, you represent to us that you are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

c. All advertising you employ must be completely factual, in good taste (in our judgment), and conform to the highest standards of ethical advertising and all legal requirements. You agree that in all dealings with us, your customers, your suppliers, and public officials, you will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice that may be harmful to the business of MaxStrength, the Franchise, and/or the goodwill associated with the Marks and other MaxStrength franchises.

d. You must notify us in writing within 5 days of (1) the commencement of any action, suit, or proceeding, and/or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit, that may adversely affect your and/or the Franchise’s operation, financial condition, or reputation, including, without limitation, any and all claims of bodily injury brought against you or any of your employees, independent contractors or owners, regardless of the nature of the claim, anticipated outcome or remedies sought; and/or (2) your receipt or knowledge any notice of violation of any law, ordinance, or regulation relating to health or safety.

10.7 Management and Personnel of the Franchise

a. Unless you employ a General Manager that we approve to operate the Franchise as provided in Section 4.1, you must actively participate in the actual, on-site, day-to-day operation of the Franchise, and devote as much of your time as is reasonably necessary for the efficient operation of the Franchise. If you employ a General Manager in accordance with Section 4.1, then the General Manager must fulfill this requirement.

b. Any General Manager must obtain all licenses and certifications required by law before assuming his or her responsibilities at the Franchise.

c. You must ensure that your employees and independent contractors of the Franchise have any licenses as may be required by law, and hold or are pursuing any licenses, certifications, and/or degrees required by law or by us in the Operations Manual, as updated from time to time.

d. You will be exclusively responsible for the terms of your employees' and independent contractors' employment and compensation, and for the proper training of your employees and independent contractors in the operation of the Franchise, all hiring, retention and firing decisions, and for all other employment practices utilized in the operation of the Franchise. You must notify and communicate clearly with your employees in all dealings (including, without limitation, your written and electronic correspondence, paychecks, and other materials) that Franchisee (and only Franchisee) is their employer and that MaxStrength is not their employer.

e. You must establish any training programs for your employees and/or independent contractors that we may prescribe in writing from time to time. We may require you to enroll in and maintain the human resources and payroll services provided by the vendor we designate for such services, including the payment of any fees and execution of any agreement required by such vendor. The required services may consist of payroll processing, payroll tax filing, human resource solutions, benefits administration services, hiring and employee onboarding.

f. You must require all employees and independent contractors to maintain a neat and clean appearance, and conform to the standards of dress that we specify in the Operations Manual, as updated from time to time.

g. Each of your employees and independent contractors must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information, proprietary information, and trade secrets as described in Section 9.1. You must forward to us a copy of each such signed agreement.

h. All of your employees and independent contractors must render prompt, efficient and courteous service to all customers of the Franchise.

i. You agree not to recruit or hire, either directly or indirectly, any employee (or a former employee, for six (6) months after his or her employment has ended) of any MaxStrength Studio operated by us, our affiliates, or another MaxStrength franchise owner without first obtaining the written consent of us, our affiliate, or the franchise owner that currently employs (or previously employed) such employee. (If you violate this provision, in addition to any other right or remedy we may have, you agree to pay the employee's current or former employer twice the employee's annual salary, plus all costs and attorneys' fees incurred as a result of the violation. This amount is set at twice the employee's annual salary because it is a reasonable estimation of

the damages that would occur from such a breach, and it will almost certainly be impossible to calculate precisely the actual damages from such a breach.)

10.8 **Insurance**

a. Before you open the Franchise and during any Term of this Agreement, you must maintain in force, under policies of insurance issued by carriers in good standing in the state where your Studio is located: (1) comprehensive commercial general liability and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchise or otherwise in conjunction with your conduct of the Franchise business pursuant to this Agreement, under one or more policies of insurance containing minimum liability coverage of not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate; (2) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; and (3) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements. We may periodically increase or decrease the amounts of coverage required under these insurance policies, and/or require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. In addition to the foregoing required policies of insurance, we highly recommend that you obtain property damage, business interruption, employment practices, cyber liability and electronic data loss insurance coverage. You agree that compliance with any state minimum insurance requirements does not relieve you from the obligation to comply with the contractual insurance requirements in this Agreement.

b. You must provide us with 30 days' advance written notice of any material modification, cancellation, or expiration of any policy.

c. Deductibles must be in reasonable amounts, and are subject to review and written approval by us.

d. Your commercial general liability insurance policy must be an "occurrence" policy and must name us (and, if we so request, our members, directors, employees, agents, and affiliates) as an additional insured.

e. You must provide us with (i) certificates and copies of additional insured endorsements evidencing the existence of such insurance concurrently with execution of this Agreement and prior to each subsequent renewal date of each insurance policy, and (ii) upon our request stating the reason therefor (such as a claim has been filed against us), copies of the insurance policies, along with all applicable endorsements. Prior to the expiration of the term of each insurance policy, you must furnish us with appropriate certificates of insurance evidencing the renewal or replacement insurance policy and additional insured endorsements.

f. If you at any time fail or refuse to maintain any insurance coverage required by us or to furnish satisfactory evidence thereof, then we, at our option and in addition to our other rights and remedies under this Agreement, may, but need not, obtain such insurance coverage on your behalf, and you shall reimburse us on demand for any costs or premiums paid or incurred by us.

g. Notwithstanding the existence of such insurance, you are and will be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Franchise, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and you agree to

defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage, which indemnity shall survive the termination or expiration and non-renewal of this Agreement.

h. In addition to the requirements of the foregoing paragraphs of this Section 10.8, you must maintain any and all insurance coverage in such amounts and under such terms and conditions as may be required in connection with your lease or purchase of the Premises.

i. The insurance MaxStrength requires is for its own protection. You should consult with your own insurance agents, brokers, and attorneys to determine what types of coverages and what level of insurance protection you may need or desire, in addition to the coverages and minimum limits specified by MaxStrength. Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under this Agreement.

10.9 **Credit Cards and Other Methods of Payment.** You must at all times have arrangements in existence with Visa, Master Card, and any other credit and debit card issuers or sponsors, check verification services, and electronic fund transfer systems that we designate from time to time, in order that the Franchise may accept customers' credit and debit cards, checks, and other methods of payment. We may require you to obtain such services through us or our affiliates or designated third parties.

11. **ADVERTISING.**

11.1 **By MaxStrength.** As stated in Section 6.3(a), due to the value of advertising and the importance of promoting the public image of MaxStrength Studio franchises, we have established and will maintain, and administer an Ad Fund to support and pay for national, regional, or local marketing and promotional programs that we deem necessary, desirable, or appropriate, in our sole discretion, to promote the good will and image of all MaxStrength Studio franchises. You will contribute to it the Advertising Fee set forth in Section 6.3(a). We agree that any Studios owned by us or our affiliates will be required to contribute to the Ad Fund on at least the same basis as you do, subject only to limitation under applicable law.

a. MaxStrength will be entitled to direct all advertising programs financed by the Ad Fund, with sole discretion over (a) the creative concepts, materials, endorsements and media used therein, and (b) the geographic, market, and media placement and allocation of the programs. MaxStrength shall have the right to determine, in its sole discretion, the composition of all geographic territories and market areas for the development and implementation of such programs. You agree that the Ad Fund may be used to pay any and all costs of maintaining, administering, directing, and preparing national, regional or local advertising materials, programs, and promotional activities, including, without limitation, (a) costs for preparing and conducting television, radio, magazine, billboard, newspaper, internet and other media programs and activities, (b) costs associated with conducting marketing research, (c) costs associated with website development and marketing, including without limitation, search engine optimization and social media, (d) administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising, (e) employing advertising, program and marketing agencies, and vendors providing marketing services, (f) development, implementation and maintenance of online asset management tools, (g) marketing and advertising training programs and materials, and (h) costs for providing promotional brochures and advertising

templates and materials to MaxStrength Studio franchises. As available, we will provide you with digital or hard copies of our marketing materials via our intranet. We may, at our discretion, charge you for hard or digital copies of these marketing materials. You agree that the amounts you contribute to the Ad Fund may be used for placement of advertising in television, radio, newspaper or other media as solely determined by MaxStrength.

b. The Ad Fund will be accounted for separately from other funds of MaxStrength, and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs, and overhead we may incur in activities reasonably related to the administration of the Ad Fund and its advertising programs (including without limitation conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Fund). We may spend in any fiscal year an amount greater or less than the total contributions to the Ad Fund in that year. We may cause the Ad Fund to borrow from us or other lenders to cover deficits of the Ad Fund, or to invest any surplus for future use by the Ad Fund. You authorize us to collect for remission to the Ad Fund any advertising monies or credits offered by any supplier to you based upon purchases you make.

c. You understand and acknowledge that the Ad Fund will be intended to maximize recognition of the Marks and the goodwill and patronage of MaxStrength Studio franchises. Although we will endeavor to use the Ad Fund to develop advertising and marketing materials, and to place advertising in a manner that will benefit all MaxStrength Studio franchises, we undertake no obligation in developing, implementing, or administering advertising or promotional programs to ensure that expenditures by the Ad Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Ad Fund by MaxStrength Studio franchises operating in that geographic area, or that any MaxStrength Studio franchise will benefit directly or in proportion to its contribution to the Ad Fund from the development of advertising and marketing materials or the placement of advertising. MaxStrength shall not be a fiduciary to you with respect to the management of the Ad Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Ad Fund.

d. We will have the right to terminate the Ad Fund by giving you 30 days' advance written notice. All unspent monies on date of termination will be divided between MaxStrength and the contributing MaxStrength Studio franchisees in proportion to our and their respective contributions. At any time thereafter, we will have the right to reinstate the Ad Fund under the same terms and conditions as described in this Section (including the rights to terminate and reinstate the Ad Fund) by giving you thirty (30) days' advance written notice of reinstatement.

e. In addition to the Ad Fund, as stated in Section 6.3(b), we may establish a program in the future to provide additional marketing services to Studio franchises.

f. We may also offer franchises the opportunity to participate in marketing promotions that we will provide directly to the Franchise's customers via email, telephone, mail, social media or other means.

11.2 **By Franchisee**

a. You must spend, in addition to any contributions to the Ad Fund and the Technology Fee, a minimum of \$2,000 per month for local advertising, promotion and marketing.

If we request it, you agree to provide us with evidence of your local advertising, marketing and promotional expenditures within 30 days after receiving such request.

b. You agree to list and advertise the Franchise in each of the classified telephone directories distributed within your market area, and with such internet-based directories as we may specify, in those business classifications as we prescribe from time to time, using any standard form of classified telephone directory advertisement we may provide.

c. On each occasion before you use them, samples of all local advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. If you do not receive our written disapproval within 15 days from the date we receive the materials, the materials will be deemed to have been approved. You agree not to use any advertising or promotional materials that we have disapproved.

d. You irrevocably consent to the use of your name and likeness, including voice and image, by us and its respective affiliates, successors and assigns, for all commercial purposes, including advertising and promotion, in any media, throughout the world in perpetuity, including but not limited to, on the internet.

e. You agree that you will spend not less than \$15,000.00 for marketing and advertising prior to opening your Studio.

11.3 **Local and Regional Advertising Cooperatives.** We currently have no local or regional advertising cooperatives, but reserve the right to establish one or more in the future.

11.4 **Websites**

a. You acknowledge and agree that any Website (as defined below) will be deemed “advertising” under this Agreement, and will be subject to, among other things, the need to obtain our prior written approval in accordance with Sections 7.2 and 11.2. As used in this Agreement, the term “Website” means an interactive electronic document, contained in a network of computers linked by communications software, that you operate or authorize others to operate, and that refers to the Franchise, the Marks, us, and/or the System. In connection with any Website, you agree to the following:

(1) Before establishing any Website, you will submit to us a sample of the Website format and information in the form and manner we may require.

(2) You will not establish or use any Website without our prior written approval. You will not develop, maintain, or authorize any other Website, other online presence, or other electronic medium that mentions or describes the Franchised Business, or displays any of the Marks without our prior written approval.

(3) In addition to any other applicable requirements, you will comply with our standards and specifications for Websites as we prescribe in the Operations Manual or otherwise in writing. If we require, you will establish your Website as part of our Website and/or establish electronic links to our Website.

(4) If you propose any material revision to the Website or any of the information contained in the Website, you will submit each such revision to us for our prior written approval.

b. We reserve the right to require you to use a Website controlled by us and to require

you to use search engine optimization services. Further, we may establish a Website or a series of Websites for our System and Studios (collectively, the “System Website”). If we include information about the Franchised Business on the System Website, you agree to give us the information and materials that we may periodically request concerning the Franchised Business, and to otherwise participate in the System Website in the manner that we may periodically require. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate, not misleading, and do not infringe on any third party’s rights. We own all intellectual property and other rights in the System Website and all information it contains. We may implement and periodically modify standards relating to the System Website and, at our option, may discontinue the System Website at any time. If we establish a System Website, all advertising, marketing, and promotional materials that you develop for your Franchised Business must contain the domain name of, or other link to, the System Website in the manner that we periodically may designate.

c. We may contract with third parties to provide Website design, maintenance, hosting, and search engine optimization for our franchises and for the System Website, and certain technology-related annual conference expenses. If we do engage third parties to provide such services, you are required to use all of these services and are required to pay us a monthly fee, in an amount to be determined by us from time to time, for these services (the “Technology Fee”). We will pay the third-party providers directly. The amount you pay us may be less or more than the amount we pay to the third-party providers, and may be used to offset internal costs related to the stated purposes of the Technology Fee.

12. **ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS.**

You agree to establish and maintain at your own expense a bookkeeping, accounting, and record keeping system conforming to the requirements, systems and formats, if any, which we prescribe from time to time. These systems may include the capability of being polled by our computer system or a third party designee, which you agree to permit. With respect to the operation and financial condition of the Franchise, you agree to furnish us in the form we prescribe from time to time: (1) if we request it, by the day of each month that we may specify, an electronic report of the Franchise’s gross revenues for the preceding month; (2) by the day of each month that we may specify, a written report of the Franchise’s gross revenues for the preceding month, and any other data, information, and supporting records that we may require; (3) by the day of each month that we may specify, a profit and loss statement for the preceding calendar month, and a year-to-date profit and loss statement and balance sheet; (4) within 90 days after the end of your fiscal year, a fiscal year-end balance sheet, and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments; and (5) such other reports as we prescribe from time to time. You must specify and sign each report and financial statement required by this Section in the manner we prescribe. If we do not receive any report by the established deadline, then you must pay to us a non-refundable late fee of \$100.00, payable in a lump sum by the tenth (10th) day of the month following the month during which the late report was due. You agree to maintain and furnish upon our request complete copies of federal and state income tax returns you file with the Internal Revenue Service and state tax departments, reflecting revenues and income of the Franchise or the corporation, partnership, or limited liability company that holds the Franchise. We reserve the right to require you to have audited or reviewed financial statements prepared by a certified public accountant on an annual basis.

13. **INSPECTIONS AND AUDITS.**

13.1 **MaxStrength's Right to Inspect the Franchise.** To determine whether you and the Franchise are complying with this Agreement and the specifications, programs, standards, and operating procedures we prescribe for the operation of the Franchise, we or our agents, such as a “mystery shopper” service, have the right, at any reasonable time and without advance notice to you, to: (1) inspect the Premises; (2) observe the operations of the Franchise for such consecutive or intermittent periods as we deem necessary; (3) interview personnel of the Franchise; (4) interview customers of the Franchise; and (5) inspect and copy any books, referral sources, marketing and advertising, records and documents relating to the operation of the Franchise, including, without limitation, those required to be maintained and/or furnished under Section 12 above. You agree that we or our agents may record telephone calls placed to your Franchised Business. You agree to fully cooperate with us in connection with any of those inspections, observations and interviews and must promptly correct any deficiencies in the operation of your Franchise of which we advise you. You agree to present to your customers any evaluation forms we periodically prescribe, and agree to participate in, and/or request that your customers participate in, any surveys performed by or on our behalf.

13.2 **MaxStrength's Right to Audit.** We have the right at any time during business hours, and without advance notice to you, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchise, and the books and records of any corporation, limited liability company, or partnership that holds the Franchise. You agree to fully cooperate with our representatives, agents and any independent accountants we may hire to conduct any inspection or audit, and to pay upon demand any underpayment found to have occurred, plus interest at the past due payment rate set forth earlier in this Agreement. You agree to supply us or our representatives with true, accurate and complete copies of requested documents within 20 days of the date of the request. If the inspection or audit is necessary because of your failure to furnish any reports, supporting records, other information or financial statements as required by this Agreement, or to furnish such reports, records, information, or financial statements on a timely basis, or if an understatement of gross revenues for any period is determined by an audit or inspection to be greater than two percent (2%), then you agree to reimburse us for the cost of such inspection or audit, including without limitation any attorneys’ fees and/or accountants’ fees we may incur, and the travel expenses, room and board, and applicable per diem charges for our employees. If an understatement of gross revenues for any period is determined by an audit or inspection to be greater than five percent (5%), then, in addition to any other remedies we may have, we may immediately terminate this Agreement upon notice to you, without any right to cure (see Section 15.1). The above remedies are in addition to all our other remedies and rights under this Agreement or under applicable law.

14. **TRANSFER REQUIREMENTS.**

14.1 **Organization.** If you are a corporation, partnership, limited liability company or other legal entity (or if this Agreement is assigned to a corporation, partnership, limited liability company or other legal entity with our approval), you represent and warrant to us that you are and will continue to be throughout the Term of this Agreement, duly organized and validly existing in good standing under the laws of the state of your incorporation, registration or organization, that you are qualified to do business and will continue to be qualified to do business throughout the Term of this Agreement in all states in which you are required to qualify, that you have the

authority to execute, deliver and carry out all of the terms of this Agreement, and that during the Term of this Agreement the only business you (i.e., the corporate, partnership or limited liability entity) will conduct will be the development, ownership and operation of the Franchise.

14.2 **Interests in Franchisee; Reference to Exhibit 2.** You and each Principal Owner represent, warrant and agree that all "Interests" in Franchisee are owned in the amount and manner described in Exhibit 2. No Interests in Franchisee will, during the Term of this Agreement, be "public" securities (i.e., securities that require, for their issuance, registration with any state or federal authority). (An "Interest" is defined to mean any shares, stock, units, membership interests, or partnership interests of Franchisee and any other equitable or legal right in any of Franchisee's stock, revenues, profits, rights or assets. When referring to Franchisee's rights or assets, an "Interest" means this Agreement, Franchisee's rights under and interest in this Agreement, any MaxStrength Franchise, and the revenues, profits or assets of any MaxStrength Franchise.) You and each Principal Owner also represent, warrant, and agree that no Principal Owner's Interest has been given as security for any obligation (i.e., no one has a lien on or security interest in a Principal Owner's Interest), and that no change will be made in the ownership of an Interest other than as expressly permitted by this Agreement or as we may otherwise approve in writing. You and each Principal Owner agree to furnish us with such evidence as we may request from time to time to assure ourselves that the Interests of Franchisee and each of your Principal Owners remain as permitted by this Agreement, including a list of all persons or entities owning any Interest, as defined above.

14.3 **Transfer by MaxStrength.** You represent that you have not signed this Agreement in reliance on any owner, officer, or employee of MaxStrength remaining with us in that capacity. We may change our ownership or form at any time in our sole discretion. This Agreement is fully transferable by us, without restriction, and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to our interests in this Agreement. After our assignment of this Agreement to a third party who expressly assumes our obligations under this Agreement, we no longer will have any performance or other obligations or liabilities under this Agreement.

14.4 **No Transfer Without Approval.**

a. You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have entered into this Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your Principal Owners. Accordingly, if you Transfer or attempt to Transfer either this Agreement or any part of your interest in it, or any Interest of Franchisee or a Principal Owner, without our advance written approval, you will have breached this Agreement and we will have the right to terminate this Agreement under the terms of Article 15 below. In addition, any attempted Transfer by you of this Agreement or any part of your Interest in it, without our prior consent, is null and void.

b. As used in this Agreement the term "Transfer" means any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest, or occurrence of any other event which would or might change the ownership of any Interest, and includes, without limitation: (1) the Transfer of ownership of capital stock, units, membership interests, partnership interests or other ownership interests; (2) merger or consolidation, or issuance of additional securities representing an ownership interest in Franchisee; (3) sale or issuance of capital stock,

units, membership interests, partnership interests or other ownership interests; (4) Transfer of an Interest in a divorce proceeding or otherwise by operation of law; (5) Transfer or all, or substantially all, of the operating assets of the Franchised Business; or (6) Transfer of an Interest by will, declaration of or transfer in trust (other than an assignment to a fully-revocable trust solely for the benefit of one or more Principal Owners), or under the laws of intestate succession.

c. We will not unreasonably withhold consent to a Transfer of an Interest by a Principal Owner to a member of his or her immediate family or to one or more of your key employees, so long as all Principal Owners together retain a "controlling Interest" (i.e., the minimum ownership percentage listed in Exhibit 2), although we reserve the right to impose reasonable conditions on the Transfer as a requirement for our consent.

d. Interests owned by persons other than the Principal Owners ("minority owners") may be Transferred without our advance consent unless the Transfer would give that transferee and any person or group of persons affiliated or having a common interest with the transferee more than a collective twenty-five percent (25%) Interest in Franchisee, in which case our advance written approval for the Transfer must be obtained. In the event of any minority owner transfer, you will promptly notify us of the change in ownership or Interests. Your formal partnership, corporation, LLC or other formation documents and all stock, partnership, unit or other certificates or other evidence of ownership must recite or bear a legend reflecting the transfer restrictions of this Section 14.4.

e. If you propose to Transfer this Agreement, the Franchise or its assets, or any Interest, or if any of your Principal Owners proposes to Transfer a controlling Interest in you or make a Transfer that is one of a series of Transfers which taken together would constitute the Transfer of a controlling Interest in you, then you must apply to us for approval of such Transfer sign such forms and procedures as we have in effect at that time, the person or entity to whom you wish to make the Transfer ("Proposed New Owner") must apply to us for acceptance as a franchisee, and you must submit to us all of the information and documentation required for us to evaluate the proposed Transfer and to confirm that all of the conditions set forth in Section 14.5 below have been, or will be, satisfied.

14.5 Conditions for Approval of Transfer. If you and your Principal Owners are in full compliance with this Agreement, both monetary and otherwise, we will not unreasonably withhold our approval of a Transfer that meets all the applicable requirements of this Section 14, including the Right of First Refusal provisions in Section 14.8 below. The Proposed New Owner must be of good moral character and otherwise meet our then applicable standards for MaxStrength Studio franchisees. For any proposed Transfer, all of the following conditions must be met before or at the time of the Transfer:

a. in our belief and judgment, the Proposed New Owner must have sufficient business experience, aptitude, and financial resources to operate the Franchise;

b. you must pay any amounts owed for purchases from us and our affiliates, and any other amounts owed to us or our affiliates which are unpaid, including any Initial Franchisee Fee, Continuing Franchise Fees, and Advertising Fees;

c. the Proposed New Owner's directors and such other personnel as we may designate must have successfully completed our Initial Training program and shall be legally authorized to perform the services offered by the Franchise. The Proposed New Owner shall be responsible for

any wages and compensation owed to, and the travel and living expenses (including all transportation costs, room, board and meals) incurred by, the attendees who attend the Initial Training program;

d. if your lease for the Premises requires it, the lessor must have consented to the assignment of the lease of the Premises to the Proposed New Owner;

e. you must pay us a non-refundable Transfer fee in the amount of \$5,000.00 concurrently with the execution of the Transfer Agreement, described in Section 14.5 (f) below, and you must reimburse us for any reasonable expenses incurred by us in investigating and processing any Proposed New Owner where the Transfer is not consummated for any reason;

f. you and your Principal Owners must execute a Transfer Agreement, which will include (i) a general release (in a form satisfactory to us) of any and all claims you and/or they may have against us, our affiliates, and our and our affiliates' respective officers, directors, employees, and agents, and (ii) acknowledgment that the restrictive covenants set forth in Article 9 of this Agreement will survive the Transfer to the extent set forth therein;

g. we must approve the material terms and conditions of the proposed Transfer, including without limitation that the price and terms of payment are not so burdensome as to adversely affect the operation of the Franchise;

h. the Franchise and the Premises shall have been placed in an attractive, neat and sanitary condition.

i. you and your Principal Owners must enter into an agreement with us providing that all obligations of the Proposed New Owner to make installment payments of the purchase price (and any interest on it) to you or your Principal Owners will be subordinate to the obligations of the Proposed New Owner to pay any amounts payable under this Agreement or any new Franchise Agreement that we may require the Proposed New Owner to sign in connection with the Transfer, and containing a general release of any claims that you may have against us.

j. the Franchise shall have been determined by us to contain all equipment and fixtures in good working condition, as were required at the initial opening of the Franchise. The Proposed New Owner shall have agreed, in writing, to make such reasonable capital expenditures to remodel, equip, modernize and redecorate the interior and exterior of the premises in accordance with our then existing plans and specifications for a MaxStrength Studio franchise, and shall have agreed to pay our expenses for plan preparation or review, and site inspection.

k. Upon receiving our consent for the Transfer or sale of the Franchise, the Proposed New Owner shall agree to assume all of your obligations under this Agreement in a form acceptable to us, and/or, at our option, shall agree to execute a new Franchise Agreement with us in the form then being used by us. We may, at our option, require that you guarantee the performance, and obligations of the Proposed New Owner.

14.6 **Death and Disability.** Upon the death or permanent disability of you or a Principal Owner, the executor, administrator, conservator or other personal representative of the deceased or disabled person must Transfer the deceased or disabled person's Interest within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, to a person we have approved. Such Transfers, including without limitation transfers by a will or inheritance, will be subject to all the terms and conditions for assignments and Transfers contained in this

Agreement. Failure to so dispose of an Interest within the 12-month period of time will constitute grounds for termination of this Agreement.

14.7 **Effect of Consent to Transfer.** Our consent to a proposed Transfer pursuant to this Section 14 will not constitute a waiver of any claims we may have against you or any Principal Owner, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner. Unless otherwise specified in writing, you will be subject to all post-Transfer/post-termination obligations set forth in this Agreement.

14.8 **Our Right of First Refusal.** If you or a Principal Owner desires to engage in a Transfer, you or the Principal Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the Interest for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Principal Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Principal Owner, as applicable, all customary representations and warranties given by you as the seller of the Interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Principal Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 14.5 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section.

15. **TERMINATION OF THE FRANCHISE.**

15.1 **Event of Default.** Subject to applicable law, you will be deemed to be in default under this Agreement, and we will have the right to terminate this Agreement effective upon delivery of notice of termination to you, subject only to any right to cure to the extent expressly set forth below or mandated pursuant to applicable law, if:

a. you do not develop or open the Franchise, or you (or any individuals required to attend) fail to attend and/or successfully complete any required initial training or subsequent mandatory training, in accordance with all terms and conditions (including, without limitation, time limits) provided for in this Agreement;

b. you abandon, surrender, transfer control of, lose the right to occupy the Premises of, or do not actively operate, the Franchise, or your lease for or purchase of the location of the Franchise is terminated for any reason;

c. you or your Principal Owners assign or Transfer this Agreement, any Interest, the Franchise, or assets of the Franchise without complying with the provisions of Section 14;

d. you are adjudged a bankrupt, become insolvent or make a general assignment for the benefit of creditors, or you fail to satisfy any judgment rendered against you for a period of 30 days after all appeals have been exhausted;

e. you use, sell, distribute, provide or give away any services or products, or use any customer referral or marketing service, that has not been formally approved by us in writing and in advance for your specific Franchise or for the System as a whole;

f. you or any of your Principal Owners are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of MaxStrength, the Franchise, and/or the goodwill associated with the Marks, or otherwise engage in any dishonest, unethical, or other conduct that is reasonably likely to reflect materially and unfavorably on the goodwill or reputation of your Franchised Business, the Marks or the System;

g. you or any of your employees violate any health or safety law, ordinance or regulation, or operate the Franchise in a manner that presents a health or safety hazard to your customers or the public;

h. you do not pay when due any monies owed to us or our affiliates, and do not make such payment within ten (10) days after written notice is given to you (unless a longer cure period is otherwise required by applicable law, in which case such longer period shall apply);

i. if you under-report gross revenues for any period, as determined by an audit or inspection, in an amount greater than five percent (5%);

j. you or any of your Principal Owners fail to comply with any other provision of this Agreement, any other agreement with us (including a Multi-Unit Agreement), or any mandatory specification, program, standard, or operating procedure within 30 days after written notice of such failure to comply is given to you (unless a longer cure period is otherwise required by applicable law, in which case such longer period shall apply);

k. you fail to submit when due any financial statements, reports or other data, information, or supporting records; or

l. you or any of your Principal Owners fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not such failures to comply are corrected after notice is given to you or your Principal Owners.

Notwithstanding the foregoing, in the event you fail to timely and expressly assume, ratify or confirm this Agreement in any bankruptcy proceeding and you cease, or have ceased, performance hereunder in any respect, then all rights granted to you under this Agreement shall immediately and automatically terminate and revert to us without further notice to you or action on our part.

15.2 **Legal Requirements.** In addition, if, in the opinion of our legal counsel, any provision of this Agreement is contrary to law, then this Agreement shall remain in full force and effect and you and we agree to negotiate in good faith an amendment that would make this Agreement conform to the applicable legal requirements. If you and we are unable to reach such an agreement within 30 days after notice of the issue is given to the other party, or if fundamental changes to this Agreement are required to make it conform to the legal requirements, then we reserve the right to terminate this Agreement upon notice to you, in which case neither party shall have any liability to the other but all of your post-termination obligations set forth in Section 16 shall apply.

15.3 **Our Remedies upon Termination.** In the event that we terminate this Agreement under Section 15.1 or other applicable provisions of this Agreement, but excluding the circumstances described in Section 15.2, all rights granted to you under this Agreement shall immediately and automatically terminate and revert to us, and we shall be entitled, to recover from you the foregoing:

a. an amount equal to your average monthly Continuing Franchise Fee and Ad Fund contribution, multiplied by the lesser of (x) 24 or (y) the number of months remaining in the Term of this Agreement, which shall constitute the agreed liquidated damages to us for the loss of future revenues (which we both agree include the expected amount of Continuing Franchise Fees and Ad Fund contributions payable by you for the remainder of the Term of this Agreement); plus

b. all costs and expenses, including attorneys' fees, incurred in connection with the termination, collection of the termination fee and/or damages, and audit fees and expenses.

15.4 Withholding of Performance. MaxStrength will perform its obligations under this Agreement if you are in full compliance with all of your duties and obligations to MaxStrength under this Agreement and the Operations Manual (including any documents incorporated therein). If you are not in such compliance, we may, in its sole judgment, do any or all of the following until you fully correct the breach or default or MaxStrength terminates this Agreement:

- a. deny you access to the MaxStrength website or Intranet;
- b. remove your Franchised Business from the Franchised Business locator page and/or remove your interior pages, on the MaxStrength Website;
- c. remove your Franchised Business from the list of Franchised Businesses to which inquiries are referred;
- d. remove your Franchised Business from the list of Franchised Businesses that are entitled to MaxStrength-related discounts from approved vendors; and/or
- e. remove your Franchised Business from the list of Franchised Businesses that are approved to participate in national or other alliance programs.

MaxStrength may take any or all of these actions in addition to or instead of giving you notice of default and/or termination under this Agreement. You acknowledge and agree that MaxStrength's withholding of performance services in accordance with this Section 15.4 will not constitute a breach of this Agreement and/or a defense to the enforcement by us of any provision of this Agreement, including the right to receive payment of Continuing Franchise Fees as provided in Section 6.2. You also acknowledge and agree that, should we choose to withhold performance rather than terminate this Agreement, MaxStrength's failure to exercise its right to terminate this Agreement will in no way constitute a waiver of its subsequent right to terminate this Agreement for the specified default or for any other default or to exercise any other remedies available to us under this Agreement, at law, or in equity.

15.5 Termination By You. If MaxStrength should fail to comply with any provision of this Agreement, and such non-compliance is not cured within 90 days after written notice of such failure to comply is given by you to us (unless a longer cure period is otherwise required by applicable law, in which case such longer period shall apply), then, as your sole and exclusive remedies, you shall have the right to terminate this Agreement and pursue other remedies available to you for a breach of contract under applicable laws; provided, that you give written notice to us, within 10 days following the expiration of the applicable cure period, of your intention to terminate this Agreement. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 9, and all other obligations that survive the expiration or termination of this Agreement.

15.6 Our Right to Purchase Your Studio. We have the option to purchase your Studio

and the Premises (if you or one of your affiliates owns the Premises) upon the occurrence of a Termination Event (as defined below). We may exercise this option by giving you written notice within thirty (30) days after the date of the Termination Event. We have the unrestricted right to assign this option to purchase. If we purchase your Studio and/or the Premises, we are entitled to all customary warranties and representations in our asset purchase, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

a. If you lease the Premises from an unaffiliated lessor, or if we choose not to purchase the Premises from you (or one of your affiliates), you agree, at our election to (1) assign your Lease to us or our assignee, (2) enter into a sublease with us or our assignee for the remainder of the Lease term on the same terms (including renewal options) as the Lease, or (3) lease the Premises to us or our assignee for an initial term of five (5) years with, at our option, up to three (3) additional terms of five (5) years each, on commercially reasonable terms.

b. We (or our assignee) will pay the purchase price (calculated as described below) for your Studio and/or Premises at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to purchase your Studio and/or the Premises. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you or your owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee):

1. good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;
2. all of your Studio's licenses and permits which may be assigned or transferred; and
3. the ownership interest or leasehold interest (as applicable) in the Premises and improvements or a lease assignment or lease or sublease, as applicable.

c. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, managers, employees, agents, successors and assigns.

d. A "Termination Event" occurs if, (i) you terminate this Agreement (other than in accordance with Section 15.5.), (ii) we terminate this Agreement for any reason, or (iii) the term of this Agreement (including any successor term) expires.

e. If we purchase your Studio upon a Termination Event, the purchase price for your Studio and the Premises will be their reasonable fair market value at the time of the Termination Event, provided that these items will not include any value for the rights granted by this Agreement, any goodwill attributable to our Marks, brand image, and other intellectual property, or any participation in the network of Studios. We may exclude from the assets purchased any operating assets and supplies that are not reasonably necessary (in function or quality) to your Studio's operation or that we have not approved as meeting System Standards, and the purchase price will reflect these exclusions.

f. If we and you cannot agree on a fair market value, the fair market value will be determined by one (1) independent accredited appraiser selected by us who will conduct an appraisal and, in doing so, be bound by the criteria for the purchase price described above. You and we will share equally the appraisers' fees and expenses. The appraiser must complete its appraisal within thirty (30) days after its appointment

16. **RIGHTS AND OBLIGATIONS OF COMPANY AND FRANCHISE OWNER UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.**

16.1 **Payment of Amounts Owed to MaxStrength.** You agree to pay us within five (5) days after the effective date of termination or expiration of the Franchise, or any later date that the amounts due to us are determined, all amounts owed to us or our affiliates which are then unpaid including, without limitation, any unpaid Initial Franchise Fee, any unpaid Continuing Franchise Fees, Advertising Fees and Technology Fees, and any termination fee, damages, costs or expenses owed by you pursuant to Section 15.3, together with any audit costs and expenses owed by you pursuant to Section 13.2.

16.2 **Marks.** Any use by you of the Marks and Copyrightable Works after the termination or expiration of the Studio Franchise will constitute the unlawful use of our intellectual property rights, which include trademarks and service marks. You agree that after the termination or expiration of the Franchise you will:

- a. not directly or indirectly at any time identify any business with which you are associated as a current or former MaxStrength franchise or franchisee;
- b. not use any Mark, any colorable imitation of any Mark, or any Copyrightable Works in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us;
- c. return to us or destroy (whichever we specify) all customer lists, forms and materials containing any Mark or any Copyrightable Works or otherwise relating to a MaxStrength franchise;
- d. remove all Marks affixed to uniforms or, at our direction, cease to use those uniforms; and
- e. take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark.

You irrevocably appoint MaxStrength your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within 10 days after termination of this Agreement.

16.3 **De-Identification.** If you retain possession of the Premises, you agree to completely remove or modify, at your sole expense, any part of the interior and exterior decor that we deem necessary to disassociate the Premises with the image of a MaxStrength franchise, including any signage, posters, furniture, equipment, products, trade dress, or display units bearing the Marks. If you do not take the actions we request within 10 days after notice from us, we have the right to enter the Premises and make the required changes at your expense, and you agree to reimburse us for those expenses on demand. You irrevocably appoint MaxStrength your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within 10 days after termination of this Agreement.

16.4 **Confidential Information.** You agree that on termination or expiration of the Franchise you will immediately cease to use any of the Confidential Information, and agree not to use it in any business or for any other purpose. You further agree that all non-disclosure and related covenants set forth in Section 9 above shall survive such termination or expiration and you will immediately return to us all copies of the Operations Manual and any written Confidential Information or other confidential materials that we have loaned or provided to you.

16.5 **Other Actions.** Upon termination of this Agreement for any reason, and in addition to any other provisions contained in this Agreement, the parties will have the following further rights and obligations:

a. You must promptly execute any documents and take any steps that in the judgment of MaxStrength are necessary to delete your listings from classified telephone directories and on-line listings, disconnect, or, at MaxStrength's option, assign to it all telephone numbers that have been used in your Franchised Business, assign to MaxStrength any URLs, domain names, and social media and social networking names that you have used in connection with your Franchised Business, and terminate all other references that indicate you are or ever were affiliated with MaxStrength. By signing this Agreement, you irrevocably appoint MaxStrength your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within 10 days after termination of this Agreement. If MaxStrength chooses not to have you assign the telephone numbers to it, you may not assign the telephone number to any competitive business, use automatic forwarding to the telephone number of any competitive business, or otherwise make the telephone number directly or indirectly available to any competitive business.

b. Your Principal Owners and General Manager must immediately comply with the restrictive covenants set forth in this Agreement and any Restrictive Covenants Agreement signed by your General Manager, as applicable.

c. You must give MaxStrength a final accounting for your Franchised Business, and you must maintain all accounts and records for your Franchised Business for a period of not less than seven years after final payment of any amounts you owe to MaxStrength, its affiliates, and/or related persons when this Agreement is terminated, but you may not sell, disclose, or otherwise transfer any of the information contained in those accounts and records to, or for use by, any competitive business.

If this Agreement is terminated because of your default, the rights of MaxStrength described above or elsewhere in this Agreement may not necessarily be MaxStrength's exclusive remedies but will instead supplement any other equitable or legal remedies available to MaxStrength, including the right to withhold performance as provided in Section 15.4 of this Agreement. If this Agreement is terminated because of your default, nothing in this Section 16.5 may be construed to deprive MaxStrength of the right to recover damages as compensation for lost profits.

16.6 **Continuing Obligations.** All obligations of this Agreement (whether yours or ours) that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire. Without limiting the foregoing, you acknowledge and agree that your covenants in Article 9 above survive the termination or expiration of this Agreement to the extent set forth in such Article 9.

17. **ENFORCEMENT.**

17.1 **Invalid Provisions; Substitution of Valid Provisions.**

a. To the extent that any of the non-competition, non-solicitation, or other restrictive covenants of this Agreement are deemed unenforceable because of their scope in terms of area, business activity prohibited, length of time, or other terms, you agree that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in such provision under the laws applied in the forum in that we are seeking to enforce such provision.

b. If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, program, standard, or operating procedure we prescribed invalid or unenforceable, then the advance notice and/or other action required or revision of the specification, program, standard, or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provisions enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

c. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement. We will not, however, be precluded from contesting the validity, enforceability, or applicability of such regulator's required amendment in any action relating to this Agreement or to its rescission or termination.

17.2 **Unilateral Waiver of Obligations.** Either you or we may, by written notice, unilaterally waive or reduce any obligation or restriction of the other under this Agreement. The waiver or reduction may be revoked at any time for any reason on 10 days' written notice.

17.3 **Written Consents from MaxStrength.** Whenever this Agreement requires our advance approval or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing.

17.4 **Lien.** To secure your performance under this Agreement and indebtedness for all sums due us or our affiliates, we shall have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same: (a) all inventory and equipment now owned or after-acquired by the Franchise, including but not limited to all inventory, equipment and supplies transferred to or acquired by you in connection with this Agreement; (b) all accounts of the Franchise now existing or subsequently arising, together with all interest in the Franchise, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of the Franchise, now existing or subsequently arising including, without limitation, accounts receivable and other contractual rights to payment from others; (d) all general intangibles of the Franchise, now owned or existing, or after-acquired or subsequently arising including, without limitation, all awards, damages, payments, escrowed monies, insurance proceeds, and interest, fees, charges or payments accruing on or received from or to be received on any of the foregoing in any way; and (e) all products, proceeds, substitutions, and replacements of any of the above described collateral. You agree to execute such financing statements,

instruments, and other documents, in a form satisfactory to us, that we deem necessary so that we may establish and maintain a valid security interest in and to these assets, and you authorize us to file, without your signature, such financing statements as we shall deem necessary or advisable to reflect the security interest granted herein.

17.5 **No Guarantees.** If in connection with this Agreement we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, then we will not be deemed to have made any warranties or guarantees upon which you may rely, and will not assume any liability or obligation to you.

17.6 **No Waiver.** If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice that is at variance with the terms of this Agreement, then we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Agreement, or of any similar term in any other agreement between us and any other MaxStrength franchisee will not affect our rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments that are due to us under this Agreement.

17.7 **Cumulative Remedies.** The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either you or us from exercising any other right or remedy provided under this Agreement, or permitted by law or equity, except to the extent such remedies are specifically designated in this Agreement to be sole and exclusive.

17.8 **Specific Performance; Injunctive Relief; Liquidated Damages.**

a. **Equitable Remedies.** Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance to (1) enforce the provisions of this Agreement relating to your use of the Marks and non-disclosure, non-solicitation, non-disparagement, and non-competition obligations under this Agreement and any Restrictive Covenants Agreement signed by a General Manager; (2) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance, or regulation; constitutes a danger to the public; or may impair the goodwill associated with the Marks or MaxStrength franchises; or (3) prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, then you shall pay us an amount equal to the total of our costs of obtaining it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision. You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

b. Not in limitation of the forgoing, or any other remedy we have under this Agreement, if you are deemed to be in default under this Agreement, we may give you the option to either operate your Franchise in full compliance with the terms and conditions of this Agreement for the remainder of the Initial Term, or to terminate the Agreement and comply with the non-competition obligations within the radius set forth herein which survive the termination of this Agreement.

c. You agree that precise damages are difficult to calculate for a breach or violation of the provisions of Section 9 of this Agreement. Therefore, if you breach or violate Section 9 of this Agreement it is agreed that we would suffer actual damages of at least Fifty Thousand Dollars. In addition to any liquidated damages permitted herein, you must pay to us any and all actual damages in excess of the liquidated amount, plus all attorneys' fees incurred by us as a direct or indirect result of any breach or violation of this Agreement.

17.9 **Arbitration.**

a. **Agreement to Arbitrate.** Except insofar as we elect to seek temporary or permanent injunctive relief as provided above, all controversies, disputes or claims arising between us, our affiliates, and our and their respective owners, officers, directors, agents, and employees (in their representative capacity) and you (and your Principal Owners and guarantors) arising out of or related to: (1) this Agreement, any provision thereof, or any related agreement (except for any lease or sublease with us or any of our affiliates); (2) the relationship of the parties hereto; (3) the validity of this Agreement or any related agreement, or any provision thereof; or (4) any specification, standard or operating procedure relating to the establishment or operation of the Franchise, shall be submitted for arbitration to be administered by the office of the American Arbitration Association. Arbitration pursuant to the terms of this Section 17.9 is mandatory and except for the specific exceptions expressly described herein, is the exclusive manner of resolving the foregoing disputes.

b. **Place and Procedure.** Such arbitration proceedings shall be conducted in Cuyahoga County, Ohio, and, except as otherwise provided in this Agreement, shall be conducted in accordance with then current commercial arbitration rules of the American Arbitration Association, and the arbitration hearing shall be conducted before a single arbitrator, not a panel.

c. **Costs of Arbitration.** You and we acknowledge and agree that neither party shall be permitted to bring or maintain any actions, claims or counter-claims against the other party in any arbitration proceeding unless the party asserting such action, claim or counterclaim timely pays all costs and fees charged to it by the American Arbitration Association and one-half of all charges and fees of the designated arbitrator for the proceeding, as and when billed. In the event a party fails to pay all costs and fees charged to it by the American Arbitration Association and one-half of all charges and fees of the designated arbitrator for the proceeding, as and when billed, the arbitrator is directed to dismiss any actions, claims or counter-claims brought by such party in the arbitration and assess such charges and fees against the non-paying party in any award issued in the proceeding.

d. **Awards and Decisions.** The arbitrator shall have the right to award or include in his or her award any relief that he or she deems proper in the circumstances, including without limitation, money damages (specifically including liquidated damages provided for herein), with interest on unpaid amounts from date due, specific performance, injunctive relief (including permanent, temporary and preliminary injunctive relief), attorneys' fees, and costs. The award and decision of the arbitrator shall be conclusive and binding on all parties to this agreement, and judgment on the award may be entered in any

court of competent jurisdiction, and each such party waives any right to contest the validity or enforceability of such award.

e. **Arbitration Discovery.** Discovery under the arbitration will be limited to the following for each side: (i) three depositions totaling 12 hours; (ii) six interrogatories each consisting of no more than 12 questions (with no subparts); and (iii) three document requests. The discovery may also be limited in any other manner as specified by the arbitrator, who will limit discovery to the greatest extent possible consistent with basic fairness.

f. **Survival; Third Parties.** The provisions of this Section are intended to benefit and limit third party non-signatories so that they are bound hereby, and will continue in full force and effect subsequent to, and notwithstanding expiration or termination of, this Agreement.

g. **No Class Action or Consolidation.** You and we agree that any such arbitration shall be conducted on an individual, not a joint or class-wide basis, and shall not be consolidated with any other arbitration proceeding.

h. **Internal Mediation Prior to Arbitration.** Except insofar as we elect to seek temporary or permanent injunctive relief as provided in Section 17.8 of this Agreement, before either party commences an arbitration under this Section, the parties agree that, as a condition precedent to the filing or commencement of any arbitration, they will attempt to resolve any dispute through internal mediation between the parties to be conducted in a mutually agreeable location or, if no such location is agreed upon within 10 days after a request for mediation, then at our corporate headquarters. In the event that no settlement or resolution between the parties can be reached through internal mediation within thirty (30) days following the date on which a written request for internal mediation is made by any party, such dispute shall be submitted for arbitration pursuant to this Section. "Internal mediation" shall consist of, among other things, the parties having reasonable business discussions, whether by telephone or in person, concerning the dispute and means of resolving the same.

17.10 **Waiver of Certain Damages and Jury Trial; Limitations of Actions.** Except with respect to your obligations to indemnify us and claims that we may bring under Sections 7, 9, 15, or 16 of this Agreement, and except for claims arising from your non-payment or underpayment of any amounts owed to us or our affiliates, (1) any and all claims arising out of or related to this Agreement or the relationship between you and us shall be barred, by express agreement of the parties, unless an action or proceeding is commenced within two (2) years from the date the cause of action accrues; and (2) you hereby waive to the fullest extent permitted by law, any right to or claim for any indirect, special, consequential, incidental, punitive, exemplary, or treble damages, and other forms of multiple damages, against us, including without limitation, any economic loss, property damage, physical injury, or lost profits arising out of this Agreement, your use of the Marks, the System, or your inability to use the Marks or the System, regardless of whether arising under breach of contract, warranty, tort, strict liability, or any other legal or equitable theory or claim, even if such loss or damage could have been reasonably foreseen. Further, you agree that, except to the extent provided to the contrary in this Agreement, in the event of a dispute between you and us, you will be limited to the recovery of any actual and direct damages sustained by you. You and we irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either you or us.

17.11 **Governing Law/Consent To Jurisdiction.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except that all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in Section 17.9 which will be governed by the United States Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law relating to arbitration, this Agreement and the Franchise will be governed by the internal laws of the State of Ohio (without reference to its choice of law and conflict of law rules), except that the provisions of any Ohio law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Section. You agree that the venue for any action arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or as to which arbitration is waived) shall be in any state or federal court of general jurisdiction in Cuyahoga County, Ohio, unless otherwise mutually agreed by the parties in writing, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

17.12 **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns and, subject to the Transfers provisions contained in this Agreement, will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors, and administrators.

17.13 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity that is not a party to this Agreement, and no other party shall have any rights because of this Agreement. Without limiting the generality of the foregoing, you acknowledge and agree that you will not make any allegation or take any position with respect to a third party claim that is contrary to the foregoing sentence or Article 19 below.

17.14 **Construction.** All headings of the various Sections and paragraphs of this Agreement are for convenience only, and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. The term "affiliate" as used in this Agreement is applicable to any company directly or indirectly owned or controlled by you or your Principal Owners, or any company directly or indirectly owned or controlled by us that sells products or otherwise transacts business with you.

17.15 **Joint and Several Liability.** If two (2) or more persons are the Franchisee under this Agreement, their obligation and liability to us shall be joint and several.

17.16 **Multiple Originals.** This Agreement will be executed using multiple copies, each of which will be deemed an original.

17.17 **Timing Is Important.** Time is of the essence of this Agreement. ("Time is of the essence" is a legal term that emphasizes the strictness of time limits. In this case, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.)

17.18 **Independent Provisions.** The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

17.19 **Exercise of Discretion.** Whenever this Agreement gives MaxStrength discretion to take an action or make a decision, MaxStrength will be allowed to take or make (or refrain from taking or making) that action or decision based on its business judgment. Even if MaxStrength has numerous motives for a particular action or decision and/or there are other reasonable and/or arguably preferable alternatives to a particular action or decision, so long as at least one motive is a reasonable business justification, the action or decision will not be subject to challenge for abuse of discretion. IF THE EXERCISE OF MAXSTRENGTH'S DISCRETION AS TO ANY MATTER IS CHALLENGED, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT MAXSTRENGTH'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF MAXSTRENGTH'S DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

18. **NOTICES AND PAYMENTS.**

All written notices, reports and payments permitted or required under this Agreement or by the Operations Manual will be deemed delivered: (a) at the time delivered by hand; (b) one (1) business day after transmission by telecopy, facsimile or other electronic system; (c) one (1) business day after being placed in the hands of a reputable commercial courier service for next business day delivery; or (d) three (3) business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and addressed to the party to be notified or paid at the address below, or its most current principal business address of which the notifying party has been advised, or to any other place designated by either party. Any required notice, payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent. Notice shall be sent to the following addresses:

To us: MaxStrength Fitness Franchising LLC
2211 Crocker Road #120
Westlake, Ohio 44145
Attn: Jeff Tomaszewski

To you: The address(es) listed in Exhibit 2.1

19. **INDEPENDENT JUDGMENT OF YOU AND YOUR GENERAL MANAGER.**

You and we acknowledge and agree that the specifications, programs, standards and operating procedures related to the services offered by the Franchise under this Agreement are not intended to limit or replace the judgment of you, or any General Manager or any employee of the Franchise, in supervising and performing the services offered by your Franchise. The specifications, programs, standards, and operating procedures represent only the minimum standards, and you and your General Manager (if any) are solely responsible for ensuring that the Franchise performs services in accordance with all applicable laws, rules, regulations and requirements.

20. **ENTIRE AGREEMENT.**

This Agreement, together with the introduction and exhibits to it, constitutes the entire agreement between us, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. Notwithstanding, in accordance with federal law, nothing in this Agreement shall require you to waive reliance on any representation made in the FDD. This Agreement may be modified only by written agreement signed by both you and us, except that we may modify the Operations Manual at any time as provided herein.

The parties to this Agreement now execute and deliver this Agreement in multiple counterparts as of the date of the last signature below.

MaxStrength Fitness Franchising LLC

By: _____

Title: _____

Date: _____

FRANCHISE OWNER

Print Name: _____

Signature(s): _____

Date: _____

[NOTE: If the Franchisee is a corporation, partnership, LLC or other entity, please include the title of each signing party, and have each Principal Owner sign the Personal Guaranty form]

EXHIBIT 1 TO THE MAXSTRENGTH FRANCHISE AGREEMENT

FRANCHISE AGREEMENT EXPIRATION DATE
PROTECTED TERRITORY
FRANCHISE OPENING

1-1 **Expiration Date; Continuing Franchise Fee.** Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement will expire on _____.

1-2 **Protected Territory.** The Protected Territory referred to in Section 2.3 of this Agreement shall be depicted by a map of the Protected Territory, signed or initialed and dated by you and us, that may be attached hereto or otherwise agreed upon in writing by the parties, and such map shall be deemed to be incorporated herein by reference.

1-3 **Franchise Opening Schedule.** In signing the foregoing Agreement to which this Exhibit 1 is attached, you acknowledge that:

1. You have purchased the Franchise to which the Agreement corresponds as one of a group of _____ (_____) MaxStrength Studio Franchises.

2. The Franchise to which this Agreement corresponds constitutes Franchise number _____ of the Franchises mentioned above.

3. You must open each Franchise mentioned above within a certain time period specified by us, the length of which depends upon the number of Franchises you have purchased and the number of these Franchises that you have developed and opened for business before developing and opening the Franchise to which the Agreement corresponds.

4. You must open the Franchise to which this Agreement corresponds within the following time period (the "Opening Deadline"), subject to the requirements of Sections 3.3 and 3.6, and any other applicable provision of the Agreement: _____

EXHIBIT 2 TO THE MAXSTRENGTH FRANCHISE AGREEMENT

OWNERSHIP INTERESTS IN FRANCHISE OWNER

2-1. Full name and address of the owners of, and a description of the type of, all currently held Interests in Franchisee:

	Name	Address	Interest held, including percentage	Required minimum ownership interest
Franchisee			N/A	N/A
Principal Owner				
Principal Owner				
Principal Owner				

Attach Additional Sheet for Principal Owners, if required.

2-2. Minimum individual and aggregate Principal Owner ownership percentage required at all times during the Term of this Agreement:

2-2.1 During the Term of this Agreement, the Principal Owners together must have a "controlling interest" (i.e., a 100 percent "ownership interest" of the equity, voting control and profits) in Franchise owner.

2-2.2 Unless otherwise permitted, the required minimum "ownership interest" of each Principal Owner during the Term of this Agreement is as set forth above:

2-3. Each Principal Owner must sign the Owner's Guaranty and Assumption of Obligations that is attached as Exhibit 3.

EXHIBIT 3

OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the MaxStrength Franchise Agreement dated _____, 20__ ("Agreement") by and between MaxStrength, Inc. ("us") and the Franchisee _____ [insert name of franchisee], each of the undersigned owners of the Franchisee ("you", for purposes of this Guaranty only), hereby personally and unconditionally (1) guarantees to us and our successors and assigns that the Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) agrees to be personally bound by, and personally liable for the prompt and full performance of, and any breach of, each and every provision in the Agreement, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchisee or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchisee which you may have arising out of your guaranty of the Franchisee's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchisee fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchisee or any other person; (4) your 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 Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; (5) by signing this Agreement you are confirming that you are bound to the non-disclosure and non-competition provisions applicable to the Franchisee in Article 9 of the Agreement; and (6) this Guaranty will continue and be irrevocable during the Term of the Agreement and afterward for so long as the Franchisee has any obligations under the Agreement.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above-listed costs and expenses incurred by us.

This Guaranty is now executed as of the Agreement Date.

EXHIBIT 4
ACH AGREEMENT

MaxStrength Fitness Franchising LLC

CHECKING ACCOUNT - DEBIT/CREDIT AUTHORIZATION

Please complete and sign the form below, attach a voided check and mail or fax to the following: MaxStrength Fitness Franchising LLC

Franchisee's Name _____

Name of Bank _____

Address of Bank _____

Name on Checking Account:
(As it appears on your checks) _____

Address where Checking
Statement mailed _____

BANK (ABA) ROUTING NUMBER:

CHECKING ACCOUNT NUMBER:

AUTHORIZATION:

I hereby authorize MaxStrength Fitness Franchising LLC and the financial institution listed above to debit/credit the account I have specified for payment of my monthly franchise fee incurred with MaxStrength Fitness Franchising LLC. I understand that a fee will be charged to my account for each request returned for non-sufficient funds. I understand and agree to allow MaxStrength to debit or credit my account, as appropriate, if an adjustment is required for any reason. I understand that both the financial institution and MaxStrength Fitness Franchising LLC reserve the right to terminate this payment plan and/or my participation therein. I may elect to discontinue my enrollment in this plan at any time. If I so choose, I will provide written notice to MaxStrength Fitness Franchising LLC.

Signature

Date

Phone

ATTACH VOID CHECK HERE

We cannot process this request without a voided check.

Deposit Slips are NOT acceptable.

EXHIBIT C

OPERATIONS MANUAL TABLE OF CONTENTS

MAXSTRENGTH FITNESS

MaxStrength Fitness Franchising LLC

an Ohio limited liability company

2211 Crocker Road #120

Westlake, Ohio 44145

833-242-2050

Email: franchise@maxstrengthfitness.com

www.maxstrengthfitness.com

MaxStrength Operations Manual Table of Contents

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Training Protocol	127
Administrative Tasks and Reporting	94
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Community Involvement	12
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The Operations Manual is comprised of written materials and guides and video and audio presentations, including online trainings and franchise system support. These materials are made available to franchisees through various means, including the internet, websites, emails, or other remove means.

EXHIBIT D

LIST OF CURRENT AND FORMER MAXSTRENGTH FITNESS FRANCHISEES

Current Franchisees

As of December 31, 2023, the end of our fiscal year, we had the following MaxStrength Fitness franchisees. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Franchised Outlets

Florida

Name	Address	City	State	Zip	Phone
Kassia Olga (Studio not yet opened)	4576 E. Hwy. 20 Suite A	Niceville	Florida	32578	850-373-4450

Company-Owned Outlets

Ohio

Name	Address	City	State	Zip	Phone
MaxStrength Fitness of Strongsville, LLC	13500 Pearl Road #101	Strongsville	Ohio	44136	440-467-0700
Overload of Westlake, Ltd. d/b/aMaxStrength Fitness of Westlake	2211 Crocker Rd., Suite 120	Westlake	Ohio	44145	440-835-9090
MaxStrength Fitness of Willoughby, LLC	4212 OH-306, Suite 120	Willoughby	Ohio	44094	440-226-8080

Former Franchisees

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. The following Franchisees were cancelled, terminated or voluntarily or involuntarily ceased to do business in the 2023 fiscal year, or have not communicated with us within 10 weeks of the issuance date of this disclosure document:

None.

EXHIBIT E
FINANCIAL STATEMENTS



MAXSTRENGTH FITNESS FRANCHISING LLC

FINANCIAL STATEMENTS

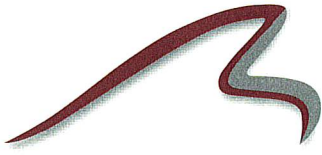
**YEARS ENDED DECEMBER 31, 2023 AND 2022 AND PERIOD FROM
JANUARY 25, 2021 (INCEPTION) TO DECEMBER 31, 2021**

MAXSTRENGTH FITNESS FRANCHISING LLC

YEARS ENDED DECEMBER 31, 2023 AND 2022 AND PERIOD FROM
JANUARY 25, 2021 (INCEPTION) TO DECEMBER 31, 2021

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BSB PARTNERS

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER
MAXSTRENGTH FITNESS FRANCHISING LLC

Opinion

We have audited the accompanying financial statements of MaxStrength Fitness Franchising LLC (an Ohio limited liability company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and changes in member's equity and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MaxStrength Fitness Franchising LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

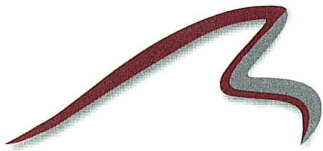
Prior Period Financial Statements

The financial statements of MaxStrength Fitness Franchising LLC as of December 31, 2022 and 2021 were audited by other auditors whose report dated January 19, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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



BSB PARTNERS

CPAs & BUSINESS ADVISORS

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 MaxStrength Fitness Franchising 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 MaxStrength Fitness Franchising LLC's ability to continue as a going concern for a reasonable period of time.

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

BSB PARTNERS CPAs & BUSINESS ADVISORS

BSB Partners CPAs & Business Advisors

February 29, 2024

MAXSTRENGTH FITNESS FRANCHISING LLC

BALANCE SHEETS

DECEMBER 31, 2023, 2022 AND 2021

ASSETS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS			
Cash	\$ 6,377	\$ 11,216	\$ 4,772
Prepaid expenses	8,854	16,200	-
	<u>15,231</u>	<u>27,416</u>	<u>4,772</u>
PROPERTY AND EQUIPMENT - AT COST			
Computer equipment	6,260	-	-
Less: Accumulated depreciation	(1,148)	-	-
	<u>5,112</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 20,343</u></u>	<u><u>\$ 27,416</u></u>	<u><u>\$ 4,772</u></u>

LIABILITIES AND MEMBER'S EQUITY (DEFICIT)

CURRENT LIABILITIES			
Accounts payable	\$ 1,138	\$ -	\$ 2,248
Accrued expenses	38,163	-	-
Deferred revenues	52,025	-	-
	<u>91,326</u>	<u>-</u>	<u>2,248</u>
LONG-TERM LIABILITIES			
Member loan payable	<u>255,000</u>	<u>76,000</u>	<u>-</u>
TOTAL LIABILITIES	346,326	76,000	2,248
MEMBER'S EQUITY (DEFICIT)	<u>(325,983)</u>	<u>(48,584)</u>	<u>2,524</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	<u><u>\$ 20,343</u></u>	<u><u>\$ 27,416</u></u>	<u><u>\$ 4,772</u></u>

The accompanying notes are an integral part of these financial statements.

MAXSTRENGTH FITNESS FRANCHISING LLC

STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY (DEFICIT)

YEARS ENDED DECEMBER 31, 2023 AND 2022
AND PERIOD FROM JANUARY 25, 2021 (INCEPTION) TO DECEMBER 31, 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES	\$ -	\$ -	\$ -
COSTS OF REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	-	-	-
OPERATING EXPENSES	<u>269,086</u>	<u>51,108</u>	<u>32,476</u>
LOSS FROM OPERATIONS	(269,086)	(51,108)	(32,476)
OTHER EXPENSE			
Interest expense	<u>(8,313)</u>	<u>-</u>	<u>-</u>
NET LOSS	(277,399)	(51,108)	(32,476)
MEMBER'S EQUITY (DEFICIT) - BEGINNING OF YEAR	(48,584)	2,524	-
CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>35,000</u>
MEMBER'S EQUITY (DEFICIT) - END OF YEAR	<u>\$ (325,983)</u>	<u>\$ (48,584)</u>	<u>\$ 2,524</u>

The accompanying notes are an integral part of these financial statements.

MAXSTRENGTH FITNESS FRANCHISING LLC

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022
AND PERIOD FROM JANUARY 25, 2021 (INCEPTION) TO DECEMBER 31, 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (277,399)	\$ (51,108)	\$ (32,476)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Add back (deduct): Items not affecting cash			
Depreciation	1,148	-	-
Cash provided by (used in) changes in the following items:			
(Increase) decrease in prepaid expenses	7,346	(16,200)	-
Increase (decrease) in accounts payable	1,138	(2,248)	2,248
Increase (decrease) in accrued expenses	38,163	-	-
Increase (decrease) in deferred revenues	52,025	-	-
Net cash provided by (used in) operating activities	<u>(177,579)</u>	<u>(69,556)</u>	<u>(30,228)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment	<u>(6,260)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Contributions received	-	-	35,000
Borrowings on member loan payable	179,000	76,000	-
Net cash provided by (used in) financing activities	<u>179,000</u>	<u>76,000</u>	<u>35,000</u>
NET INCREASE (DECREASE) IN CASH	(4,839)	6,444	4,772
CASH - BEGINNING OF YEAR	<u>11,216</u>	<u>4,772</u>	<u>-</u>
CASH - END OF YEAR	<u>\$ 6,377</u>	<u>\$ 11,216</u>	<u>\$ 4,772</u>

The accompanying notes are an integral part of these financial statements.

MAXSTRENGTH FITNESS FRANCHISING LLC

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

MaxStrength Fitness Franchising LLC (the Company) is a franchisor of fitness centers. The Company is headquartered in Westlake, Ohio and provides implementation, operational and marketing support to its current and future franchisees. The Company's activities are subject to significant risks and uncertainties, including being unable to register as a franchisor in desired markets and attracting appropriate franchisees.

During 2023, the Company had one franchisee which anticipates opening a studio in Florida in 2024.

Revenue Recognition

Revenue consists of franchise fees and royalty fees earned as defined in its franchise agreements with franchisees.

The Company generates revenues from franchising through individual franchise agreements. Franchise revenues are recognized at a point of time and deferred until substantial performance of franchisor obligations is complete. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee including assistance in site selection and development, training, opening assistance, and other administrative support. The franchise agreements are typically for ten-year terms and require the franchisee to pay an initial, non-refundable fee currently set at a base rate of \$49,500.

The Company follows the accounting alternative offered to non-public entities in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 952-606, Franchisors – Revenue from Contracts with Customers, electing to recognize initial franchise fees as income when all services related to the initial fee have been performed and the related studio is opened for business. Any initial franchise fees and the related direct costs are also deferred until the franchisee begins operations. Deferred franchise fees totaled \$52,025 at December 31, 2023. There were no deferred franchise fees at December 31, 2022 and 2021.

Continuing royalty fees are generally provided for in the franchise agreements as a percent of franchise gross sales. Royalty revenues, currently 6% of franchisees' gross receipts, are recognized as income in the same period in which the franchisees' sales occur.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property and Equipment

Depreciation of property and equipment is provided by use of the straight-line method over the following estimated useful life of the assets:

Computer equipment	5 years
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The Company charges normal repairs and maintenance to expense as incurred. In addition, the Company has made a *de minimis* election to expense the cost of all capital and repairs and maintenance items that do not exceed \$2,500. Major improvements that extend the useful life of an asset are capitalized.

MAXSTRENGTH FITNESS FRANCHISING LLC

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company is a single-member limited liability company and is considered a disregarded entity for tax purposes. As such, any business income or loss is passed-through to the member and reported on their personal income tax returns. Therefore, no provision or liability for corporate Federal or state income taxes has been included in these financial statements.

Accounting for Uncertainty in Income Taxes

The Company files income tax returns in the U.S. Federal jurisdiction and various local jurisdictions.

The Company evaluates its tax positions in accordance with FASB ASC 740. Interest expense and penalties related to uncertain income tax positions are recognized as income tax expense. At December 31, 2023, management believes that all of its tax positions are appropriate based on current facts and circumstances, and no liability related to uncertain tax positions needs to be recorded.

Advertising

Advertising costs are expensed in the period the advertising takes place. Advertising expenses amounted to \$9,167 and \$34,350 for the years ended December 31, 2023 and 2022, respectively, and \$4,497 for the period from January 25, 2021 (Inception) to December 31, 2021.

Entities under Common Control

The FASB issued Accounting Standards Update (ASU) 2018-17, Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities, which provides private companies with an accounting alternative for certain commonly controlled entities. The Company adopted the private company accounting alternative allowed by ASU 2018-17 at inception.

Subsequent Events

Management has evaluated subsequent events through February 29, 2024, the date the financial statements were available to be issued.

2. RELATED PARTY TRANSACTIONS

The Company has two related entities by common control that operate fitness centers. These entities are owned by the single member of the Company and, as such, are not franchisees. During the years ended December 31, 2023 and 2022 and period from January 25, 2021 (Inception) through December 31, 2021, the Company had no transactions with these entities and there were no balances outstanding between them.

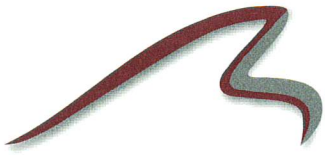
The Company has an unsecured loan payable to the member with an outstanding balance totaling \$255,000 at December 31, 2023. There is no definitive repayment schedule, but interest is charged monthly at the Internal Revenue Service Applicable Federal Rate (5.13% at December 31, 2023). Interest expense totaled \$8,313 for the year ended December 31, 2023.

MAXSTRENGTH FITNESS FRANCHISING LLC

NOTES TO THE FINANCIAL STATEMENTS

3. MEMBER'S EQUITY RESTATEMENT

In 2023, management determined that a member cash contribution to the Company in the amount of \$76,000 in 2022 should have been recorded as a member loan payable which resulted in a restatement of member's equity.



BSB PARTNERS

CPAs & BUSINESS ADVISORS

Independent Auditors' Consent

BSB Partners CPAs & Business Advisors hereby consents to the use in the Franchise Disclosure Document issued by MaxStrength Fitness Franchising LLC ("Franchisor") as of March 1, 2024, as it may be amended, of our report dated February 29, 2024, relating to Franchisor's: (a) audited balance sheet as of December 31, 2023, 2022 and 2021; (b) audited statements of operations and changes in member's equity (deficit) for the years ended December 31, 2023 and 2022 and period from January 25, 2021 (Inception) to December 31, 2021; and (c) audited statements of cash flows for the years ended December 31, 2023 and 2022 and period from January 25, 2021 (Inception) to December 31, 2021.

BSB PARTNERS CPAs & BUSINESS ADVISORS

BSB Partners CPAs & Business Advisors

February 29, 2024

EXHIBIT F

GENERAL RELEASE AGREEMENT

MAXSTRENGTH FITNESS

GENERAL RELEASE AGREEMENT
(for Renewals)

THIS GENERAL RELEASE AGREEMENT (“Release”) is made and entered into this _____ day of _____, 20___, by and between MaxStrength Fitness Franchising, LLC, an Ohio limited liability company (“**Franchisor**”), and _____ (“**Franchisee**”), and each undersigned owner of Franchisee (individually, an “**Owner**,” and collectively, the “**Owners**”) (collectively, Franchisor, Franchisee, and the Owners are referred to hereinafter as the “**Parties**”).

WITNESSETH

WHEREAS, the Parties previously entered into that certain Franchise Agreement dated _____, 20___ (the “**Agreement**”) granting Franchisee a single MaxStrength Fitness franchise for a specific Term (as defined in the Agreement); and

WHEREAS, Franchisee desires to renew the Agreement for an additional Term (as defined in the Agreement); and

WHEREAS, Section 2.4(c) of the Agreement requires Franchisee and each of its Owners to execute, as a condition to renew the Agreement, a general release from liability of all claims that Franchisee and its Owners may have against Franchisor and its affiliates and their respective officers, directors, employees and agents; and

WHEREAS, the Parties desire to enter into this Release to comply with the requirements of the Agreement and preserve Franchisee’s eligibility to renew the Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:

1. **Recitals.** The foregoing Recitals are incorporated into and made part of this Release.

2. **Release.** Franchisee and each Owner, on behalf of themselves and their present or former affiliated entities, and their respective predecessors, successors, assigns, owners, heirs, and personal representatives, as applicable, and on behalf of all other persons or entities claiming by or through any of the foregoing (the “**Releasing Parties**”), hereby fully and unconditionally release and discharge Franchisor and its present or former affiliated entities and their respective officers, directors, shareholders, partners, members, employees, contractors, agents, attorneys, representatives, heirs, and personal representatives, and each of their respective predecessors, successors and assigns (the “**Released Parties**”) from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Parties, or any of them, may have against the Released Parties as of the date this Agreement is executed (“**Claims**”), except for any Claims that are prohibited by applicable law from being released hereby.

Franchisee and each Owner hereby represent and warrant to Franchisor that there has been no assignment or other transfer of any interest in any of its Claims and Franchisee and each Owner do hereby jointly and severally agree to forever defend, indemnify and hold harmless the Released Parties from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred as a result of any person asserting any interest in any of the Claims of any Releasing Party, and/or as a result of any voluntary, involuntary or other assignment or transfer of such party's Claims. Franchisee and each Owner covenant and agree not to directly or indirectly initiate or file any legal action, arbitration or other proceeding against any Released Party that consists of or is otherwise based upon any Claim that is being released by this Agreement.

3. Miscellaneous.

A. This Release contains the entire agreement and all representations between the Parties hereto with respect to the subject matter hereof. This Release supersedes and cancels any prior understanding or agreement between the parties hereto whether written or oral, express or implied, with respect to the subject matter hereof. No modifications or amendments to this Release shall be effective unless in writing, signed by all Parties.

B. In case any one or more of the provisions contained in this Release, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Release. In case any one or more of the provisions contained in this Release shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law. The intention of the Parties is that Franchisor shall be given the broadest protection allowed by law with respect to this Release.

C. This Release shall be governed by the laws of the State of Ohio. Any litigation or court action arising under or related to this Release shall be filed in state or federal court in Cuyahoga County, Ohio.

D. In the event a court action is brought to enforce or interpret this Release, the prevailing Party in that proceeding or action shall be entitled to reimbursement of all of its legal expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred. The prevailing Party shall be entitled to reimbursement of all such expenses both in the initial proceeding or action and on any appeal therefrom.

E. This Release is binding on the Parties hereto and their respective successors, heirs, beneficiaries, agents, legal representatives, and assigns, and on any other persons claiming a right or interest through the Parties.

F. The undersigned individuals recognize that this Release is an important document that affects their legal rights. For this reason, the Parties may wish to seek independent legal advice before signing this document. The undersigned Parties acknowledge that they have had an opportunity to seek such independent legal advice. They acknowledge that they have read and understand the provisions contained herein and acknowledge receipt of a copy of this Release.

G. This Release may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

H. This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Release as of the day and year first above written.

FRANCHISOR:

MAXSTRENGTH FITNESS FRANCHISING, LLC
An Ohio limited liability company

By: _____
Its: _____

FRANCHISEE:

By: _____
Title: _____

OWNERS:

**Individually, and
on behalf of the Releasing Parties**

**Individually, and
on behalf of the Releasing Parties**

EXHIBIT G
TRANSFER AGREEMENT

MAXSTRENGTH FITNESS
TRANSFER AGREEMENT

THIS TRANSFER AGREEMENT (“**Agreement**”) is made and entered into this _____ day of _____, 20____, by and between MaxStrength Fitness Franchising, LLC, an Ohio limited liability company (“**Franchisor**”), and _____ (“**Franchisee**”), and each undersigned owner of Franchisee (individually, an “**Owner,**” and collectively, the “**Owners**”), and _____ (collectively, and jointly and severally, “**Assignee**”) (collectively, Franchisor, Franchisee, the Owners and Assignee are referred to hereinafter as the “**Parties**”).

WITNESSETH:

WHEREAS, Franchisor and Franchisee previously entered into that certain Franchise Agreement dated _____ (the “**Franchise Agreement**”), granting to Franchisee that certain MaxStrength Fitness franchise located in _____ (the “**Franchise**”);

WHEREAS, Franchisee and each undersigned Owner wish to Transfer (as defined in Section 14 of the Franchise Agreement) to Assignee all of its right, title and interest in and to the [*Franchisee,*] Franchise and the Franchise Agreement (the “**Transferred Interest**”);

WHEREAS, Franchisor is willing to consent to the above Transfer of the Transferred Interest, and the Parties desire that the Transfer be made in accordance with the following terms and conditions;

NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby agree as follows:

1. Recitals. The above Recitals and sections of the Franchise Agreement referred therein are hereby incorporated into and made part of this Agreement.

2. Transfer; Assumption; Consent to Transfer. Franchisee and each undersigned Owner does hereby Transfer to Assignee all of his, her or its right, title and interest in and to the Transferred Interest, and Assignee (jointly and severally if more than one Assignee), does hereby assume and agree to discharge all liabilities and obligations of the Franchisee arising under or in connection with the Franchise Agreement on or after the date hereof. Franchisor hereby consents to the Transfer of the Transferred Interest as described in the Recitals, but such consent does not relieve Franchisee or any Owner from any liabilities or obligations arising under or in connection with the Franchise Agreement on or before the date hereof, or any covenants or obligations that by their terms survive Transfer or termination of the Franchise Agreement.

3. Conditions for Approval of Transfer. Franchisee and each undersigned Owner and Assignee hereby represent and warrant that the conditions for approval of Transfer as set forth in

Section 14.5 of the Franchise Agreement, to the extent such conditions are not specifically addressed or resolved under this Agreement, have been fully and completely satisfied as provided in such Section 14.5 and to Franchisor's satisfaction.

4. Release. Franchisee and the Owners hereby represent and warrant to Franchisor and Assignee that Owners are the sole owners of Franchisee, and that Franchisee is the sole owner of all rights to the Franchise and under the Franchise Agreement, and no other person has any right, title or interest in or to the Franchise, the Franchisee, the Franchise Agreement, the Transferred Interest or any of the Claims being released above.

Franchisee and each Owner, on behalf of themselves and their present or former affiliated entities, and their respective predecessors, successors, assigns, owners, heirs, and personal representatives, as applicable, and on behalf of all other persons or entities claiming by or through any of the foregoing (the "Releasing Parties"), hereby fully and unconditionally release and discharge Franchisor and its present or former affiliated entities and their respective officers, directors, shareholders, partners, members, employees, contractors, agents, attorneys, representatives, heirs, and personal representatives, and each of their respective predecessors, successors and assigns (the "Released Parties") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Parties, or any of them, may have against the Released Parties as of the date this Agreement is executed ("Claims"), except for any Claims that are prohibited by applicable law from being released hereby.

Franchisee and each Owner hereby represent and warrant to Franchisor that there has been no assignment or other transfer of any interest in any of its Claims and Franchisee and each Owner do hereby jointly and severally agree to forever defend, indemnify and hold harmless the Released Parties from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred as a result of any person asserting any interest in any of the Claims of any Releasing Party, and/or as a result of any voluntary, involuntary or other assignment or transfer of such party's Claims.

Franchisee and each Owner covenant and agree not to directly or indirectly initiate or file any legal action, arbitration or other proceeding against any Released Party that consists of or is otherwise based upon any Claim that is being released by this Agreement.

5. Restrictive Covenants. Franchisee and each undersigned Owner acknowledge and agree that the restrictive covenants set forth in Article 9 of the Franchise Agreement shall remain in full force and effect notwithstanding this Transfer, the execution of a New Franchise Agreement (pursuant to Section 7 below) or any deemed termination of the Franchise Agreement with respect to Franchisee and/or any Owner.

6. Subordination. Franchisee, each undersigned Owner and Assignee agree that all of Assignee's obligations to make any installment payments to or for the benefit of Franchisee and/or an undersigned Owner in connection with the Transfer of the Transferred Interest as provided under this Agreement shall be subordinate to Assignee's obligations under the Franchise

Agreement or New Franchise Agreement (as defined below) to pay to us or our affiliates any Continuing Franchise Fees, Advertising Fees, and other fees and payments provided for therein.

7. New Franchise Agreement. Assignee agrees that in connection with the Transfer of the Transferred Interest to it, Assignee shall sign at Franchisor's request the form of Franchise Agreement (including applicable guaranties of Principal Owners) currently used by Franchisor in selling and offering franchises like the Franchise (the "New Franchise Agreement"). If Franchisor requires that a New Franchise Agreement be signed, it will replace the Franchise Agreement; provided, however, that unless otherwise expressly agreed by Franchisor and Assignee, the Initial Term of the Franchise shall remain the same as is set forth in the currently-existing Franchise Agreement.

8. Survival of Obligations. Franchisee and each Owner hereby acknowledge and agree that nothing contained herein shall relieve or discharge him, her or it with respect to any duties, obligations or liabilities to which he is subject under the Franchise Agreement. Without limiting the foregoing, and in consideration of, and as an inducement to, the execution of this Agreement by Franchisor, Franchisee and each Owner hereby personally and unconditionally agree to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes, on a joint and several basis, whether occurring prior to or after the date of this Transfer. If Franchisor is required to enforce the guaranty provided for under this Section in a judicial or arbitration proceeding, and prevails in such proceeding, then Franchisee and each Owner agree that Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by Franchisee or an Owner to comply with the provisions of this Section, then Franchisee and Owner shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

9. Breach. The Parties hereby agree that each of the matters stated herein are important, material, and confidential, and substantially affect the effective and successful conduct of the business of Franchisor and its reputation, and goodwill. Any breach of the terms of this Agreement is a material breach of this Agreement, which will result in substantial and irreparable injury to Franchisor, for which the breaching party may be preliminarily and permanently enjoined and for which the breaching party shall also pay to Franchisor all damages (including, but not limited to, compensatory, incidental, consequential and lost profits damages) which arise from the breach, together with interest, costs and Franchisor's reasonable attorneys' fees (through final unappealable judgment) to enforce this Agreement. This Agreement does not limit any other remedies available at law or in equity available to Franchisor.

10. No Waiver. Franchisor may waive a provision of this Agreement only in writing executed by an authorized representative. No party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a party of a breach by another party

of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching party.

11. Assignment. This Agreement is fully transferable by Franchisor. Franchisee, each undersigned Owner and Assignee may not assign, convey, sell, delegate, or otherwise transfer this Agreement or any right or duty hereunder without obtaining Franchisor's prior written consent.

12. Binding Agreement. This Agreement shall be binding upon the Parties' heirs and legal representatives. This Agreement shall be enforceable by the successors and assigns of Franchisor, any person or entity which purchases substantially all of the assets of Franchisor, and any subsidiary, affiliate or operation division of Franchisor.

13. Tolling. To ensure that Franchisor will receive the full benefit of this Agreement, the provisions of this Agreement will not run, for purposes of the prohibitions on any competition and solicitation, statute of limitations, or for laches, at any time that a party to this Agreement is actually acting in any way in contravention to this Agreement.

14. Headings. The paragraph headings of this Agreement are not a substantive part of this Agreement and shall not limit or restrict this Agreement in any way.

15. Choice of Law and Venue. This Agreement shall be construed in accordance with and governed for all purposes by the laws of Ohio. If any action or proceeding shall be instituted by any Party, or any representative thereof, all Parties and their representatives hereby consent and will submit to the jurisdiction of, and agree that venue is proper in Cuyahoga County, Ohio.

16. Severance and Reformation. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law. The intention of the Parties is that Franchisor shall be given the broadest protection allowed by law with respect to this Agreement.

17. Entire Agreement. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon either party unless in writing and signed by the parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement is the entire Agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement. Notwithstanding the foregoing, nothing contained herein shall limit, modify or revoke any covenants or obligations contained in the Franchise Agreement that by their terms survive Transfer or termination of the Franchise Agreement.

18. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original

19. Opportunity to Seek Independent Advice. The undersigned individuals recognize that this Agreement is an important document that affects their legal rights. For this reason, the Parties may wish to seek independent legal advice before accepting the terms stated herein. The undersigned Parties acknowledge that they have had an opportunity to seek such independent legal advice. They acknowledge that they have read and understand the provisions contained herein and acknowledge receipt of a copy of this Agreement.

IN WITNESS WHEREOF, the parties hereto affix their signatures and execute this Transfer Agreement as of the day and year first above written.

FRANCHISOR:

MAXSTRENGTH FITNESS FRANCHISING, LLC
An Ohio limited liability company

By: _____
Its: _____

FRANCHISEE:

By: _____
Title: _____

OWNERS:

**Individually, and
on behalf of the Releasing Parties**

**Individually, and
on behalf of the Releasing Parties**

ASSIGNEE:

By: _____

-and-

_____, Individually

EXHIBIT H

MULTI-UNIT AGREEMENT

MAXSTRENGTH FITNESS MULTI-UNIT AGREEMENT

This Multi-Unit Agreement (this “Agreement”) is made as of _____, between **MaxStrength Fitness Franchising LLC** (“Franchisor,” “we,” “us” or “MaxStrength Fitness”), an Ohio corporation, with its principal place of business located at 2211 Crocker Road #120, Westlake, Ohio 44145, and _____ (“Multi-Unit Franchisee” or “you”), a(n) _____, whose principal address is _____.

1. INTRODUCTION.

1.01 MaxStrength Fitness Studios. MaxStrength Fitness studios are business-to-consumer franchises with an easy operating system that provide individualized one-on-one personal strength training sessions by appointment only in a precisely controlled training studio environment, together with carefully selected health and fitness products to enhance the training program for our clients. We offer individual Studio franchises for the right to develop and operate a single Studio offering all of our franchised services and products from a location in a designated area. Through the expenditure of considerable time, effort and money, we and our Affiliates have devised a system for the establishment and operation of a MaxStrength Fitness business model (all of which we refer to in this Agreement as the “System”). The System includes procedures, specifications, techniques and procedures that we may designate for operating a chiropractic business. This business model includes a studio model offering all of our franchised services and products (individually, a “Studio” or “Studio,” and collectively, the “Studios” or “Studios”).

1.02 Your Representations. You and your Principal Owners, if applicable, jointly and severally represent and warrant to us that: (a) neither you nor any of your Principal Owners has made any untrue statement of any material fact or has omitted to state any material fact in any written information provided to us in connection with obtaining the rights granted hereunder; and (b) the execution and performance of this Agreement will not violate any other agreement to which you or any of your Owners may be bound. You recognize that we have executed this Agreement in reliance on all of the statements you and your Owners have made in any written information provided to us.

1.03 Certain Definitions. The terms listed below have the meanings that follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

“**Affiliate**” – Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

“Confidential Information” – Our proprietary and confidential information relating to the development and operation of MaxStrength Fitness Studios, including but not limited to: (a) services and products offered and sold at MaxStrength franchises; (b) knowledge of sales and profit performance of any one or more MaxStrength franchises; (c) knowledge of sources of products sold at MaxStrength franchises, (d) advertising and promotional programs and image and decor; (e) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of MaxStrength franchises; (f) copyrighted materials, including, without limitation, office forms and procedures, marketing materials, telephone scripts and the content of the Operations Manual; (g) the methods of training employees; and (h) any and all other information that we provide you that is designated orally or in writing as proprietary or confidential or by its nature would reasonably be understood to be proprietary or confidential regardless of whether such information is specifically designated as proprietary or confidential.

“Franchise Agreement” – The current standard MaxStrength Fitness franchise agreement, together with all standard ancillary documents (including exhibits, addenda, Principal Owner guarantees and other related documents), that we then customarily use in granting franchises for the operation of MaxStrength Fitness Studios.

“Interest” - (a) Any shares, stock, units, membership interests, or partnership interests of Franchisee and any other equitable or legal right in any of Franchisee's stock, revenues, profits, rights or assets; and (b) when referring to Franchisee's rights or assets, your rights under and interest in this Agreement, any MaxStrength Fitness Franchise, and the revenues, profits or assets of any MaxStrength Fitness Franchise.

“Marks” – The current and future trade names, trademarks, service marks and trade dress that are used to identify the services and/or products offered by MaxStrength Fitness Studios in the U.S.A. or anywhere else in the world, including the “MaxStrength Fitness” name, any combined use of the words “MaxStrength” and “Fitness,” or any similar sounding words, logos and marks.

“MSFF Accounting Standards” – The accounting, audit and tax standards, methods, practices and procedures as may be established from time to time by us, in our sole discretion, with respect to, among other things, the maintenance of books and records, and the preparation and presentation of financial information and financial statements, but which shall not be materially inconsistent with generally accepted accounting principles consistently applied and which are utilized by us in connection with our MaxStrength Fitness Studios. In the absence of any particular standard, method, practice or procedure established by us, the term “MSFF Accounting Standards” shall refer to generally accepted accounting principles, consistently applied.

“Operating Partner” – The individual you so designate in Exhibit B and any replacement thereof approved by us.

“Owner” – Each person or entity that has a direct or indirect legal or beneficial ownership interest in you, if you are a business corporation, partnership, limited liability company or other legal entity.

“Principal Owner” – Each Owner with an ownership interest greater than ten percent (10%), if you are a business corporation, partnership, limited liability company or other legal entity.

“Studio” – The MaxStrength Fitness Studio(s) operated by you under a Franchise Agreement.

2. DEVELOPMENT RIGHTS.

2.01 Term of Agreement. Unless sooner terminated in accordance with Section 8, the term of this Agreement (the “Term”) starts on the date hereof and expires on the earlier of the expiration date set forth in Exhibit A or the date upon which Multi-Unit Franchisee opens for operation the cumulative number of MaxStrength Fitness Studios in the Reserved Area (as such term is defined in Section 2.02 hereof) set forth in Exhibit A. You have no right to renew or extend your rights under this Agreement.

2.02 Development Rights. During the Term and provided you and your Affiliates are in compliance with this Agreement (including the Development Schedule defined below) and all other agreements with us or any of our Affiliates (including Franchise Agreements signed pursuant to this Agreement), and subject to the terms, conditions and requirements of this Agreement (including, without limitation, the execution of Franchise Agreements as set forth in Section 3.02 below), we will: (a) grant to you, in accordance with Section 3, up to that cumulative number of franchises for MaxStrength Fitness Studios set forth in Exhibit A, all of which are to be located within the geographic area described in Exhibit A (“the Reserved Area”); and (b) not operate (directly or through an Affiliate), nor grant the right to operate, any MaxStrength Fitness Studio located within the Reserved Area, except for franchises granted pursuant to this Agreement. You are not required to pay a separate development or other fee to acquire these rights; however, you are required to pay certain initial franchise fees in advance pursuant to Section 3.02 below.

2.03 Development Obligations. You must have open and operating in the Reserved Area in accordance with and pursuant to Franchise Agreements, that cumulative number of MaxStrength Fitness Studios set forth in Exhibit A by the corresponding dates set forth therein (“Development Schedule”). Time is of the essence in this Agreement, and any requests by you to extend the Development Schedule may be granted or denied by us for any reason or no reason. Your failure to develop and operate MaxStrength Fitness Studios in accordance with the Development Schedule is a material breach of this Agreement for which we have the right to exercise any and all rights and remedies conferred under this Agreement and applicable law, including the right, in our sole discretion, to terminate the exclusivity of the rights granted under this Agreement, including our undertakings in Section 2.02(b) above. If your right to exclusively develop MaxStrength Fitness Studios is terminated, we shall have the right thereafter to develop and operate, or to allow others to develop and operate, MaxStrength Fitness Studios, and to use, and to allow others to use, the Marks and the System in the Reserved Area, any Studio that you wish to

open thereafter will be subject to any territorial exclusivity granted to such other MaxStrength Fitness Studio(s).

2.04 Our Reservation of Rights. Except as otherwise expressly provided in this Agreement with respect to the Reserved Area, we and all of our Affiliates (and our respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all of our rights and discretion with respect to the Marks, the System and MaxStrength Fitness Studios anywhere in the world, and the right to engage in any business whatsoever, including the right to: (a) operate, and grant to others the right to operate, MaxStrength Fitness Studios at such locations and on such terms and conditions as we deem appropriate; (b) sell any products or services under any trade names, trademarks, service marks or trade dress, including the Marks, through other channels of distribution; and (c) operate, and grant to others the right to operate fitness and wellness-related businesses identified by trade names, trademarks, service marks or trade dress, other than the Marks, pursuant to such terms and conditions as we deem appropriate. We further reserve such rights as retained by us pursuant to the Franchise Agreements.

3. GRANT OF FRANCHISES.

3.01 Site Selection Assistance. We will furnish you with our standard site selection criteria and assistance for MaxStrength Fitness Studios, as we may establish from time to time and as are referenced in the applicable Franchise Agreement. We also will provide such on-site evaluation of sites proposed pursuant hereto as we deem necessary or appropriate. All other obligations of MaxStrength Fitness in relation to the provision of technical, marketing and any other expertise that the Franchise business requires are as set forth in the applicable Franchise Agreement.

3.02 Grant of Studio Franchises. We agree to offer you a franchise to operate the number of MaxStrength Fitness Studios, within the Reserved Area, as set forth on Exhibit A hereto, on the following terms:

- (a) You will submit to us a proposed site for the MaxStrength Fitness Studio, which shall be subject to the site approval provisions in our then current form of Franchise Agreement.
- (b) If we accept a proposed site pursuant to Section 3.02(a), and you have not been in default under this Agreement (including with respect to any other Franchise Agreements entered into under this Agreement), then we agree to offer you a franchise to operate a MaxStrength Fitness Studio franchise at the proposed site by delivering to you our then-current form of Franchise Disclosure Document, which will include our then-current standard Franchise Agreement, together with all standard ancillary documents (including exhibits, Principal Owner guarantees and other related documents).
- (c) The Franchise Agreement and other required ancillary documents must be executed by you and your Principal Owners and returned to us not earlier than ten (10) business days and not later than fifteen (15) business days after we deliver it to you.

If we do not receive the fully executed Franchise Agreement and ancillary documents within the designated timeframes, we may revoke our offer to grant you a franchise to operate a MaxStrength Fitness Studio at the proposed site and may revoke our acceptance of the proposed site.

- (d) The initial franchise fee payable for each MaxStrength Fitness Studio required to be developed by you pursuant to this Agreement shall be as set forth on Exhibit A hereto, payable concurrently with the execution of this Agreement (the “Total Initial Franchise Fee”). You acknowledge and agree that no portion of the Total Initial Franchise Fee shall be refundable for any MaxStrength Fitness Studios that you have failed to develop in accordance with the terms of this Agreement. We agree that payment in full of the Total Initial Franchise Fee as required above will constitute full payment of any Initial Franchise Fee for any franchise covered by this Agreement, even if our then-current Initial Franchise Fee at the time you sign the applicable Franchise Agreement has increased or decreased.
- (e) The Protected Territory of each Studio will be subject to the approval provisions of the applicable Franchise Agreement.
- (f) You agree that you will enter into Franchise Agreements for your first Studio franchise at the same time that we and you execute this Agreement. For additional Studio franchises covered by this Agreement, you will enter into a separate Franchise Agreement, on our then current form, at the time that your Protected Territory for that franchise is agreed upon by you and us.

3.03 Annual Reports. You must furnish us: (a) within ninety (90) days after the end of each calendar year, a consolidated year-end balance sheet and income statement and statement of cash flow for you and all of your Affiliates that develop, own or operate MaxStrength Fitness Studios, all prepared in accordance with MSFF Accounting Standards, and reflecting all year-end adjustments and accruals; and (b) within thirty (30) days of our request, such other information as we may require from time to time, including income tax statements.

4. YOUR ORGANIZATION AND MANAGEMENT.

4.01 Organizational Documents. If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you and each of your Owners represent, warrant and agree that: (a) you are duly organized and validly existing under the laws of your organization; (b) you have the authority to execute and deliver this Agreement and to perform your obligations hereunder; and (c) your activities are restricted to those necessary solely for the development, ownership and operation of MaxStrength Fitness Studios in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates.

4.02 Disclosure of Ownership Interests. You and each of your Owners represent, warrant and agree that Exhibit B is current, complete and accurate. You agree that updated Exhibits B will be furnished promptly to us, so that Exhibit B (as so revised and signed by you) is at all

times current, complete and accurate; provided, however, that we reserve any rights granted herein or in the Franchise to approve or disapprove of any ownership changes, Transfers or changes in the Operating Partner.

4.03 Operating Partner/Management of Business. If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate in Exhibit B as the “Operating Partner” an individual approved by us who must: (a) own and control, or have the right to own and control (subject to terms and conditions reasonably acceptable to us), not less than a 10% interest in your equity; (b) have the authority to bind you regarding all operational decisions with respect to your Studios; and (c) have completed our training program to our satisfaction.

Prior to opening your first Studio, you (or your Operating Partner) and any other personnel who are intended to have, or who actually have, responsibilities for more than one MaxStrength Fitness Studio must complete the appropriate training program to our satisfaction. Thereafter, subsequently hired personnel must complete the appropriate training program to our satisfaction before assuming their position.

5. RELATIONSHIP OF THE PARTIES.

5.01 Independent Contractors. Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence. Franchisor and Multi-Unit Franchisee, as between themselves, are and shall be independent contractors. You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever we have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (a) other reasonable alternative decisions or actions could have been made by us; (b) our decision or the action we take promotes our financial or other individual interest; (c) our decision or the action we take applies differently to you and one or more other franchisees; or (d) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder. IF THE EXERCISE OF MAXSTRENGTH'S DISCRETION AS TO ANY MATTER IS CHALLENGED, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT MAXSTRENGTH'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF MAXSTRENGTH'S DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS

FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose whatsoever. You must conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others as the owner of development rights granted hereunder and must place such other notices of independent ownership on such forms, business cards, stationery, advertising and other materials as we may require from time to time.

You may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in our name or on our behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. We will not be obligated by or have any liability under any agreements made by you with any third party or for any representations made by you to any third party. We will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of your business hereunder.

5.02 Ownership of the Marks. You acknowledge that we own the Marks and that you are not granted the right under this Agreement to use the Marks. Your right to use the Marks arises solely from, and is limited to, Franchise Agreements entered into between you and us. You may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate, legal or other business name (other than in connection with any legally required fictitious or assumed name filings), or with any prefix, suffix or other modifying words, terms, designs or symbols, or with the name or other designation of the metropolitan area or city in which the MaxStrength Fitness Studio is located, or in any other manner (including any Internet related use such as an electronic media identifier, for websites, web pages or domain names) not explicitly authorized in writing by us. You may not at any time during or after the Term contest, or assist any other person or entity in contesting, the validity or ownership of any of the Marks, or apply for the registration of any of the Marks within the Reserved Area or in any other country or jurisdiction in the world..

6. RESTRICTIVE COVENANTS.

6.01 Confidential Information. We will disclose parts of our Confidential Information to you solely for your use in connection with this Agreement. The Confidential Information is proprietary and includes our trade secrets. During the Term and at all times thereafter: (a) you and your Owners may not directly or indirectly use the Confidential Information in any other business or capacity (you acknowledge such use is an unfair method of competition); (b) you and your Owners must maintain the confidentiality of the Confidential Information; (c) you and your Owners may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form; and (d) you and your Owners must implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including the use of nondisclosure agreements with your Owners, officers, directors, Operating Partner, managers, assistant managers, lead bakers and the like, and

you and your Owners must deliver such agreements to us. At the end of the Term, you and your Owners must deliver to us all such Confidential Information in your possession or control, except for such information as you are permitted to retain pursuant to Franchise Agreements then in effect.

6.02 In-Term Covenants. During the Term, neither you nor any of your Owners may, without our consent (which consent may be withheld at our discretion):

- (a) directly or indirectly (such as through a member of his/her or their Immediate Families) own any legal or beneficial interest in, or render services or give advice to: (1) any Competitive Business located anywhere; or (2) any entity located anywhere that grants franchises, licenses or other interests to others to operate any Competitive Business; or
- (b) divert or attempt to divert any business or customer of MaxStrength Fitness Studios to any competitor or do anything injurious or prejudicial to the goodwill associated with the Marks or the System.

For purposes of this Agreement, a “Competitive Business” is one that: (i) offers one-on-one or small group strength, fitness or other physical training services and related products; and/or (ii) offers or sells products or services that are the same as or similar to products and services offered by your or other MaxStrength Studios, either in person or via video or similar media.

6.03 Post-Termination Covenants. For a period of 2 years following the expiration or termination of the Term, or any Transfer of this Agreement or any Franchise Agreement, neither you nor any of your Owners may, without our consent (which consent may be withheld at our discretion):

- (a) directly or indirectly (such as through a member of his/her or their Immediate Families) own any legal or beneficial interest in, or render services or give advice to any Competitive Business located within a 5-mile radius of any MaxStrength Fitness Studio; or
- (b) divert or attempt to divert any business or customer of MaxStrength Fitness Studios to any competitor or do anything injurious or prejudicial to the goodwill associated with the Marks or the System.

6.04 Reasonable Restraints. It is the express intention of the parties hereto to comply with all laws which may be applicable to this Agreement. You acknowledge and agree that a breach of any provision of this Section 6 would cause immediate and irreparable harm to us. Therefore, you acknowledge and agree that the foregoing restraints are fair and reasonable, are required for the protection of our legitimate business interests, and do not impose any undue hardship on you.

6.05 Equitable Remedies. Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance to enforce the provisions of this Agreement relating to your use of the Marks and non-disclosure, non-solicitation, non-disparagement, and non-competition obligations under this Agreement. If we obtain an injunction or order of specific performance, then

you shall pay us an amount equal to the total of our costs of obtaining it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision. You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

7. MULTI-UNIT FRANCHISEE'S RIGHT TO TRANSFER; MAXSTRENGTH FITNESS TRANSFER.

7.01 Franchisor's Approval. You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have entered into this Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your Principal Owners.

- (a) Accordingly, if you Transfer or attempt to Transfer either this Agreement or any part of your interest in it, or any Interest of Franchisee or a Principal Owner, without our advance written approval, you will have breached this Agreement and we will have the right to terminate this Agreement under the terms of Section 8 below. In addition, any attempted Transfer by you of this Agreement or any part of your Interest in it, without our prior consent, is null and void.
- (b) Interests owned by persons other than the Principal Owners ("minority owners") may be Transferred without our advance consent unless the Transfer would give that transferee and any person or group of persons affiliated or having a common interest with the transferee more than a collective twenty percent (20%) Interest in Franchisee, in which case our advance written approval for the Transfer must be obtained. In the event of any minority owner transfer, you will promptly notify us of the change in ownership or Interests. Your formal partnership, corporation, LLC or other formation documents and all stock, partnership, unit or other certificates or other evidence of ownership must recite or bear a legend reflecting the transfer restrictions of this Section 7.
- (c) If you propose to Transfer this Agreement, any Franchise Agreement or the assets of any business operating pursuant to a Franchise Agreement, or any Interest, or if any of your Principal Owners proposes to Transfer a controlling Interest in you or make a Transfer that is one of a series of Transfers which taken together would constitute the Transfer of a controlling Interest in you, then you must apply to us for approval of such Transfer sign such forms and procedures as we have in effect at that time, the person or entity to whom you wish to make the Transfer ("Proposed New Owner") must apply to us for acceptance as a franchisee, and you must submit to us all of the information and documentation required for us to evaluate the proposed Transfer and to confirm that all of the conditions

7.02 Conditions for Approval. If we have not exercised our right of first refusal under Section 7.03, we will not unreasonably withhold consent to a Transfer of an Interest by a Principal Owner to a member of his or her immediate family or to one or more of your key employees, so

long as all Principal Owners together retain not less than 80% of the voting or operational power of Multi-Unit Franchisee, and so long as the Transfer meets all of the reasonable restrictions, requirements and conditions we impose on the transfer, the transferor(s) and/or the transferee(s), including the following:

- (a) in our belief and judgment, the Proposed New Owner must have sufficient business experience, aptitude, and financial resources to operate the Franchise;
- (b) you must pay any amounts owed for purchases from us and our affiliates, and any other amounts owed to us or our affiliates which are unpaid, including any Initial Franchisee Fee, Continuing Franchise Fees, and Advertising Fees;
- (c) the Proposed New Owner's directors and such other personnel as we may designate must have successfully completed our Initial Training program and shall be legally authorized to perform the services offered by the Franchise. The Proposed New Owner shall be responsible for any wages and compensation owed to, and the travel and living expenses (including all transportation costs, room, board and meals) incurred by, the attendees who attend the Initial Training program;
- (d) if your lease requires it, the lessor must have consented to the assignment of the lease of to the Proposed New Owner;
- (e) you must pay us a non-refundable Transfer fee in the amount of \$10,000.00 (per Studio franchise whose ownership or other Interests are affected by such Transfer) concurrently with the execution of the Transfer Agreement, described in paragraph (f) below, and you must reimburse us for any reasonable expenses incurred by us in evaluating and documenting the Transfer to any Proposed New Owner where the Transfer is not consummated for any reason;
- (f) you and your Principal Owners must execute a Transfer Agreement, which will include (i) a general release (in a form satisfactory to us) of any and all claims you and/or they may have against us, our affiliates, and our and our affiliates' respective officers, directors, employees, and agents, (ii) acknowledgment that the restrictive covenants set forth in this Agreement and any applicable Franchise Agreement will survive the Transfer to the extent set forth therein, and (iii) a provision requiring that all obligations of the Proposed New Owner to make installment payments of the purchase price (and any interest on it) to you or your Principal Owners will be subordinate to the obligations of the Proposed New Owner to pay any amounts payable under this Agreement or any new Franchise Agreement that we may require the Proposed New Owner to sign in connection with the Transfer;
- (g) we must approve the material terms and conditions of the proposed Transfer, including without limitation that the price and terms of payment are not so burdensome as to adversely affect the operation of the Franchise;
- (h) any affected Studio location shall have been placed in an attractive, neat and sanitary condition.
- (i) the Franchise shall have been determined by us to contain all equipment and fixtures in good working condition, as were required at the initial opening of the Franchise. The Proposed New Owner shall have agreed, in writing, to make such reasonable capital expenditures to remodel, equip, modernize and redecorate the interior and exterior of the premises in accordance with our then existing plans and specifications for a MaxStrength Fitness Studio franchise, and shall have agreed to pay our

- expenses for plan preparation or review, and site inspection.
- (j) Upon receiving our consent for the Transfer or sale of the Franchise, the Proposed New Owner shall agree to assume all of your obligations under this Agreement in a form acceptable to us, and/or, at our option, shall agree to execute a new Franchise Agreement with us in the form then being used by us. We may, at our option, require that you guarantee the performance, and obligations of the Proposed New Owner.

7.03 Franchisor's Right of First Refusal. If you or a Principal Owner desire to engage in a Transfer, you or the Principal Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the Interest for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Principal Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Principal Owner, as applicable, all customary representations and warranties given by you as the seller of the Interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Principal Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 7.02 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section.

7.04 Death and Disability. Upon the death or permanent disability of you or a Principal Owner, the executor, administrator, conservator or other personal representative of the deceased or disabled person must Transfer the deceased or disabled person's Interest within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, to a person we have approved. Such Transfers, including without limitation transfers by a will or inheritance, will be subject to all the terms and conditions for assignments and Transfers contained in this Agreement. Failure to so dispose of an Interest within the 12-month period of time will constitute grounds for termination of this Agreement.

7.05 Effect of Consent to Transfer. Our consent to a proposed Transfer pursuant to this Section 7 will not constitute a waiver of any claims we may have against you or any Principal Owner, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner. Unless otherwise specified in writing, you will be subject to all post-Transfer/post-termination obligations set forth in this Agreement.

7.06 Transfer by MaxStrength Fitness. We reserve the right to be acquired (whether through acquisition of assets, or equity interests or otherwise, regardless of the form of transaction) by, or and to assign this Agreement and our rights and obligations under this Agreement to, any person, business or entity, including those providing products and services similar to those provided by Studios even if that business or entity operates, franchises, or licenses competitive businesses in the Reserved Area.

8. TERMINATION OF THE AGREEMENT.

8.01 Immediate Termination. You are in material breach of this Agreement, and this Agreement will automatically terminate without notice, at our discretion, if: (a) you become insolvent by reason of your inability to pay your debts as they mature; if you are adjudicated bankrupt or insolvent; (b) you file a petition in bankruptcy, reorganization or similar proceeding under applicable bankruptcy laws or have such a petition filed against you, which is not discharged within thirty (30) days; (c) a receiver or other custodian, permanent or temporary, is appointed for your business, assets or property; (d) you request the appointment of a receiver or make a general assignment for the benefit of creditors; (e) a final judgment against you in the amount of \$100,000.00) or more remains unsatisfied of record for thirty (30) days or longer; (f) your bank accounts, property or accounts receivable are attached; (g) execution is levied against your business or property; (h) if suit is filed to foreclose any lien or mortgage against any of your assets and such suit is not dismissed within thirty (30) days; or (i) you voluntarily dissolve or liquidate or have a petition filed for corporate or partnership dissolution and such petition is not dismissed within thirty (30) days.

8.02 Termination Upon Notice. In addition to our right to terminate pursuant to other provisions of this Agreement or under applicable law, we may terminate this Agreement, effective upon delivery of notice of termination to you if you or any of your Principal Owners or Affiliates:

- (a) make an unauthorized Transfer or fail to Transfer your Interests to us pursuant to our exercise of our right of first refusal;
- (b) make any material misstatement or omission in any written information provided to us;
- (c) are convicted of, or plead no contest to, a felony or other crime or offense that we reasonably believe may adversely affect the System or the goodwill associated with the Marks;
- (d) make any unauthorized use or disclosure of the Confidential Information;
- (e) fail to comply with any other provision of this Agreement and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you; or
- (f) are in breach of any Franchise Agreement such that we have the right to terminate the Franchise Agreement, whether or not we elect to exercise our right to terminate the Franchise Agreement.

The Total Initial Franchise Fee shall be fully earned by us upon execution of this Agreement for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the rights granted to you herein. We have no obligation whatsoever to refund any portion of the Total Initial Franchise Fee upon any termination made in accordance with the terms of this Agreement.

9. **DISPUTE RESOLUTION.**

9.01 **Arbitration.**

(a) **Agreement to Arbitrate.** Except insofar as we elect to seek temporary or permanent injunctive relief as provided above, all controversies, disputes or claims arising between us, our affiliates, and our and their respective owners, officers, directors, agents, and employees (in their representative capacity) and you (and your Principal Owners and guarantors) arising out of or related to: (1) this Agreement, any provision thereof, or any related agreement (except for any lease or sublease with us or any of our affiliates); (2) the relationship of the parties hereto; (3) the validity of this Agreement or any related agreement, or any provision thereof; or (4) any specification, standard or operating procedure relating to the establishment or operation of the Franchise, shall be submitted for arbitration to be administered by the office of the American Arbitration Association.

(b) **Place and Procedure.** Such arbitration proceedings shall be conducted in Cuyahoga County, Ohio, and, except as otherwise provided in this Agreement, shall be conducted in accordance with then current commercial arbitration rules of the American Arbitration Association, and the arbitration hearing shall be conducted before a single arbitrator, not a panel.

(c) **Costs of Arbitration.** You and we acknowledge and agree that neither party shall be permitted to bring or maintain any actions, claims or counter-claims against the other party in any arbitration proceeding unless the party asserting such action, claim or counterclaim timely pays all costs and fees charged to it by the American Arbitration Association and one-half of all charges and fees of the designated arbitrator for the proceeding, as and when billed. In the event a party fails to pay all costs and fees charged to it by the American Arbitration Association and one-half of all charges and fees of the designated arbitrator for the proceeding, as and when billed, the arbitrator is directed to dismiss any actions, claims or counter-claims brought by such party in the arbitration and assess such charges and fees against the non-paying party in any award issued in the proceeding.

(d) **Awards and Decisions.** The arbitrator shall have the right to award or include in his award any relief that he or she deems proper in the circumstances, including without limitation, money damages (specifically including liquidated damages provided for herein), with interest on unpaid amounts from date due, specific performance, injunctive relief (including permanent, temporary and preliminary injunctive relief), attorneys' fees, and costs. The award and decision of the arbitrator shall be conclusive and binding on all parties to this agreement, and judgment on the award may be entered in any court of competent jurisdiction, and each such party waives any right to contest the validity or enforceability of such award.

(e) **Arbitration Discovery.** Discovery under the arbitration will be limited to the following for each side: (i) three depositions totaling 12 hours; (ii) six interrogatories each consisting of no more than 12 questions (with no subparts); and (iii) three document requests. The discovery may also be limited in any other manner as specified

by the arbitrator, who will limit discovery to the greatest extent possible consistent with basic fairness.

(f) **Survival; Third Parties.** The provisions of this Section are intended to benefit and limit third party non-signatories so that they are bound hereby, and will continue in full force and effect subsequent to, and notwithstanding expiration or termination of, this Agreement.

(g) **No Class Action or Consolidation.** You and we agree that any such arbitration shall be conducted on an individual, not a joint or class-wide basis, and shall not be consolidated with any other arbitration proceeding.

(h) **Internal Mediation Prior to Arbitration.** Except insofar as we elect to seek temporary or permanent injunctive relief, before either party commences an arbitration under this Section, the parties agree that, as a condition precedent to the filing or commencement of any arbitration, they will attempt to resolve any dispute through internal mediation between the parties to be conducted in a mutually agreeable location or, if no such location is agreed upon within 10 days after a request for mediation, then at our corporate headquarters. In the event that no settlement or resolution between the parties can be reached through internal mediation within thirty (30) days following the date on which a written request for internal mediation is made by any party, such dispute shall be submitted for arbitration pursuant to this Section. “Internal mediation” shall consist of, among other things, the parties having reasonable business discussions, whether by telephone or in person, concerning the dispute and means of resolving the same.

9.02 Waiver of Certain Damages and Jury Trial; Limitations of Actions. You hereby waive to the fullest extent permitted by law, any right to or claim for any indirect, special, consequential, incidental, punitive, exemplary, or treble damages, and other forms of multiple damages, against us, including without limitation, any economic loss, property damage, physical injury, or lost profits arising out of this Agreement, your use of the Marks, the System, or your inability to use the Marks or the System, regardless of whether arising under breach of contract, warranty, tort, strict liability, or any other legal or equitable theory or claim, even if such loss or damage could have been reasonably foreseen. Further, you agree that, except to the extent provided to the contrary in this Agreement, in the event of a dispute between you and us, you will be limited to the recovery of any actual and direct damages sustained by you. You and we irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either you or us.

9.03 Governing Law/Consent to Jurisdiction. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except that all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in Section 17.9 which will be governed by the United States Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law relating to arbitration, this Agreement will be governed by the internal laws of the State of Ohio (without reference to its choice of law and conflict of law rules), except that the provisions of any Ohio law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Section. You agree that the venue for any action arising out of or

relating to this Agreement (which is not required to be arbitrated hereunder or as to which arbitration is waived) shall be in any state or federal court of general jurisdiction in Cuyahoga County, Ohio, unless otherwise mutually agreed by the parties in writing, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

9.04 Survival. The provisions of this Section 9 shall continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement.

10. MISCELLANEOUS.

10.01 Amendment or Modification. This Agreement may not be amended or modified except by a written agreement that specifically references this Agreement and is signed by each of the parties hereto.

10.02 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, representations and discussions of the parties, whether oral or written, express or implied. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.

10.03 Assignments by MaxStrength Fitness. Multi-Unit Franchisee acknowledges that we may assign any of our rights or benefits or delegate any of our duties, obligations or liabilities under this Agreement without the prior consent of Multi-Unit Franchisee.

10.04 Successors and Assigns. This Agreement will apply to, be binding in all respects upon, and inure to the benefit of the heirs, executors, trustees, guardians, personal representatives, successors and permitted assigns of the parties.

10.05 No Third Party Rights. Nothing expressed or referred to in this Agreement will be construed to give any person or entity other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their respective successors and permitted assigns.

10.06 Remedies. The rights and remedies provided by this Agreement are cumulative and the use or election of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. The rights and remedies provided for herein are in addition to any other rights the parties may have by law, statute, ordinance, principles of equity or otherwise.

10.07 Waiver. Neither the failure nor any delay by any party in exercising any right, power or privilege under this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver shall be effective unless made in writing and signed by the party against whom the waiver is sought to be enforced.

10.08 Severability. The provisions of this Agreement are severable, and if any provision should, for any reason, be held invalid or unenforceable in any respect, it will not invalidate, render unenforceable or otherwise affect any other provision, and such invalid or unenforceable provision will be construed by limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law.

10.09 Construction. The headings of Sections and/or Articles in this Agreement are provided for convenience only and will not affect its construction or interpretation. As used in this Agreement, the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular paragraph, subparagraph or other subdivision. All terms contained herein shall be construed, whenever the context of this Agreement requires, so that the singular includes the plural and so that the masculine includes the feminine. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms. Each of the parties hereto, after appropriate consultation with counsel, has participated in drafting this Agreement and, therefore, the language of this Agreement will not be preemptively construed against any of the parties hereto.

10.10 Notices. All notices and other communications hereunder will be in writing and will be sent either by (a) certified mail, postage prepaid, return receipt requested; (b) an overnight express courier service that provides written confirmation of delivery; or (c) email with written confirmation, addressed as follows:

If to: MaxStrength Fitness Franchising, LLC
2211 Crocker Road #120
Westlake, Ohio 44145
Attn: Jeff Tomaszewski
Email:jeff@MaxStrengthFitness.com

If to: Multi-Unit Franchisee

Attn:
Email:

Any party may change its address for receiving notice by giving notice of a new address in the manner provided herein. Any notice given under this section, will be deemed to be delivered on the third business day after the same is deposited in the United States Mail, on the next business day if sent by overnight courier, or on the same business day if sent by facsimile before the close of business of the recipient, or the next day, if sent by facsimile after the close of business of business of the recipient.

10.11 Counterparts. This Agreement may be executed in one or more counterparts, including by facsimile, email or electronic signature or as included in an Adobe PDF or other electronic file, each of which shall be an original and all of which together shall constitute one and

the same agreement. The execution of counterparts shall not be deemed to constitute delivery of this Agreement by any party until all of the parties have executed and delivered their respective counterparts.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

FRANCHISOR

MULTI-UNIT FRANCHISEE

**MAXSTRENGTH FITNESS
FRANCHISING, LLC**

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT A

**TO THE MULTI-UNIT AGREEMENT BETWEEN
MAXSTRENGTH FITNESS FRANCHISING, LLC
AND**

DATED _____

1. Term. The Term expires on _____.
2. Total Initial Franchise Fee. The Total Initial Franchise Fee shall be \$_____, which relates to ___ MaxStrength Fitness Studio franchisees.
3. Reserved Area. The Reserved Area is the geographic area described as follows:

Political boundaries described above shall be considered fixed as of the date of this Agreement and shall not change for the purpose hereof, notwithstanding a political reorganization or change to such boundaries or regions. All street boundaries shall be deemed to end at the street center line unless otherwise specified above.

3.1 Development Schedule. You must have open and in operation in the Reserved Area, pursuant to Franchise Agreements, that cumulative number of MaxStrength Fitness Studios set forth below as of each of the following dates:

<u>Cumulative Number of MaxStrength Fitness Studios</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

For purposes hereof, a Studio shall be deemed to be open and in operation when all of the foregoing are satisfied: (1) you and we have signed a Franchise Agreement, (2) all pre-opening requirements set forth in the Franchise Agreement have been satisfied, (3) the Studio is not then in default under the terms of the applicable Franchise Agreement, and (4) the Studio is open for business to the public.

EXHIBIT A
(continued)

FRANCHISOR

MULTI-UNIT FRANCHISEE

**MAXSTRENGTH FITNESS
FRANCHISING, LLC**

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT B

**TO THE MULTI-UNIT AGREEMENT BETWEEN
MAXSTRENGTH FITNESS FRANCHISING, LLC
AND**

DATED _____

1. Operating Partner. The name and home address of the Operating Partner is as follows:

2. Form of Entity of Multi-Unit Franchisee.

(a) Multi-Unit Franchisee was organized on _____ under the laws of _____ . It has not conducted business under any name other than its corporate or company name. The following is a list of all of Multi-Unit Franchisee's directors and officers or managing members as of _____ .

Name of Each Director/Officer/Managing Member

Position(s) Held

3. Owners. Multi-Unit Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Multi-Unit Franchisee, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Multi-Unit Franchisee, as of _____. Multi-Unit Franchisee and each Owner as to his/her ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his/her ownership interest in Multi-Unit Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address

Percentage and Nature of Ownership Interest

[Continued Signatures from Previous Page]

EXHIBIT I

MULTI-STATE ADDENDA AND RIDERS

CALIFORNIA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA

Additional Disclosures Required in California

Registration of this franchise with the Commissioner of the Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.

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

Section 31125 of the California Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

With respect to the disclosures in Item 3 of the Disclosure Document, neither MaxStrength Fitness Franchising LLC, nor any person identified in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et. seq.*, suspending or expelling such persons from membership in that association or exchange.

With respect to the disclosures in Item 5 of the Disclosure Document, the Commissioner of the Department of Financial Protection and Innovation requires us to defer payment of the Initial Franchise Fee until: (a) MaxStrength Fitness Franchising LLC has completed its pre-opening obligations under the Franchise Agreement, and (b) the franchisee is open for business.

With respect to the information disclosed in Item 17 of the Disclosure Document:

- (i) California Business and Professions Code Sections 20000 and 20043 provide rights to the franchisee concerning termination and non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
- (ii) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 *et seq.*).
- (iii) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

- (iv) The Franchise Agreement requires binding arbitration. The arbitration will occur in Cuyahoga County, Ohio, with the costs being borne by the losing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
- (v) The Franchise Agreement requires application of the laws of the State of Ohio. This provision may not be enforceable under California law.
- (vi) You must sign a general release of claims if you transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 through 31516). Business and Professions Code Section 30010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
- (vii) The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Our website addresses are www.MaxStrengthFitness.com and www.MaxStrengthFitnessFranchise.com. OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

With respect to the disclosures in Item 19, and pursuant to Cal. Code Regs. tit. 10, § 310.114.1, MaxStrength Fitness hereby supplemented as follows:

THE EARNINGS CLAIMS FIGURE(S) DOES (DO) NOT REFLECT THE COSTS OF SALES, OPERATING EXPENSES, OR OTHER COSTS OR EXPENSES THAT MUST BE DEDUCTED FROM THE GROSS REVENUE OR GROSS SALES FIGURES TO OBTAIN YOUR NET INCOME OR PROFIT. YOU SHOULD CONDUCT AN INDEPENDENT INVESTIGATION OF THE COSTS AND EXPENSES YOU WILL INCUR IN OPERATING YOUR (FRANCHISED BUSINESS). FRANCHISEES OR FORMER FRANCHISEES, LISTED IN THE DISCLOSURE DOCUMENT, MAY BE ONE SOURCE OF THIS INFORMATION.

MAXSTRENGTH FITNESS FRANCHISING, LLC

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (the “Addendum”) is made and entered into this _____ day of _____, 20__, by and between MaxStrength Fitness Franchising LLC, an Ohio limited liability company (“Franchisor”), and _____, a _____ corporation/limited liability company/partnership (circle one), (“Franchise Owner”) (collectively, Franchisor and Franchise Owner are referred to hereinafter as the “Parties”), and is attached to and made part of that certain Franchise Agreement, dated _____, 20__, (the “Agreement”) between the Parties, and is to evidence that, in consideration of the mutual agreements contained herein and other valuable consideration, the parties hereby agree as follows:

1. The California Commissioner of the Department of Financial Protection and Innovation requires Franchisor to defer payment of the Initial Franchise Fee and other initial payments owed by Franchise Owner to Franchisor until: (a) Franchisor has completed its pre-opening obligations under the Agreement, and (b) Franchise Owner is open for business. As such, Section 6.1 of the Franchise Agreement is hereby amended to include the following: Notwithstanding the forgoing, payment of the Initial Franchise Fee is deferred until MaxStrength has satisfied its pre-opening obligations to the Franchisee (as set forth in Sections 2.3, 3.1, 3.2, 4.2, 5.1, 5.2, and 11.1 of this Agreement).

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Addendum as of the day and year first above written.

FRANCHISOR:

MAXSTRENGTH FITNESS FRANCHISING LLC,
AN OHIO LIMITED LIABILITY COMPANY

BY: _____

TITLE: _____

FRANCHISE OWNER: _____

BY: _____

TITLE: _____

INDIANA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF INDIANA

Additional Disclosures Required in Indiana

With respect to the information disclosed in Item 8 of the Disclosure Document:

- a. Indiana Code (“IC”) Section 23-2-2.7-1(1) prohibits us from requiring you (if you are a resident of Indiana or a non-resident who will operate a franchise in Indiana) to purchase goods, supplies, inventories, or services exclusively from us or sources designated by us where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by us. However, the (i) publication by us of a list of approved suppliers of goods, supplies, inventories, or services, (ii) the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by us, and/or (iii) our reasonable right to disapprove a supplier does not constitute designation of a source. This above prohibition does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by us.
- b. IC Sections 23-2-2.7-1(4) and 23-2-2.7-2(6) prohibit us from obtaining money, goods, services, or any other benefit from any other person with whom you do business, on account of, or in relation to, the transaction between you and the other person, other than for compensation for services rendered by us, unless the benefit is promptly accounted for and transmitted to you.

With respect to the advertising-related information disclosed in Item 11 of the Disclosure Document, IC Section 23-2-2.7-1(11) prohibits us from requiring you to participate in any (i) advertising campaign or contest, (ii) promotional campaign, (iii) promotional materials, or (iv) display decorations or materials, at an expense that is indeterminate, determined by a third party, or determined by a formula, unless your Franchise Agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that you may be required to pay.

With respect to the information disclosed in Item 17 of the Disclosure Document:

- a. IC 23-2-2.7-1(5) prohibits us from requiring you to prospectively assign to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability imposed by the Indiana Franchise Act.
- b. IC section 23-2-2.7-1(7) prohibits the Franchise Agreement from permitting unilateral termination of your franchise if termination is without good cause or in bad faith. Good cause within the meaning of this paragraph includes any material violation of the Franchise Agreement.

- c. IC section 23-2-2.7-1(8) prohibits us from failing to renew your Franchise Agreement without good cause or in bad faith. This provision does not prohibit your Franchise Agreement from providing that it is not renewable upon expiration, or that renewal is conditioned upon your meeting certain conditions specified in the Franchise Agreement.
- d. IC section 23-2-2.7-1(9) prohibits us from requiring you to covenant not to compete with us for a period longer than three (3) years or in an area greater than the exclusive area granted by your Franchise Agreement.
- e. IC section 23-2-2.7-1(10) prohibits the Franchise Agreement from limiting litigation brought for breach of the Agreement in any manner whatsoever.
- f. The choice of law provisions of the Disclosure Document and Franchise Agreement, are subject to the superseding provisions of IC sections 23-2-2.5 and 23-2-2.7.

ILLINOIS

Additional Disclosures Required in Illinois

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

In conformance with Section 15 of the Illinois Franchise Disclosure Act and Section 200.500 of the Illinois Administrative Rules promulgated thereunder, due to the Franchisor's financial condition, the Illinois Attorney General has required Franchisor to assure its financial capability by posting a surety bond pursuant to Section 200.505 of the Rules.

MAXSTRENGTH FITNESS FRANCHISING, LLC

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (the “Addendum”) is made and entered into this _____ day of _____, 20__, by and between MaxStrength Fitness Franchising LLC, an Ohio limited liability company (“Franchisor”), and _____, a _____ corporation/limited liability company/partnership (circle one), (“Franchise Owner”) (collectively, Franchisor and Franchise Owner are referred to hereinafter as the “Parties”), and is attached to and made part of that certain Franchise Agreement, dated _____, 20__, (the “Agreement”) between the Parties, and is to evidence that, in consideration of the mutual agreements contained herein and other valuable consideration, the parties hereby agree as follows:

1. Illinois law governs the Agreement.
2. In confirmance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. The Illinois Attorney General has required Franchisor to assure its financial capability by posting a surety bond pursuant to Section 200.505 of the Illinois Administrative Rules and in conformance with Section 15 of the Illinois Franchise Disclosure Act.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Addendum as of the day and year first above written.

FRANCHISOR:

MAXSTRENGTH FITNESS FRANCHISING LLC,
AN OHIO LIMITED LIABILITY COMPANY

BY: _____
TITLE: _____

FRANCHISE OWNER: _____

BY: _____
TITLE: _____

MARYLAND

Additional Disclosures Required in Maryland

With respect to the information disclosed in Item 17 of the Disclosure Document:

a) The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 *et seq.*).

b) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

c) Any limitation of claims provision(s) in the Franchise Agreement shall not act to reduce the 3-year statute of limitations afforded to you for bringing a claim 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 to you.

d) The Franchise Agreement requires you to arbitrate with us and sue us only in Ohio. Subject to your arbitration obligation, Maryland law allows you to still file a civil lawsuit in Maryland alleging a violation of the Maryland Franchise Registration and Disclosure Law.

**MAXSTRENGTH FITNESS FRANCHISING LLC
MARYLAND ADDENDUM TO FRANCHISE AGREEMENT**

THIS ADDENDUM TO FRANCHISE AGREEMENT (the “**Addendum**”) is made and entered into this _____ day of _____, 20___, by and between MaxStrength Fitness Franchising LLC, an Ohio corporation (“**Franchisor**”), and _____, a _____ corporation/limited liability company/partnership (circle one), (“**Franchise Owner**”) (collectively, Franchisor and Franchise Owner are referred to hereinafter as the “**Parties**”), and is attached to and made part of that certain Franchise Agreement dated _____, 20___, (the “**Agreement**”) between the Parties.

WITNESSETH

WHEREAS, Articles 2.4(c) and 14.5(f) of the Agreement require Franchise Owner and its Principal Owners (as defined in Section 1 of the Franchise Agreement) to sign, in favor of Franchisor, its officers, directors, agents, and employees, and its affiliates and their officers, directors, agents, and employees, as a condition to renew or Transfer (as defined in Section 14.4 of the Agreement) the Agreement, a release from liability of all claims that Franchise Owner and its Principal Owners may have against Franchisor, its officers, directors, agents, and employees, and its affiliates and their officers, directors, agents, and employees; and

WHEREAS, Md. Code, Business Regulation Art., § 14-226 states that “as a condition of the sale of a franchise, a franchisor may not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability” under the Maryland Franchise Registration and Disclosure Law (the “**Law**”); and corresponding Maryland state regulations require a franchisor to amend its franchise agreement and disclosure document to clarify that the franchisor may not require a franchisee to sign anything that waives or releases the franchisor from liability for claims that may arise under the Law; and

WHEREAS, Section 14-226 of the Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise; and

WHEREAS, the Parties desire to amend the Agreement to comply with the requirements of the Law and its corresponding regulations.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:

1. Articles 2.4(c) of the Agreement is hereby amended to require Franchise Owner, its Principal Owners, and their respective spouses, to sign, as a condition to renew this Agreement, and Article 14.5(f) of the Agreement is hereby amended to require Franchise Owner, its owners, and their respective spouses to sign, as a condition to Transfer the Agreement, a general release in favor of Franchisor and its officers, directors, agents, and employees, from liability for all claims that that Franchise Owner, its owners, and their respective spouses may have against Franchisor,

its officers, directors, agents, or employees, and/or Franchisor's affiliates and their respective officers, directors, agents, and employees, whether under the Agreement or any other agreement, except those claims or any liability arising under the Law.

2. Any limitations of claim provision of the Agreement or any release or agreement signed by Franchise Owner pursuant to the Agreement shall not act to reduce or limit the three (3) year statute of limitations afforded under the Law to a franchisee for bringing a claim arising under the Law. Franchise Owner acknowledges and agrees that any claim by Franchise Owner arising under the Law must be brought within three (3) years after the grant of the franchise to Franchise Owner by Franchisor.

3. With respect to any provision of the Agreement that requires Franchisee to disclaim the occurrence and/or acknowledge the non-occurrence of an act that would constitute a violation of the Law in order to purchase the Franchise, such representations and acknowledgements shall not be intended, nor shall they act, as a release, estoppel, or waiver of any liability incurred under the Law.

4. With respect to any provision of the Agreement that requires Franchisee to arbitrate and file a lawsuit only in the State of Ohio, Franchisee is still permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Signature Page Follows

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Addendum as of the day and year first above written.

FRANCHISOR:

MaxStrength Fitness Franchising LLC,
an Ohio limited liability company,

By: _____
Title: _____

FRANCHISE OWNER:

By: _____
Title: _____

MICHIGAN

See State Addenda for the State of Michigan located after the cover page of the Franchise Disclosure Document.

MINNESOTA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA

Additional Disclosures Required in Minnesota

The following information is added to the cover page of the Franchise Disclosure Document:
THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

With respect to the disclosure in Item 6 of the Disclosure Document regarding returned check fees, Minn. Stat. § 604.113 places a cap of \$30.00 on service charges for dishonored checks. Accordingly, Item 6 of the Disclosure Document and Section 6.5 of the Franchise Agreement are hereby amended to modify all provisions regarding returned check fees and such provisions are replaced with a cap of \$30.00 on fees charged with respect to franchises governed by Minnesota law.

With respect to the disclosures in Items 6 and 17 of the Disclosure Document, regarding termination fees, Minn. Rule 2860.4400J prohibits termination fees. Accordingly, Items 6 and 17 of the Disclosure Document and Section 15 of the Franchise Agreement are hereby amended to remove all provisions regarding termination fees with respect to franchises governed by Minnesota law.

With respect to the disclosures in Item 13 of the Disclosure Document, the Disclosure Document and the Franchise Agreement state that we have discretion to control any litigation or other proceeding arising out of any actual or alleged infringement, challenging, or claim relating to any Mark, and that we will (i) indemnify you against all damages for which you are held liable in any trademark infringement proceeding arising out of your use of any Mark under and in compliance with your Franchise Agreement; and (ii) reimburse for all costs you reasonable incur

in defending the claim; however, you must have timely notified us of the claim, and complied with your Franchise Agreement. Minnesota law requires that the Disclosure Document and Franchise Agreement must state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, and/or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the same.

With respect to the disclosures in Item 17 of the Disclosure Document

- (i) The Disclosure Document and Franchise Agreement provisions name Ohio law as the governing law, and Ohio as the choice of forum and jurisdiction and venue. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation arising from claims under Minnesota franchise laws (Minn. Stat. §§80C.01 through 80C.22) to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- (ii) With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. § 80C.14, subs. 3, 4, and 5, which require, except in certain specified cases, (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure), and 180 days' notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of a franchise will not be unreasonably withheld whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees by us.
- (iii) Minn. Rule Part 2860.4400J prohibits you from waiving your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- (iv) The Disclosure Document and Franchise Agreement state that you must sign in favor of us, officers, directors, agents, and employees, and our affiliates and their officers, directors, agents, and employees, as a condition to renew or transfer your franchise, a release from liability of all claims that you may have against us, our officers, directors, agents, employees, or our affiliates or their officers, directors, agents, and employees, as a condition to renew or transfer your franchise, a release from liability of all claims that you may have against us and/or our officers, directors, agents, and employees under the Franchise Agreement or any other agreement. Minnesota Rule part 2860.4400D prohibits requiring a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by the Minnesota Franchise Law, provided that this rule shall not bar the voluntary settlement of disputes. Accordingly, Item 17 of the Disclosure Document and Sections 2.4(c) and 14.5(f) of the Franchise Agreement are hereby revised to exclude any claims arising under the Minnesota Franchise law from any general release of liability that you or may be required to sign in favor of us, our directors, officers, agents, and employees, and our affiliates and their directors,

officers, agents, and employees, as a condition to renew the Franchise Agreement, or transfer the Franchise Agreement.

- (v) Any limitation on claims period must comply with Minnesota Statute 80C.17 Subd. 5. As such, Section 17.10 of the Franchise Agreement are revised to change the limitation of claims period from two (2) years to three (3) years.

MAXSTRENGTH FITNESS FRANCHISING LLC

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (the “Addendum”) is made and entered into this _____ day of _____, 20__, by and between MaxStrength Fitness Franchising LLC, an Ohio limited liability company (“**Franchisor**”), and _____, a _____ corporation/limited liability company/partnership (circle one) (“**Franchise Owner**”) (collectively, Franchisor and Franchise Owner are referred to hereinafter as the “**Parties**”), and is attached to and made part of that certain Franchise Agreement dated _____, 20__, (the “**Agreement**”) between the Parties.

A. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation from claims arising under Minnesota franchise laws (Minn. Stat. §§80C.01 through 80C.22) to be conducted outside Minnesota, requiring a waiver of jury trial, and prohibits Franchisor from requiring the Franchise Owner to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Agreement or Franchise Disclosure Document can abrogate or reduce any of Franchise Owner’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchise Owner’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

B. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. § 80C.14, subs. 3, 4, and 5, which require, except in certain specified cases, that (1) Franchise Owner be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one-hundred eighty (180) days’ notice for non-renewal of the Agreement and (2) consent to the transfer of a franchise by Franchise Owner will not be unreasonably withheld whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees by us.

C. Minnesota considers it unfair to not protect Franchise Owner’s right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). Franchisor will protect Franchise Owner’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols, and/or indemnify Franchise Owner from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the same.

D. Minnesota Rules 2860.4400(D) prohibits Franchisor from requiring Franchise Owner to assent to a general release. Articles 2.4(c) and 14.5(f) of the Agreement require Franchise Owner and its Principal Owners (as defined in Section 1 of the Franchise Agreement) to sign, in favor of Franchisor, its officers, directors, agents, and employees, and its affiliates and their officers, directors, agents, and employees, as a condition to renew or Transfer (as defined in Section 14.4 of the Agreement) the Agreement, a release from liability of all claims that Franchise Owner and its Principal Owners may have against Franchisor, its officers, directors, agents, and employees, and its affiliates and their officers, directors, agents, and employees. Specifically, Minn. Rule 2860.4400D prohibits a franchisor from requiring a prospective franchisee agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability imposed by Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22 (the “**Minnesota Franchise Law**”). Accordingly, (1) Article 2.4(c) of the Agreement is hereby amended to require

Franchise Owner and its Principal Owners to sign as a condition to renew this Agreement, and (2) Article 14.5(f) of the Agreement is hereby amended to require Franchise Owner and its Principal Owners to sign, as a condition to Transfer the Agreement: a general release from liability for any and all claims that that Franchise Owner and its Principal Owners may have against Franchisor, its officers, directors, agents, or employees, and Franchisor's affiliates or their officers, directors, agents, or employees, except those claims arising under the Minnesota Franchise Law.

E. Section 6.5 of the Agreement is hereby amended to remove the fee of \$100.00 which we may impose due to any payment by check that is not honored by the bank upon which it is drawn and such fee is hereby replaced with a maximum fee of \$30.00, pursuant to Minn. Stat. § 604.113.

F. Section 15 of the Agreement requires Franchisee to pay to the Franchisor a termination fee in the event that the Agreement is terminated for any reason set forth in the Agreement. However, Minn. Rule 2860.4400J prohibits termination fees. Accordingly, Section 15 of the Agreement is hereby amended to remove all provisions regarding termination fees with respect to franchises governed by Minnesota law.

G. Section 17.10 of the Agreement requires the Parties to waive the right to a jury trial, and states that, except for certain claims arising from Franchisee's breach of certain obligations under the Agreement, any and all claims arising out of or related to the Agreement or the relationship between Franchisor and Franchisee shall be barred, by express agreement of the Parties, unless an action or proceeding is commenced within two (2) years from the date the cause of action accrues. However, Minn. Rule 2860.4400J prohibits waiver of a jury trial, and Minnesota Franchise Law provides for a limitation of actions period of three (3) years. Accordingly, Section 17.10 of the Agreement is hereby amended to delete all provisions regarding waiver of a jury trial by Franchisor or Franchise Owner, and to change the limitation of claims period from two (2) years to three (3) years.

Signature

Page

Follows

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Addendum as of the day and year first above written.

FRANCHISOR:

MaxStrength Fitness Franchising LLC,
an Ohio limited liability company,

By: _____
Title: _____

FRANCHISE OWNER:

By: _____
Title: _____

NEW YORK

Additional Disclosures Required in New York

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

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

subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

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

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

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

RHODE ISLAND

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND**

Additional Disclosures Required in Rhode Island

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision of a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.”

VIRGINIA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR THE COMMONWEALTH OF VIRGINIA

Virginia requires that the following risks be highlighted concerning this Franchise:

1. **Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$286,347-\$468,197. This amount exceeds the franchisor's stockholders equity as of December 31, 2022, which is \$27,416.

Additional Disclosures Required in Virginia

With respect to the disclosures in Item 17 of the Disclosure Document, the following provision applies for franchises in Virginia:

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 do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON

Additional Disclosures Required in Washington

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Item 6 of the Franchise Disclosure Document, regarding the Termination Fee, is revised to state that the liquidated damages will only equal the Continuing Franchise Fee, multiplied by the number of months remaining in your franchise term or thirty-six (36) months, whichever is shorter, discounted by a present value discount factor of five percent (5%), for Washington franchisees.

Item 17(d) of the Franchise Disclosure Document, regarding termination by a franchisee of a franchise agreement – is revised to state that such provision is subject to Washington law.

Items 17(q) and (r) of the Franchise Disclosure Document, regarding non-competition covenants during and after the term of the franchise, is revised to state that such provisions are subject to Washington law.

The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

MAXSTRENGTH FITNESS FRANCHISING LLC

**WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT, DISCLOSURE
QUESTIONNAIRE, AND RELATED AGREEMENTS**

THIS ADDENDUM TO FRANCHISE AGREEMENT, DISCLOSURE QUESTIONNAIRE, AND RELATED AGREEMENTS (the “**Addendum**”) is made and entered into this _____ day of _____, 20__, by and between MaxStrength Fitness Franchising LLC, an Ohio limited liability company (“**Franchisor**”), and _____, a _____ corporation/limited liability company/partnership (circle one), (“**Franchise Owner**”) (collectively, Franchisor and Franchise Owner are referred to hereinafter as the “**Parties**”), and is attached to and made part of that certain Franchise Agreement dated _____, 20__, (the “**Agreement**”) between the Parties.

A. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

B. RCW 19.100.180 may supersede the Agreement including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the Agreement including the areas of termination and renewal of the franchise.

C. Section 1.3 of the Agreement is deleted in its entirety and shall be of no force and effect for Washington franchisees.

D. Section 15.3 of the Agreement is revised to state that the liquidated damages shall only equal the Continuing Franchise Fee, multiplied by the number of months remaining in Term of the Agreement or thirty-six (36) months, whichever is shorter, discounted by a present value discount factor of five percent (5%), for Washington franchisees.

E. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Agreement, the Franchise Owner may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

F. A release or waiver of rights executed by Franchise Owner may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

G. Transfer fees are collectable to the extent that they reflect Franchisor’s reasonable estimated or actual costs in effecting a transfer.

H. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of Franchise Owner, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of Franchise Owner under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

I. RCW 49.62.060 prohibits Franchisor from restricting, restraining, or prohibiting Franchise Owner from (i) soliciting or hiring any employee of a franchisee of the same Franchisor or (ii) soliciting or hiring any employee of the Franchisor. As a result, any such provisions contained in the Agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Addendum as of the day and year first above written.

FRANCHISOR:

MAXSTRENGTH FITNESS FRANCHISING LLC,
an Ohio limited liability company

By: _____
Title: _____

FRANCHISE OWNER:

By: _____
Title: _____

EXHIBIT J

DEPOSIT ACKNOWLEDGMENT FORM

**MAXSTRENGTH FITNESS
FRANCHISE DEPOSIT ACKNOWLEDGEMENT**

1. Introduction. You understand that your application for the grant of a franchise to operate a franchised Studio in the _____ area set forth on the attached map (the "Protected Territory"), has been approved by MaxStrength Fitness Franchising, LLC ("we," "us" or "MaxStrength Fitness"), subject to entering into a Franchise Agreement, paying the Initial Franchise Fee and otherwise satisfying our other requirements applicable to all new franchises. To continue the process of obtaining a franchise to operate a MaxStrength Fitness Studio in the Protected Territory, you are submitting this Franchise Deposit Acknowledgement (this "Acknowledgement") and your deposit in the amount of \$_____ (the "Deposit") to MaxStrength Fitness. Upon receipt of this signed Acknowledgement and the Deposit, we agree to not grant the Protected Territory to any third party until _____ (the "Deadline Date"). The unit covered by this Acknowledgement will be your _____ MaxStrength Fitness unit.

You are signing this Acknowledgement individually, but it is expected that the Franchise Agreement will be signed by an entity owned by you (the "Deposit Franchise Agreement") and that you will become personal guarantors under such Deposit Franchise Agreement. The Deposit Franchise Agreement will be on the form then used by us for new franchises.

2. Deposit Terms. In connection with making the Deposit, you understand and acknowledge the following:

- a. Your entire Deposit will be applied only toward the Initial Franchise Fee payable under the Deposit Franchise Agreement, if and when you and we enter into the Deposit Franchise Agreement. The Initial Franchise Fee for this unit will be \$_____.00, so the remaining portion of \$_____.00 will be due upon signing of the Deposit Franchise Agreement. The Deposit will not be applied to any amounts owed by you with respect to any other franchise agreement with us or to any other obligations under the Deposit Franchise Agreement.
- b. Upon your submission of this Acknowledgement and the Deposit, the entire Deposit will be deemed earned by MaxStrength Fitness for the evaluation and processing of your application for this unit (including preparation of this Acknowledgment), reserving the Protected Territory, and services performed following approval of your application.
- c. You understand that MaxStrength Fitness reserves the right to not grant this unit if at the time you choose to pursue signing the Deposit Franchise Agreement, you are in default under any franchise agreement for any other MaxStrength Fitness Studio unit. In such an event, the Deposit will remain non-refundable.
- d. If you and we do not sign the Deposit Franchise Agreement or you do not pay the entire remaining portion of the Initial Franchise Fee under the Deposit Franchise Agreement, in each case on or before the Deadline Date, all rights granted to you hereunder shall be void, you will not have the right to operate a MaxStrength Fitness Studio franchise in the Protected Territory, and MaxStrength Fitness may grant all or any portion the Protected Territory to another person or entity.
- e. MaxStrength Fitness's acceptance of the Deposit does not constitute the grant of any rights to you to operate a MaxStrength Fitness Studio or use MaxStrength Fitness's marks, logos, information or materials in practice or otherwise, and that such rights may only be granted through a Franchise Agreement that has been duly executed by both you and MaxStrength Fitness.

3. **Governing Law, Venue.** This Acknowledgement will be governed by the laws of the State of Ohio, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction. You agree that any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Acknowledgement must be brought exclusively in the courts of the State of Ohio located in Cuyahoga County, Ohio, and you unconditionally consent to the jurisdiction of those courts.

4. **Miscellaneous.** This Acknowledgement may not be amended or modified except by a written agreement that specifically references this Acknowledgement and is signed by both you and us. This Acknowledgement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, representations and discussions of the parties, whether oral or written, express or implied. No party hereto may assign any of its rights or benefits or delegate any of its duties, obligations or liabilities under this Acknowledgement without the prior consent of each of the other parties hereto. This Acknowledgement will apply to, be binding in all respects upon, and inure to the benefit of the heirs, executors, trustees, guardians, personal representatives, successors and permitted assigns of the parties. The provisions of this Acknowledgement are severable, and if any provision should, for any reason, be held invalid or unenforceable in any respect, it will not invalidate, render unenforceable or otherwise affect any other provision, and such invalid or unenforceable provision will be construed by limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. This Acknowledgement may be executed in one or more counterparts, including by facsimile or electronic signature included in an Adobe PDF file, each of which shall be an original and all of which together shall constitute one and the same agreement. The execution of counterparts shall not be deemed to constitute delivery of this Acknowledgement by any party until all of the parties have executed and delivered their respective counterparts.

Signature Page Follows

FRANCHISEE(S):

Date: _____

Date: _____

MaxStrength Fitness Franchising, LLC

By: _____

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
Rhode Island	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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 MaxStrength Fitness Franchising, LLC offers you a franchise, it must provide you 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. Rhode Island requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. New York requires that we give you this disclosure document at the earlier of the first personal meeting, or 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

If MaxStrength Fitness Franchising, 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 appropriate state agency listed in Exhibit A of this disclosure document.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows:

The issuance date of this disclosure document is: March 1, 2024.

The franchisor is MaxStrength Fitness Franchising, LLC, located at 2211 Crocker Road #120, Westlake, Ohio 44145. Its telephone number is (833) 242-2050.

MaxStrength Fitness Franchising, LLC authorizes the agents listed in Exhibit A of this disclosure document to receive service of process for it.

I have received a disclosure document dated March 1, 2024, that included the following Exhibits:

Exhibit A	State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Operations Manual Table of Contents
Exhibit D	List of MaxStrength Fitness Franchisees
Exhibit E	Financial Statements
Exhibit F	General Release Agreement
Exhibit G	Transfer Agreement
Exhibit H	Multi-Unit Agreement
Exhibit I	Multi-State Addenda and Agreement Riders
Exhibit J	Deposit Acknowledgment Form

Date

Signature of Franchisee

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 MaxStrength Fitness Franchising, LLC offers you a franchise, it must provide you 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. Rhode Island requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. New York requires that we give you this disclosure document at the earlier of the first personal meeting, or 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

If MaxStrength Fitness Franchising, 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 appropriate state agency listed in Exhibit A of this disclosure document.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows:

The issuance date of this disclosure document is: March 1, 2024.

The franchisor is MaxStrength Fitness Franchising, LLC, located at 2211 Crocker Road #120, Westlake, Ohio 44145. Its telephone number is (833) 242-2050.

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